IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached document and you are advised to read this disclaimer carefully before reading, accessing or making any other use of the attached document. In accessing the document you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from JSC "Uzbekneftegaz" (the "**Issuer**"), Bank GPB International S.A., Citigroup Global Markets Limited, J.P. Morgan Securities plc and MUFG Securities EMEA plc (together, the "**Joint Lead Managers**") named herein as a result of such access. The attached document is intended for the addressee only.

NOTHING IN THE ATTACHED DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES AND ANY GUARANTEES THEREOF HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE ATTACHED DOCUMENT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY NOTES.

Confirmation of your representation: In order to be eligible to view the attached document or make an investment decision with respect to the Notes, prospective investors must be either (1) qualified institutional buyers ("**QIBs**") (within the meaning of Rule 144A under the Securities Act) or (2) purchasing outside the United States in accordance with Regulation S under the Securities Act. The attached document is being sent to you at your request, and by accessing the attached document you shall be deemed to have represented to the Issuer and the Joint Lead Managers that (1) either (a) you and any customers you represent are QIBs or (b) you and any customers you represent are located outside the United States and the electronic mail address that you have provided and to which this email has been delivered is not located in the United States, its territories and possessions, any state of the United States or the District of Columbia and (2) you consent to delivery of the attached document by electronic transmission.

In addition, in the United Kingdom, the attached document is being distributed only to and is directed only at: (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (b) high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order; and (c) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) in connection with the issue or sale of any securities of the Issuer or any member of its Group (as defined herein) may otherwise lawfully be communicated or caused to be communicated (all such persons together referred to as "**relevant persons**"). Any investment or investment activity to which the document relates is available only in the United Kingdom to relevant persons and will be engaged in only with such persons.

This document has been delivered to you on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located.

Manufacturers' target market (MiFID II product governance and UK MiFIR product governance) is eligible counterparties and professional clients only (all distribution channels). No EEA or UK PRIIPs key information document has been prepared as the Notes will not be made available to retail investors in the European Economic Area or in the United Kingdom.

Neither this electronic transmission nor the attached document constitutes or contains any offer to sell or invitation to subscribe or make commitments for or in respect of any securities in any jurisdiction where such an offer or invitation would be unlawful. This document has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer, the Joint Lead Managers, the Trustee, the Principal Paying Agent, the Paying Agents, the Registrar, the Transfer Agent nor any person who controls any of them, nor any director, officer, employee or agent of any of them, nor any affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between this document distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

No representation or warranty, expressed or implied, is made or given by or on behalf of the Joint Lead Managers, the Trustee, the Principal Paying Agent, the Paying Agents, the Registrar, the Transfer Agent nor any person who controls any of them, nor any director, officer, employee or agent of any of them, nor any affiliate of any such person, as to the accuracy, completeness or fairness of the information or opinions contained in this document and such persons do not accept responsibility or liability for any such information or opinions.

UZBEKNEFTEGAZ

JOINT-STOCK COMPANY “UZBEKNEFTEGAZ”
(incorporated in the Republic of Uzbekistan)

U.S.$700,000,000 4.75% Notes due 2028

Issue Price 100%

JSC “Uzbekneftegaz” (the “**Issuer**” or the “**Company**”), a joint-stock company incorporated under the laws of the Republic of Uzbekistan, is issuing an aggregate principal amount of the U.S.$700,000,000 4.75% Notes due 2028 (the “**Notes**”). The Notes will be constituted by, subject to, and have the benefit of a trust deed to be dated 16 November 2021(as may be amended or supplemented from time to time, the “**Trust Deed**”) between the Issuer and BNY Mellon Corporate Trustee Services Limited as trustee (the “**Trustee**”) for the benefit of Noteholders (as defined in the “*Terms and Conditions of the Notes*”).

Interest on the Notes will accrue from 16 November 2021 (the “**Closing Date**”) and will be payable semi-annually in arrear on 16 May and 16 November of each year (each an “**Interest Payment Date**”), commencing on 16 May 2022 (the “**Interest Commencement Date**”).

The Notes mature on 16 November 2028 (the “**Maturity Date**”) but may be redeemed before then at the option of the Issuer in whole but not in part, at any time prior to the date falling three months prior to the Maturity Date, but on one occasion only, on giving not less than 30 nor more than 60 days’ irrevocable notice, at a price equal to the principal amount thereof, plus the Make Whole Premium (as defined in the “*Terms and Conditions of the Notes – Redemption and Purchase – Redemption at Make Whole*”). The Notes may also be redeemed at the option of the Issuer in whole or in part at any time on or after the date falling three months prior to the Maturity Date, on giving not less than 30 nor more than 60 days’ irrevocable notice, at their principal amount thereof, plus any accrued and unpaid interest, up to but excluding the date of redemption as further described under “*Terms and Conditions of the Notes—Optional Redemption at Par*”. The Issuer may also redeem the Notes in whole, but not in part, at their principal amount together with any accrued and unpaid interest, if the Issuer has or will become obliged to pay certain additional amounts as further described under “*Terms and Conditions of the Notes—Redemption and Purchase—Redemption for tax reasons*”. If a Change of Status (as defined in the “*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of Noteholders upon a Change of Status*”) occurs, the Issuer shall, at the option of a holder of any Note, redeem or purchase such Note on the Change of Status Put Date (as defined in the “*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of Noteholders upon a Change of Status*”) at 100 % of its principal amount together with (or, where purchased, together with an amount equal to) interest accrued to (but excluding) the Change of Status Put Date. See “*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the option of Noteholders upon a Change of Status*”.

Application has been made to the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (the “**Financial Conduct Authority**”) for the Notes to be admitted to the official list of the Financial Conduct Authority (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Notes to be admitted to trading on the London Stock Exchange’s Regulated Market (the “**Market**”). References in this Prospectus to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a UK regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (the “**UK MiFIR**”). This Prospectus will be valid until the date of admission of the Notes to trading on the Market. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Prospectus is no longer valid.

Investing in the Notes involves risks. See “Risk Factors” starting on page 15 for a discussion of certain factors that should be considered in connection with an investment in the Notes.

The Notes are expected to be rated BB- by S&P Global Ratings Europe Limited (“**S&P**”) and BB- by Fitch Ratings CIS Limited (“**Fitch**”). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Fitch is established in the United Kingdom and registered under the Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA, as amended (the "**UK CRA Regulation**"). S&P is not established in the United Kingdom but the rating it has given to the Notes is endorsed by S&P Global Ratings UK Limited, which is established in the United Kingdom but is certified and registered under the UK CRA Regulation.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "**Securities Act**"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold outside the United States (such Notes, the "**Regulation S Notes**") in reliance on Regulation S under the Securities Act ("**Regulation S**") and within the United States (such Notes, the "**Rule 144A Notes**") to qualified institutional buyers ("**QIBs**") as defined in Rule 144A under the Securities Act ("**Rule 144A**") in reliance on and in compliance with Rule 144A. Prospective purchasers are hereby notified that sellers of any Rule 144A Note may be relying upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Notes and distribution of this Prospectus, see "*Subscription and Sale*" and "*Transfer Restrictions*".

The Notes will be offered and sold in registered form and without interest coupons attached in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

The Regulation S Notes will be represented by beneficial interests in an unrestricted global note (the "**Regulation S Global Note**"), in registered form and without interest coupons attached. The Regulation S Global Note will be deposited with a common depositary for Euroclear Bank SA/NA ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and registered in the name of a nominee of such common depositary on or about the Closing Date. The Rule 144A Notes which are offered and sold in reliance on Rule 144A will be represented by beneficial interests in a restricted global note (the "**Rule 144A Global Note**" and, together with the Regulation S Global Note, the "**Global Notes**") in registered form, without interest coupons attached, which will be deposited on or about the Closing Date with a custodian for and registered in the name of Cede&Co. as nominee for, The Depository Trust Company ("**DTC**").

The Global Notes will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive, registered, form, without interest coupons. See "*Summary of the Provisions relating to the Notes when in Global Form*". Interests in the Rule 144A Global Note will be subject to certain restrictions on transfer. See "*Transfer Restrictions*". Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, Luxembourg and their participants. It is expected that delivery of the Global Notes will be made on or about the Closing Date. Except as described herein, certificates for Notes will not be issued in exchange for beneficial interests in the Global Notes.

Joint Lead Managers

Bank GPB International S.A. (Gazprombank)	**Citigroup**	**J.P. Morgan**	**MUFG**

Prospectus dated 12 November 2021

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

This prospectus (the "**Prospectus**") comprises a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**") and for the purpose of giving information with regard to the Issuer and its consolidated subsidiaries taken as a whole (the "**Group**"), the Notes, which, according to the particular nature of the Issuer, the Group and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Group, the rights attaching to the Notes and of the reasons for the issuance and its impact on the Issuer and the Group. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

THE NOTES ARE OF A SPECIALIST NATURE AND SHOULD ONLY BE BOUGHT AND TRADED BY INVESTORS WHO ARE PARTICULARLY KNOWLEDGEABLE IN INVESTMENT MATTERS. AN INVESTMENT IN THE NOTES IS SPECULATIVE, INVOLVES A HIGH DEGREE OF RISK AND MAY RESULT IN THE LOSS OF ALL OR PART OF THE INVESTMENT.

No person is authorised to give any information or to make any representation in connection with the offer or sale of the Notes other than as contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by the Issuer, the Trustee, any Agent (as defined herein) or any Joint Lead Manager (as defined in "*Subscription and Sale*"). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the business and affairs of the Issuer or the Group since the date hereof or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or that the information contained in it is correct as at any time subsequent to the date on which it is supplied. No representation or warranty, express or implied, is made by any Joint Lead Manager, any Agent or the Trustee as to the accuracy or completeness of such information. None of the Joint Lead Managers, the Agents or the Trustee accepts any responsibility whatsoever for the contents of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Issuer or the Notes. Each of the Joint Lead Managers, the Agents and the Trustee accordingly disclaims all and any liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement.

This Prospectus does not constitute an offer to sell, or a solicitation to subscribe for or purchase, by or on behalf of the Issuer, any Joint Lead Manager or any other person, any of the Notes in any jurisdiction where it is unlawful for such person to make such offer or solicitation. The distribution of this Prospectus and the offer and sale of the Notes in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus may come are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe such restrictions. This Prospectus may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful. Further information with regard to restrictions on offers and sales of the Notes and the distribution of this Prospectus is set out under "*Subscription and Sale*".

No action has been or will be taken to permit a public offering of the Notes or the distribution of this Prospectus (in any form) in any jurisdiction where action is required for such purposes.

None of the Issuer, the Joint Lead Managers, the Agents, the Trustee, or any of its or their respective representatives or affiliates makes any representation to any offeree or purchaser of Notes offered hereby regarding the legality of an investment by such offeree or purchaser under applicable legal, investment or similar laws. The contents of this Prospectus should not be construed as legal, financial, business or tax advice. Each prospective investor should consult his or her own legal adviser, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of Notes.

To the fullest extent permitted by law, the Joint Lead Managers, the Trustee and the Agents accept no responsibility whatsoever for the Notes, the Trust Deed or the Paying Agency Agreement (each as defined herein) (including the effectiveness thereof) or the contents of this Prospectus or for any other statement made or purported to be made by a Joint Lead Manager, an Agent or the Trustee or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Joint Lead Manager, each Agent and the Trustee accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of the Notes, the Trust Deed, the Paying Agency Agreement, this Prospectus or any such statement.

In connection with the Offering of the Notes, the Joint Lead Managers and any of their affiliates, acting as investors for their own accounts, may purchase Notes and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Notes and other securities of the Issuer or related investments in connection with the Offering of the Notes or otherwise. Accordingly, references in this Prospectus to the Notes being issued, offered, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or acquisition, placing or dealing by, the Joint Lead Managers and any of their affiliates acting as investors for their own accounts. The Joint Lead Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Recipients of this Prospectus are authorised to use it solely for the purpose of considering an investment in the Notes and may not reproduce, forward or distribute this Prospectus, in whole or in part, and may not disclose any of the contents of this Prospectus or use any information herein for any purpose other than considering an investment in the Notes. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe the foregoing restrictions. Any consents or approvals that are needed in order to purchase any Notes must be obtained. The Issuer and the Joint Lead Managers are not responsible for compliance with these legal requirements. The appropriate characterisation of any Notes under various legal investment restrictions, and thus the ability of investors subject to these restrictions to purchase such Notes, is subject to significant interpretative uncertainties. None of the Issuer, the Trustee, the Agents, the Group or the Joint Lead Managers or any of the respective representatives is making any representation to any offeree or purchaser of the Notes regarding the legality of an investment by such offeree or purchaser under relevant legal investment or similar laws. Such investors should consult their legal advisers regarding such matters.

The Joint Lead Managers and their respective affiliates may have performed and expect to perform in the future various financial advisory, investment banking and commercial banking services for, and may arrange loans and other non-public market financing for, and enter into derivative transactions with, the Issuer and its affiliates (including its shareholders).

Prior to making any decision as to whether to invest in the Notes, prospective investors should read this Prospectus. In making an investment decision, prospective investors must rely upon their own examination of the Issuer and the Group and the terms of this Prospectus, including the risks involved. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes and, in particular, the information contained or incorporated by reference in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, the merit and risks of an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the terms of the Notes; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic considerations, interest rate volatility and other factors that may affect its investment and its ability to bear the applicable risks.

If investors are in any doubt about the contents of this Prospectus, investors should consult a stockbroker, bank manager, solicitor, accountant or other financial adviser.

This document has been approved by the Financial Conduct Authority, as competent authority under the UK Prospectus Regulation. The Financial Conduct Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability in investing in the Notes.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET

Solely for the purpose of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in the UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the IDD, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTICE TO PROSPECTIVE INVESTORS IN SINGAPORE

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in Monetary Authority of Singapore (the "**MAS**") Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO PROSPECTIVE U.S. INVESTORS

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission, any State securities commission in the United States or any other regulatory authority in the United States nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States. The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes are being offered and sold outside the United States in reliance on Regulation S and within the United States to QIBs in reliance on the exemption from registration provided by Rule 144A (see "*Subscription and Sale*"). Prospective purchasers are hereby notified that sellers of any Rule 144A Note may be relying upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfers of the Notes, see "*Transfer Restrictions*".

PROHIBITION OF SALES TO CANADA NON-ACCREDITED INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any purchasers except for those purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if the Offering Circular (including any amendment thereto) contains a misrepresentation, *provided that* the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Joint Lead Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering of the Notes.

STABILISATION

In connection with the issue of the Notes, Citigroup Global Markets Limited (the "**Stabilising Manager**") or person(s) acting on behalf of the Stabilising Manager may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising

Manager (or person(s) acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

LIMITATIONS ON ENFORCEMENT OF ARBITRAL AWARDS AND JUDGMENTS

Substantially all of the Issuer's directors and executive officers reside in Uzbekistan. All or a substantial portion of their and the Group's assets are located in Uzbekistan. As a result, it may not be possible for you to:

- effect service of process outside Uzbekistan upon substantially all of the Issuer's directors and executive officers; or
- enforce non-Uzbek court judgments obtained against the Issuer or substantially all of its directors and executive officers in non-Uzbek courts in any action.

In addition, it may be difficult for you to enforce, in original actions brought in courts in jurisdictions located outside the United Kingdom, liabilities predicated upon English law, as applicable.

The United Kingdom is not party to a treaty on mutual recognition and enforcement of judgments with the Republic of Uzbekistan and even if an applicable international treaty is in effect, the recognition and enforcement in Uzbekistan of a foreign judgment will in all events be subject to exceptions and limitations provided for in the laws of the Republic of Uzbekistan. In the absence of such agreements, the courts of Uzbekistan may recognise and enforce a foreign judgment on the basis of the principle of reciprocity. Uzbek legislation does not include clear rules on the application of the principle of reciprocity. Thus, there can be no assurance that the courts of Uzbekistan will recognise and enforce a judgment rendered by courts of a jurisdiction with which Uzbekistan has no agreement on the basis of the principle of reciprocity.

The Trust Deed will be governed by English law and will provide the option for disputes, controversies and causes of action brought by any party thereto against the Issuer to be settled by arbitration in accordance with the LCIA Rules in London, England. The Republic of Uzbekistan and the United Kingdom are parties to the United Nations (New York) Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 (the "**New York Convention**"). However, an Uzbek court may refuse the recognition and enforcement of foreign arbitral awards in full or part if one of the following grounds exists:

- a party to the arbitration agreement is in any way incapable by the law applicable to it or the arbitration agreement is invalid under the chosen governing law, and where no choice of law has been made by the parties— according to the law of the country where a foreign arbitral award has been rendered;
- a party against which a foreign arbitral award is rendered has not been timely and duly notified about the proceedings, their time and place or due to other reasons could not provide its explanations;
- a foreign arbitral award is rendered in a dispute not provided for or not subject to the terms of the arbitration agreement or arbitration clause in the contract, or contains rulings on matters beyond the scope of the arbitration agreement or arbitration clause in the contract, unless rulings on matters covered by the arbitration agreement either by such agreement or reservation may be separated from those not covered by such agreement or reservation;
- a composition of the arbitration body or the arbitration process did not comply with the agreement of the parties or, in the absence thereof, did not comply with the law of the country where the arbitration took place;
- a foreign arbitral award is not final for the parties or cancelled, or suspended by the competent authority of the state where it was rendered, or of the country the laws of which are being applied;
- a dispute was resolved by an incompetent foreign court or arbitration.

The court may also refuse to recognise and enforce a foreign arbitral award if:

- enforcement of a foreign arbitral award will contradict the "public policy" of the Republic of Uzbekistan;

- the subject matter of the dispute may not be subject to arbitration under the laws of the Republic of Uzbekistan;
- the statute of limitations for the enforcement of a foreign arbitral award has expired.

Recognition and enforcement of foreign arbitral awards in Uzbekistan may still be difficult, in particular, if the enforcement of a foreign arbitral award conflicts with the "public policy" of Uzbekistan. The laws of Uzbekistan do not provide any clear guidelines for determining what the "public policy" of Uzbekistan actually is. The ambiguity of the "public policy" concept may be used by Uzbek courts to deny recognition and enforcement of foreign arbitral awards rendered against Uzbekistan or threatening its interests.

In addition, an Uzbek court will ignore any dispute resolution agreement of the parties if it finds that under the Uzbekistan legislation it has exclusive jurisdiction over such disputes.

Although Uzbek law recognises choice of law principles for contractual obligations, the choice of foreign law will not exclude the application of mandatory rules of Uzbek law which cannot be derogated from by the agreement of the parties. According to Uzbek law, regardless of the choice of law applicable to the relations of the parties, certain mandatory rules of Uzbek law still shall be applied.

In Uzbekistan, upon receipt of a foreign arbitral award, the party seeking to enforce the award must submit an application for the recognition and enforcement of the foreign arbitral award to the relevant economic courts in the Republic of Uzbekistan. The court will review the award to ensure there are no grounds (as discussed above) to refuse recognition and enforcement. Upon a finding that the foreign arbitral award is satisfactory, the court will adapt a ruling on recognition and enforcement and issue a writ of execution, which must be submitted to the Bureau of Mandatory Enforcement within three years of the court's ruling on the foreign arbitral award.

As a condition for admissibility in evidence of any documents, the courts of Uzbekistan will require the submission of such documents either (i) as originally executed counterparts, or (ii) as duly notarised copies. In addition, in case of an official document issued outside Uzbekistan, unless a valid international agreement of Uzbekistan provides otherwise, such official document will be admissible in evidence by a court of Uzbekistan if (i) such official document is legalised by an Uzbek consul in the country of its issuance and a duly certified Uzbek language translation of such official document is notarised by an Uzbek notary or (ii) the apostil is affixed to such official document by the competent authority of the country of its issuance subject to the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents dated 5 October 1961 and a duly certified Uzbek language translation of such official document is notarised by an Uzbek notary.

See "*Risk Factors–Risks Related to Republic of Uzbekistan–Enforcement of judgements or arbitral awards against the Group can be difficult*".

TABLE OF CONTENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are not historical facts but constitute "forward-looking statements" within the meaning of section 27A of the Securities Act and Section 21E of the U.S. Exchange Act of 1934. Forward-looking statements include statements regarding the Group's future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets in which the Group participates or seeks to participate, and any statements preceded by, followed by or that include the words "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements include, amongst other things, statements concerning:

- price fluctuations in crude oil, natural gas and refined oil products markets and related fluctuations in demand for such products;
- overall international and domestic economic and business conditions, including commodity prices;
- the Company's ability to develop, replace and grow its current oil and gas reserves;
- economic and political conditions in Uzbekistan and international markets, including governmental changes;
- delays and cost over-runs in development projects and operations;
- environmental risks and sustainability concerns;
- changes in government regulations, including regulatory changes affecting the availability of permits,
- and governmental actions that may affect the Company's operations or planned expansion;
- changes in the corporate organisation of the Company, its subsidiaries, joint ventures or associates;
- operational limitations, including equipment failures, labour disputes and processing limitations;
- the availability or cost of transportation routes and fees charged for arranging transportation;
- spread of contagious illnesses such as Covid-19;
- the Company's ability to increase market share for its products and control expenses;
- fluctuations in the UZS/US$ and other exchange rates;
- unplanned events or accidents affecting the Company's operations or facilities;
- changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- the effects of instability and unrest in countries in the same region as Uzbekistan;
- incidents or conditions affecting the export of crude oil and gas;
- reservoir performance, drilling results and the implementation of the Company's oil and gas expansion plans;
- the timing, impact and other uncertainties of future actions.

The sections of this Prospectus entitled "Risk Factors" and "Management's Discussion and Analysis of Results of Operations and Financial Performance" contain a more complete discussion of the factors that could affect the Company's future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Prospectus may not occur.

The Company does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on their behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

The forward-looking statements included in this Prospectus involve known and unknown risks, uncertainties and other factors which may cause the Group's actual results, performance, achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Group will operate in the future. You should be aware that a number of important factors provided above could cause the industry's or the Group's own actual results or performance to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

This list of important factors is not exhaustive. Additional factors that could cause actual results, performance or achievements to differ materially include those discussed under "*Risk Factors*". When considering forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. Such forward-looking statements speak only as at the date on which they are made, and the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. The Company does not make any representation or warranty that the results anticipated by such forward-looking statements will be achieved.

PRESENTATION OF FINANCIAL, RESERVES AND CERTAIN OTHER INFORMATION

Financial Information

The independent auditors of the Company, Ernst & Young Audit Organization LLC, issued (i) an independent auditor's report dated 30 September 2021 relating to the Company's consolidated financial statements as at, and for the years ended, 31 December 2020, 31 December 2019 and 31 December 2018 (the "**Annual Financial Statements**") and (ii) a report on review of interim condensed financial information dated 24 October 2021 relating to the Company's interim condensed consolidated financial statements as at and for the six months ended 30 June 2021, and which include comparative data as at and for the six months ended 30 June 2020 (the "**Interim Financial Statements**", and together with the Annual Financial Statements, the "**Financial Statements**").

Ernst & Young Audit Organization LLC's independent auditor's report in respect of the Annual Financial Statements appears on pages (i) – (iii) of the Annual Financial Statements, and Ernst & Young Audit Organization LLC's report on review in respect of the Interim Financial Statements appears on page (iii)-(iv) of the Interim Financial Statements. The financial information set forth herein relating to the Company, unless otherwise indicated, has been extracted without material adjustment from the Annual Financial Statements and the Interim Financial Statements and the notes thereto incorporated by reference into this Prospectus.

The financial information included in this Prospectus is derived from the Annual Financial Statements and the Interim Financial Statements.

Items included in the financial statements of each of the Group's entities included in these consolidated financial statements are measured using the currency of the primary economic environment in which the entities operate (the "**functional currency**"). The consolidated financial statements are presented in Uzbek soums ("**UZS**"), which is the Company's and the majority of subsidiaries' functional currency. Certain subsidiaries, joint ventures and associates have functional currency other than UZS. However, for convenience some financial information in this Prospectus is presented in U.S. Dollars, which information is based on the UZS amounts contained in the Financial Statements as translated at the exchange rates indicated below (see further, "Exchange Rates"). Such translation should not be construed as a representation that the UZS amounts have been or could be converted into U.S. Dollars at these rates or at any other rate.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly, and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. For purposes of rounding adjustments made to percentages and percentage change calculations in respect of figures included in this Prospectus taken from the Financial Statements, rounding adjustments are made based on the figures included in the Financial Statements (which are presented in UZS) rather than the already rounded figures included in this Prospectus.

Presentation of Certain Information Relating to Subsidiaries, Joint Ventures and Associates

Subsidiaries are entities over which the Company directly or indirectly has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Company or one of its subsidiaries. Unless otherwise indicated, in this Prospectus, information presented for the Company's direct and indirect subsidiaries relating to production and reserves and other similar information reflect the subsidiaries' total interest therein, irrespective of the Company's percentage ownership thereof.

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities requires the unanimous consent of the parties sharing control. Joint arrangements of the Company exist in two forms: joint ventures and joint operations. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

Under International Financial Reporting Standards ("**IFRS**") 11, which applies specifically to interests in joint ventures, and replaces IAS 31, joint arrangements that meet the definition of a joint venture under IFRS 11 must be accounted for using the "equity method". The interests of the Company and its subsidiaries in joint ventures are accounted for in the Annual Financial Statements and the Interim Financial Statements using the equity method of accounting. Under the equity method, the investment in a joint venture or an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture or associate since the acquisition date. The Company's consolidated statement of comprehensive income simply reflects the share of the Company and its subsidiaries' of the net profit or loss of the joint venture as a single line item.

Upon the acquisition of joint operations, the Company recognises in relation to its interest in such joint operations, including its share of any assets held jointly and assets and liabilities, its share of any liabilities incurred jointly. The Company also recognises its revenue from the sale of its share of the output arising from the joint operations; its share of the revenue from the sale of the output by the joint operations; and expenses arising from the joint operations, including its share of any expenses incurred jointly.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but which does not comprise control or joint control over those policies.

Unless otherwise indicated, information presented in this Prospectus with respect to production and reserves and other similar information of joint ventures of the Company or its subsidiaries reflects the Company's and/or the relevant subsidiaries' proportionate interests in the joint ventures. Similarly, information presented in this Prospectus relating to production and reserves and other similar information of associates reflects the Company's and its subsidiaries' proportionate interest in the associates. In certain sections of this Prospectus, the Company has provided information on production and reserves and other similar information of the Company and its subsidiaries and joint operations separately from the production and reserves and other similar information of joint ventures accounted for under the equity method in order to permit some correlation to the financial accounting for the respective entities.

See Notes 3, 8, 17 and 32 of the Annual Financial Statements and Notes 1 and 10 of the Interim Financial Statements for additional information regarding how the Company accounts for its subsidiaries, joint ventures and associates.

Certain Reserves Information

Proved reserves of the Group as of 31 December 2020 were based on a report prepared by DeGolyer and MacNaughton, independent reservoir engineers, in accordance with the Petroleum Resources Management System rules approved in March 2007 and revised in June 2018 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts and the European Association of Geoscientists and Engineers ("**PRMS rules**"), which is attached at Appendix A to this Prospectus. For certain assets proved reserves are based on estimation of internal engineers.

Reserves are measured only on an annual basis and, accordingly, as at the date of this Prospectus, no reserve information is available as at any date subsequent to 31 December 2020. For a detailed discussion of each reserve classification used in the methodology employed by the Company, see "*Business Operations—Reserves*".

Oil and gas reserves are a material factor in the Group's computation of depreciation, depletion and amortisation expenses and impairment losses. In estimating its reserves under PRMS rules, the Group uses long-term planning prices. Using planning prices for estimating proved reserves removes the impact of the volatility inherent in using year-end spot prices. Management believes that long-term planning price assumptions, which are also used by management for their business planning and investment decisions are more consistent with the long-term nature of the upstream business and provide the most appropriate basis for estimating oil and gas reserves.

All reserve estimates involve some degree of uncertainty. The uncertainty depends mainly on the amount of reliable geological and engineering data available at the time of the estimate and the interpretation of this data.

The relative degree of uncertainty can be conveyed by placing reserves into one of two principal classifications, either proved or unproved.

Proved reserves are more certain to be recovered than unproved reserves and may be further sub-classified as developed and undeveloped to denote progressively increasing uncertainty in their recoverability.

Estimates are reviewed and revised annually. Revisions occur due to the evaluation or re-evaluation of already available geological, reservoir or production data, availability of new data, or changes to underlying price assumptions. Reserve estimates may also be revised due to improved recovery projects, changes in production capacity or changes in development strategy. Proved developed reserves are used to calculate the unit of production rates for Depreciation, Depletion & Amortisation ("**DD&A**") in relation to oil and gas production assets. The Group has included in proved reserves only those quantities that are expected to be produced during the initial subsoil use contract period. This is due to the uncertainties surrounding the outcome of such renewal procedures, since the renewal is ultimately at the discretion of the Government. An increase in the Group's subsoil use contract periods and corresponding increase in reported reserves would generally lead to lower DD&A expense and could materially affect earnings. A reduction in proved developed reserves will increase DD&A expense (assuming constant production), reduce income and could also result in an immediate write-down of the property's book value. Given the relatively small number of producing fields, it is possible that any changes in reserve estimates year on year could significantly affect prospective charges for DD&A.

Hydrocarbon Data

References in this Prospectus to "**tonnes**" are to metric tonnes. One metric tonne equals 1,000 kilograms.

For informational purposes only, certain estimates in this Prospectus are presented as follows:

- oil and condensate in barrels and barrels per year for import purposes. Barrel figures are converted from the Company's internal records presented in tonnes at a rate of 7.7 barrels per tonne for crude oil and 8.0 barrels per tonne for gas condensate. Barrel per day figures have been obtained by dividing annual figures by 365; and

- oil and condensate for the purposes of production and processing hydrocarbons, in barrels per year. Barrel figures are converted from the Company's internal records presented in tonnes at a rate of 7.96 barrels per tonne for crude oil and 8.6 barrels per tonne for gas condensate. Barrel per day figures have been obtained by dividing annual figures by 365.

For internal record keeping purposes, the Company's information relating to production, transportation and sales of crude oil and gas condensate is recorded in tonnes, a unit of measure that reflects the mass of the relevant hydrocarbon. For convenience, such information is presented in this Prospectus as both tonnes and in standard 42 U.S. gallon barrels ("**barrels**" or "**bbl**"), converted from tonnes as described above. The actual number of barrels of crude oil produced, shipped or sold may vary from the barrel equivalents of crude oil presented herein, as a tonne of heavier crude oil will yield fewer barrels than a tonne of lighter crude oil. The conversion rates for other companies for converting tonnes into barrels and for converting cubic feet into cubic metres may be at different rates.

Third Party Information Regarding the Company's Market and Industry

Statistical data and other information appearing in this Prospectus relating to the oil and gas industry in the Republic of Uzbekistan ("**Uzbekistan**" or the "**Republic**") have, unless otherwise stated, been extracted from documents and other publications released by the State Committee of the Republic of Uzbekistan on Statistics, Ministry of Finance of the Republic of Uzbekistan, Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan, Ministry of Public Education of the Republic of Uzbekistan, Ministry of Labour of the Republic of Uzbekistan, the State Committee of Uzbekistan for Geology and Mineral Resources, Central Bank of the Republic of Uzbekistan ("**CBU**") and other public sources in Uzbekistan, including the World Bank and International Monetary Fund (the "**IMF**"), as well as from Uzbekistan press reports and publications, decrees and resolutions of the government of Uzbekistan (the "**Government**") and estimates of the Company (based on its management's knowledge and experience of the markets in which the Company operates). In the case of the presented statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. Any discussion of matters relating to Uzbekistan in this Prospectus is, therefore, subject to uncertainty due to concerns about the completeness or reliability of available official and public information.

The information described above has been accurately reproduced and, as far as the Company is aware and are able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this Prospectus, the source of such information has been identified.

The Company's estimates have been based on information obtained from the Company's subsidiaries, joint ventures, associates, customers, suppliers, trade and business organisations and other contacts in the markets in which the Company operates. The Company believes these estimates to be accurate in all material respects as at the dates indicated. However, this information may prove to be inaccurate because of the method by which the Company obtained some of the data for these estimates or because this information cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other inherent limitations and uncertainties.

This Prospectus contains illustrations and charts derived from the Company's internal information, as well as the internal information of the Company's subsidiaries, joint ventures and associates, which have not been independently verified unless specifically indicated.

Presentation of Alternative Performance Measures

In this Prospectus, the Group uses the following metrics, or non-IFRS measures, in the analysis of its business and financial position, which the Company considers to constitute Alternative Performance Measures ("**APMs**"), as defined in the ESMA Guidelines on Alternative Performance Measures dated 5 October 2015.

Adjusted EBITDA and Interim LTM Adjusted EBITDA

Certain sections of this Prospectus, including "*Selected financial information*" and "*Management's discussion and analysis of financial condition and results of operations*", discuss Adjusted EBITDA and Adjusted EBITDA margin, neither of which is a measure of financial performance under IFRS. For the years ended 31 December 2018, 2019 and 2020, the Group calculates Adjusted EBITDA as net profit or loss plus income tax expense, depreciation, depletion and amortisation, foreign exchange loss, net and finance costs reduced by finance income and other non-operating income.

For the last twelve months ("LTM") ended 30 June 2021, the Group calculates Interim LTM Adjusted EBITDA as Interim LTM net profit / (loss) plus Interim LTM income tax expense, Interim LTM depreciation, depletion and amortisation, Interim LTM foreign exchange loss, net and Interim LTM finance costs reduced by Interim LTM finance income and Interim LTM other non-operating income. However, it should be noted, the interim LTM amounts are not defined by, or presented in accordance with, IFRS.

In determining Adjusted EBITDA margin for:

- the years ended 31 December 2018, 2019 and 2020, the Group divides Adjusted EBITDA for the period by total revenues and other income for the same period, and

- for the last twelve months ("LTM") ended 30 June 2021, the Group divides Interim LTM Adjusted EBITDA for the LTM period by total revenues and other income for respective LTM period.

The originally presented amounts in Uzbekistan soum are converted into U.S. dollars at the average exchange rate (see 'Exchange Rate' below for rates used).

The Issuer believes that the presentation of Adjusted EBITDA is helpful to investors because these and other similar measures are widely used by certain investors, security analysts and other interested parties as supplemental measures of performance and liquidity. However, Adjusted EBITDA is not a measure of financial performance under IFRS or any other generally accepted accounting principles and should not be considered in isolation or as a substitute for operating profit, cash flow from operating activities or other financial measures of the Group's results of operations or liquidity computed in accordance with IFRS. Other companies, including those in the Group's industry, may calculate EBITDA or Adjusted EBITDA differently from the Group. As all companies do not calculate EBITDA or Adjusted EBITDA in the same manner, the Group's presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

Some of the limitations of using Adjusted EBITDA as a financial measure are:

- it does not reflect the Group's cash expenditures or future requirements for capital expenditure or contractual commitments;
- it does not reflect changes in, or cash requirements for, the Group's working capital needs;
- although depreciation, depletion and amortisation are non-cash charges, the assets being depreciated, depleted and amortised will often have to be replaced in the future, and the measure does not reflect any cash requirements for such replacement; and
- as a significant portion of the Group's borrowings as at 30 June 2021, 31 December 2020, 31 December 2019 and 31 December 2018 was denominated in foreign currencies, it does not reflect the foreign exchange exposure on the borrowings structure of the Group.

Accordingly, prospective investors should not place undue reliance on these non-IFRS financial measures contained in this Prospectus.

For a reconciliation of operating profit to Adjusted EBITDA for each of the periods ended 30 June 2021, 31 December 2020, 2019 and 2018, see "*Selected financial information*".

Other APMs

Set out below is a summary of the APM metrics used, the definition, bases of calculation and reconciliation of such metrics and the rationale for the inclusion of such metrics.

Metric	Definition, method of calculation and reconciliation to financial statement line item	Rationale
Adjusted EBITDA margin	For the years ended 31 December 2018, 2019 and 2020, Adjusted EBITDA divided by total revenue and other income. For last twelve months ended 30 June 2021, Interim LTM Adjusted EBITDA divided by Total revenue and other income for respective LTM period. The Adjusted EBITDA margin is a measure of the Company's operating profit as a percentage of its revenue. For the years ended 31 December 2018, 2019 and 2020, the Group calculates Adjusted EBITDA as net profit or loss plus income tax expense, depreciation, depletion and amortisation, foreign exchange loss, net, finance costs reduced by finance income and other non-operating income. For last twelve months ended 30 June 2021, the Group calculates Interim LTM Adjusted EBITDA as Interim LTM net profit or loss plus Interim LTM income tax expense, Interim LTM depreciation, depletion and amortisation, Interim LTM foreign exchange loss, net and Interim LTM finance costs reduced by Interim LTM finance income and Interim LTM other non-operating income.	Performance measure

Metric	Definition, method of calculation and reconciliation to financial statement line item	Rationale
Operating margin	For the years ended 31 December 2018, 2019 and 2020, Operating profit divided by total revenue and other income. For last twelve months ended 30 June 2021, Interim LTM Operating profit divided by Interim LTM Total revenue and other income. The operating margin measures how much profit the Company makes on a dollar of sales after paying for variable costs of production, such as wages and raw materials, but before paying interest or profit tax. It is calculated by dividing the Company's operating income by its total revenue and other income.	Performance measure
Profit margin	For the years ended 31 December 2018, 2019 and 2020, Net profit (loss) for the period divided by total revenue and other income. For last twelve months ended 30 June 2021, Interim LTM Net profit (loss) for the period divided by Interim LTM Total revenue and other income for respective LTM period. The net profit margin, or simply net margin, measures how much net income or profit is generated as a percentage of revenue. It is the ratio of net profits to revenues for the Company. Net profit margin is typically expressed as a percentage but can also be represented in decimal form.	Performance measure
Return on equity	For the years ended 31 December 2018, 2019 and 2020, Net profit (loss) for the period divided by average total shareholders' equity. For last twelve months ended 30 June 2021, Interim LTM Net profit (loss) divided by average total shareholders' equity. Return on equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to the Company's assets minus its liabilities, ROE is considered the return on net assets.	Performance measure
Return on assets	For the years ended 31 December 2018, 2019 and 2020, Profit for the year divided by average total assets. For last twelve months ended 30 June 2021, Interim LTM Net profit (loss) divided by average total assets.	Performance measure

Metric	Definition, method of calculation and reconciliation to financial statement line item	Rationale
Total borrowings / Adjusted EBITDA	For the years ended 31 December 2018, 2019 and 2020, Total borrowings divided by Adjusted EBITDA. For last twelve months ended 30 June 2021, Total borrowings divided by Interim LTM Adjusted EBITDA. Total borrowings to the Adjusted EBITDA ratio measures financial leverage and a company's ability to pay off its debt.	Performance measure
Total borrowings	The sum of current and non-current borrowings as at the end of the period.	Liquidity measure
Net debt / Adjusted EBITDA	For the years ended 31 December 2018, 2019 and 2020, Net debt divided by Adjusted EBITDA. For last twelve months ended 30 June 2021, Net debt divided by Interim LTM Adjusted EBITDA. The net debt to Adjusted EBITDA ratio measures financial leverage and the Company's ability to pay off its net debt.	Performance measure
Average total assets	For the years ended 31 December 2018, 2019 and 2020, average total assets is calculated as the sum of the balance at the start and end of each year divided by two. For the period ended 30 June 2021, average total assets is calculated as the sum of the balance at the start and end of the 6 months ended 30 June 2021 divided by two.	Performance measure
Average total shareholders' equity	Average total shareholders' equity is calculated as the sum of the balance at the start and end of each period divided by two.	Performance measure
Net debt	Total borrowings less cash and cash equivalents as at the end of the period.	Liquidity measure

The above APMs, including their constituent interim LTM amounts, have been included in this Prospectus to facilitate a better understanding of the Group's historic trends of operation and financial condition. The Group uses APMs as supplementary information to its IFRS operating results or financial position. The APMs are not defined by, or presented in accordance with, IFRS. The APMs are not measurements of the Group's operating performance and/or liquidity under IFRS and should not be used instead of, or considered as alternatives to, any measures of performance and/or liquidity under IFRS. The APMs relate to the reporting periods described in this Prospectus and are not intended to be predictive of future results. In addition, other companies, including those in the Group's industry, may calculate similarly titled APMs differently from the Group. Because companies do not calculate these APMs in the same manner, the Group's presentation of such APMs may not be comparable to other similarly titled APMs used by other companies.

Exchange Rate

The table below sets forth, for the periods and dates indicated, certain information regarding the exchange rate between the soum and the U.S. dollar, based on the official exchange rate quoted by the CBU. Fluctuations in the exchange rates between the soum and the U.S. dollar in the past are not necessarily indicative of fluctuations that may occur in the future.

	High	Low	Average(1)	Period end
Year				
2016	3,231.48	2,816.47	2,968.90	3,231.48
2017	8,120.07	3,239.62	5,140.30	8,120.07
2018	8,339.55	7,783.05	8,068.05	8,339.55
2019	9,537.55	8,336.25	8,851.36	9,507.56
2020	10,476.92	9,500.54	10,041.30	10,476.92
2020 (to 30 June 2020)	10,173.38	9,500.54	9,790.22	10,173.38
2021 (to 30 June 2021)	10,616.02	10,449.44	10,524.48	10,605.30

(1) The average of the exchange rates for each day during the year or period, as applicable.
Source: CBU

For the purpose of translation from UZS to USD amounts, the following general principle is used:

- For year/period end amounts/balances – the period-end exchange rates are used
- For year/period turnovers – the average exchange rates are used.

Translations

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law. All translations in this Prospectus are direct and accurate translations of the original text.

OVERVIEW OF THE ISSUER

Overview

JSC Uzbekneftegaz (the "**Company**") was established in 1992 as the state-owned national holding company for the oil and gas industry in the Republic of Uzbekistan ("**Uzbekistan**" or the "**Republic**"). The Company's aim is to significantly increase hydrocarbon production in the country by supplying natural gas to the domestic market, producing high value-added oil products, oil and gas processing, and exporting refined oil products. The Company's strategic goal is to attract increased foreign direct investment into the oil and gas industry in Uzbekistan.

The Company derives its revenues from (i) exploration and production activities relating to natural gas and refined oil products and (ii) refining, marketing and trading such products. The principal business activities of the Group comprise the development and operation of oil and gas fields, the exploration, production and refining of oil and gas, the preparation, processing, compression and sale of oil, natural gas, liquefied gas and refined oil products, and the transportation and marketing of hydrocarbons and hydrocarbon compounds. Substantially all of the Group's operations and assets are located in the Republic of Uzbekistan.

The Group is organised into business units and subsidiaries based on its products and services and has three reportable operating segments: (i) gas, gas condensate and oil production and sales, which covers the extraction of gas, gas condensate and oil; (ii) oil refining and retail, which covers refining crude oil and sales of oil products; and (iii) gas refining, which covers producing value-added products from gas, including with the construction of a new gas-to-liquids plant aimed at expanding the Uzbekistan's capacity for deep processing of natural gas.

Competitive Strengths

Leading position in a fundamentally attractive Uzbekistan market with strong support from the Government

The Company is the national state-owned holding company for the Republic of Uzbekistan's oil and gas industry, with significant experience in the construction of facilities of various complexity. The Company is a strategically important company for the Republic of Uzbekistan, which makes a significant contribution to the development of the industrial sector and is the second largest taxpayer in the budget of the Republic of Uzbekistan. The oil and gas industry in Uzbekistan accounted for up to 40% of all foreign direct investment in the country over the past 10 years (according to the Investment Promotion Agency of Uzbekistan, Ministry of Investment and Foreign Trade of Uzbekistan). The envisaged infrastructure growth and increases in the number of power and infrastructure projects in the country provide a number of growth opportunities for the Group, in line with the Group's development strategy.

The Company has a resilient business model as it is a vertically integrated oil and gas company

The Company is vertically-integrated across the energy value chain and conducts prospecting, exploration and development, preparation, refining and retail activities, principally in Uzbekistan, both on its own account and in conjunction with joint venture partners. The Company's value chain currently benefits from control over upstream and downstream infrastructure, which supports earnings and financial performance throughout the oil price cycle, and allows to maximise the incremental margin captured by the Company.

The Company is the Largest Producer of Natural Gas in Uzbekistan

The Company is the largest producer of natural gas in Uzbekistan. In 2020, the Company produced 33.1 billion cubic meters of gas (gas production in Uzbekistan amounted to 49.7 billion cubic metres). Its market share in Uzbekistan was 58.2 % and 67.6 % of oil and gas condensate and gas production volumes, respectively, in the year ended 31 December 2020. Oil and gas condensate production by the Company in 2020 and the first half of 2021 amounted to 1,619.6 and 772.4 thousand tonnes, respectively. For the first half of 2021, gas production amounted to 16.7 billion cubic metres, which is 64% of the total production in the Republic. The Company is planning to increase gas output in 2021 to produce 33.9 billion cubic metres of natural gas, 1.4 tonnes of gas condensate and 109,000 tonnes of oil.

Strong and experienced management team

According to the Law of the Republic of Uzbekistan "On Joint-Stock Companies and protection of Shareholders' Rights" and the Company's Charter, the Company is managed by the General Meeting of Shareholders, the Supervisory Board and the Management Board. The management of the Company's day-to-day activities is carried out by the Company's executive body, the Management Board, which consists of eleven members (currently there are 5 vacant positions). The Supervisory Board of the Company is formed of representatives of key ministries and departments relevant to the Company's activities who have recognised qualifications and substantial experience in their fields. This guarantees the quality and level of consideration given to issues at the Supervisory Board level.

Strategies

Dynamic development of the fuel and energy industry

The Group's strategic vision is to facilitate the dynamic development of the fuel and energy industry of the Republic of Uzbekistan in a sustainable manner, taking into account the strategic interests of the country and providing for further economic growth while improving the quality of life of the population and strengthening the country's energy security. This includes:

- meeting the growing needs of consumers in the fuel and energy industry at affordable competitive prices that ensure a return on investment;
- providing for the modernisation and reconstruction of existing enterprises in the fuel and energy industry;
- the construction of new facilities based on highly efficient technologies for the production and processing of energy resources, improving and automating the system of accounting and control of electricity and natural gas at all stages of gas supply;
- diversification of fuel and energy resources with the development of the use of renewable energy sources;
- implementation of appropriate geological and technical measures (aimed at increasing the reserves of hydrocarbons in the subsurface and increasing their production);
- providing the growing domestic market with modern types of motor fuels at competitive market prices;
- providing the market with deeply processed hydrocarbon raw materials with a higher added value;
- achieving a high level of transparency, profitability and international corporate business standards; and
- ensuring uniform and transparent conditions for all potential investors.

Investment

The Group is undertaking a number of investment programmes in the period from 2022-2026 with an estimated value of U.S.$2,719 million. Uzbekistan has recently opened to the outside world, and investment opportunities in the country are growing. The oil and gas industry has traditionally been the largest industry destination of foreign direct investment in Uzbekistan, with the industry accounting for up to 40% of all foreign direct investment in the country over the past 10 years, according to the Investment Promotion Agency of Uzbekistan, Ministry of Investment and Foreign Trade of Uzbekistan.

Digitalisation and process optimisation

The Company has been exploring a number of digitalisation initiatives and projects to optimise processes, enable research and increase efficiency. For example, geological models are being developed under the "Digital Field" programme, which began in 2005 and has continued until 2021. The Digital Field programme involves information being transmitted from the oil and gas processing units on site to a central database. The information is transferred to oil and gas production units for study and eventually collated in a central state database. The Company also signed up to an agreement for the development of a concept and a roadmap for digitalisation of Fuel and Energy initiatives by the Republic of Uzbekistan for the period 2021-2025. To date, work has been completed on two out of three stages of the project, as a result of which the current level of automation of business processes at the enterprises of the Company has been analysed and a target model of the Company has been developed.

Reserves Information

There are 283 hydrocarbon deposits on the territory of the Republic of Uzbekistan, of which 111 (50.2% of the reserves) belong to the Company. The Company enlisted DeGolyer and MacNaughton, independent petroleum engineers, to estimate the oil and gas reserves in its 54 main fields in line with PRMS rules. The oil fields covered by the D&M report are the oil fields which the Company holds 100% working interest in.

According to D&M, as of 31 December 2020, the proven plus probable plus possible hydrocarbon reserves of the Company for the main 54 fields of the Company amounted to 612.23 billion cubic metres of natural gas and 24.78 million tonnes of gas condensate and oil. If the production volume remains at the level it was in 2020, the availability of the Company's proven reserves is 18 years.

	Net Reserves			
	English Units		**Metric Units**	
Reserve Category	**Oil and Condensate (10^3bbl)**	**Sale Gas (10^6ft^3)**	**Oil and Condensate (10^3mt)**	**Sale Gas (10^6m^3)**
Proved Developed Producing	72,850	9,597,384	8,823	271,768
Proved Developed Non-Producing	8,181	857,075	978	24,271
Proved Development	**81031**	**10,454,459**	**9,801**	**296,039**
Proved Undeveloped	24,777	2,893,231	3,025	81,927
Total Proved	**105,808**	**13,347,690**	**12,826**	**377,966**
Probable	45,120	4,824,700	5,593	136,617
Proved plus Probable	**150,928**	**18,172,390**	**18,419**	**514,583**
Possible	48,538	3,448,181	6,361	97,642
Proved plus Probable plus Possible	**199,466**	**21,620,571**	**24,780**	**612,225**

SELECTED FINANCIAL INFORMATION

The following selected consolidated financial information covers the six-month periods ended 30 June 2021 and 2020 and the years ended 31 December 2020, 31 December 2019 and 31 December 2018. Unless otherwise specified, the financial information presented in this discussion has been extracted or derived from the Financial Statements without material adjustment. This section should be read in conjunction with the Financial Statements and the notes thereto, and the other financial information included elsewhere in this Prospectus.

This discussion contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements". Actual results could differ materially from those anticipated in such forward-looking statements as a result of a variety of factors, including the risks discussed in the "Risk Factors" section of this Prospectus.

Financial information

Consolidated income statement

	For the six months ended 30 June (unaudited)		For the year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
			UZS billion		
Oil, gas, petroleum products and petrochemicals sales	10,261	9,677	19,354	23,198	16,263
Government grant income	—	—	—	—	1,440
Equity share in profits of associates and joint ventures	1,467	806	1,875	(125)	1,823
Construction services and other revenues	23	186	329	569	905
Other operating income	164	431	839	583	1,062
Total revenues and other income	**11,915**	**11,100**	**22,397**	**24,225**	**21,493**
Cost of purchased oil, gas, petroleum product and other materials	(2,191)	(2,489)	(4,435)	(6,696)	(7,456)
Production expenses	(1,460)	(1,254)	(2,853)	(3,175)	(2,797)
Taxes other than income tax	(1,134)	(951)	(1,971)	(2,169)	(4,263)
Depreciation, depletion and amortisation	(1,314)	(1,079)	(2,767)	(2,964)	(2,197)
(Impairment)/recovery of trade and loans receivable	(150)	10	(172)	(681)	69
General and administrative expenses	(590)	(487)	(991)	(648)	(400)
Transportation and selling expenses	(435)	(572)	(1221)	(1,224)	(994)
Exploration and evaluation expenses	(188)	(148)	(247)	(613)	(657)
Loss on disposal of property, plant and equipment, net	(63)	(50)	(310)	(242)	(238)
Other operating expenses	(181)	(379)	(711)	(1,121)	(960)
Total costs and expenses	**(7,706)**	**(7,399)**	**(15,678)**	**(19,533)**	**(19,893)**
Operating profit/(loss)	**4,209**	**3,701**	**6,719**	**4,692**	**1,600**
Finance income	147	185	626	379	190
Other non-operating income	12	15	-	268	106
Foreign exchange loss, net	(76)	(341)	(813)	(2,508)	(334)
Finance costs	(229)	(374)	(828)	(1,467)	(1,748)
Profit/(loss) before income tax	**4,063**	**3,186**	**5,704**	**1,364**	**(186)**
Income tax expense	(700)	(521)	(1000)	(775)	(1,608)
Net profit / loss for the period from continuing operations	**3,363**	**2,665**	**4,704**	**589**	**(1,794)**
Loss after income tax for the period from discontinued operations	—	—	—	—	(796)
Net profit/(loss) for the period	**3,363**	**2,665**	**4,704**	**589**	**(2,590)**

Consolidated statement of cash flows

	For the six months ended 30 June (unaudited)		For the year ended 31 December		
	2021	2020	2020	2019	2018
			UZS billion		
Profit before income tax from continuing operations	4,063	3,186	5,704	1,364	(186)
Loss before income tax from discontinued operations	—	—	—	—	(1,562)
Adjustments for:	—	—	—	—	—
Depreciation, depletion and amortisation	1,314	1,079	2,767	2,964	3,635
Unsuccessful exploration and evaluation expenditures	188	148	247	613	405
(Impairment)/recovery of trade and loans receivables	150	(10)	172	681	1,128
Change in provisions	5	47	60	6	(116)
Loss on disposal of property, plant and equipment	63	50	310	242	635
Finance income	(147)	(185)	(626)	(379)	(434)
Finance costs	229	374	828	1,467	1,748
Foreign exchange loss, net	76	341	813	2,508	251
Equity share in profit of associates and joint ventures	(1,467)	(806)	(1,875)	125	(1,823)
Other	—	—	33	115	86
Operating cash flows before working capital changes	**4,474**	**4,224**	**8,433**	**9,706**	**3,767**
Change in trade and other receivables	(457)	(641)	(757)	(1,372)	(3,904)
Change in inventories	204	(637)	(591)	475	(853)
Change in trade and other payables	(244)	954	(1,061)	(700)	11,212
Change in advances paid, other assets and other liabilities	65	(210)	(186)	847	370
Cash generated from operations	**4,042**	**3,690**	**5,838**	**8,956**	**10,592**
Income taxes paid	(417)	(311)	(782)	(700)	(604)
Interest received	—	—	22	28	182
Dividends received from associates and joint ventures	—	—	—	—	135
Net cash flows from operating activities	**3,625**	**3,379**	**5,078**	**8,284**	**10,305**
Purchase of property, plant and equipment	(5,602)	(6,347)	(11,368)	(20,831)	(9,218)
Loans given to related parties	—	—	—	(264)	(1,654)
Proceeds from loans given to related parties	—	—	20	1,529	—
Change in restricted cash	202	105	192	(244)	876
Net cash flows used in investing activities	**(5,400)**	**(6,242)**	**(11,156)**	**(19,810)**	**(9,996)**
Proceeds from borrowings	5,236	5,844	10,459	16,195	3,214
Repayment of borrowings	**(1,747)**	**(866)**	(1,228)	(3,377)	(4,137)
Interest paid	(760)	(615)	(1,214)	(1,909)	(232)
Dividends paid	(69)	(336)	(337)	—	—
Transactions with the shareholder	—	(40)	—	(74)	(495)
Net cash inflow / (outflow) from financing activities	**2,660**	**3,987**	**7,680**	**10,835**	**(1,650)**
Net foreign exchange difference on cash and cash equivalents	11	46	103	91	49
Net change in cash and cash equivalents	**896**	**1,170**	**1,705**	**(600)**	**(1,292)**
Cash and cash equivalents, at the beginning of the year	2,534	829	829	1,429	2,721
Cash and cash equivalents, at the end of the year	**3,430**	**1,999**	**2,534**	**829**	**1,429**

Consolidated statement of financial position

	As of 30 June (unaudited)	As of 31 December		
	2021	2020	2019	2018
		UZS billion		
Property, plant and equipment	65,234	61,001	49,720	37,620
Exploration and evaluation assets	386	454	425	517
Investments in joint ventures and associates	19,370	17,676	14,277	23,688
Trade receivables	63	81	861	683
Advances for non-current assets	3,375	3,437	1,417	529
	—	—	—	—
Other non-current financial assets	—	—	1,917	—
Loans due from related parties	5,390	5,154	4,418	3,628
Deferred income tax assets	—	—	—	0
Other non-current assets	217	262	242	179
Total non-current assets	**94,035**	**88,065**	**73,277**	**66,844**
Cash and cash equivalents	3,430	2,534	829	1,429
Restricted cash	209	411	603	359
Trade receivables	3,387	2,988	1,454	2,838
Advances paid	561	618	734	1,068
Inventories	2,074	2,272	1,681	2,792
Income tax prepaid	83	230	31	227
Loans due from related parties	632	662	550	1,654
Other current assets	1,290	1,194	1,391	663
Total current assets	**11,666**	**10,909**	**7,273**	**11,030**
Assets classified as held for distribution to the shareholder	—	—	1,254	—
Total assets	**105,701**	**98,974**	**81,804**	**77,874**
Share capital	21,536	21,536	14,629	14,416
Retained earnings	19,527	16,173	5,757	13,735
Currency translation reserve	13,166	12,845	10,583	7,998
Other funds and reserves	—	—	0	0
Attributable to equity holders of the parent company	**54,229**	**50,554**	**30,969**	**36,149**
Non-controlling interest	264	276	363	1,068
Total shareholders' equity	**54,493**	**50,830**	**31,332**	**37,217**
Borrowings	30,385	30,852	17,698	14,746
Provisions	2,079	1,921	1,654	1,380
Deferred income tax liabilities	2,311	2,156	1,501	1,128
Deferred income from government grants	172	170	210	192
Other non-current liabilities	61	88	24	27
Total non-current liabilities	**35,008**	**35,187**	**21,087**	**17,473**
Trade and other payables	8,225	9,351	8,570	15,270
Borrowings	7,550	3,323	19,405	7,053
Income tax payables	18	—	9	293
Provisions	77	8	35	15
Deferred income from government grants	—	—	14	40
Other current liabilities	330	275	351	513
Total current liabilities	**16,200**	**12,957**	**28,384**	**23,184**
Liabilities related to the assets classified as held for distribution to the shareholder	—	—	1,001	—
Total liabilities	**51,208**	**48,144**	**50,472**	**40,657**
Total liabilities and shareholders' equity	**105,701**	**98,974**	**81,804**	**77,874**

Segment breakdowns

The following table sets forth the total revenues and other income by segment for the periods indicated.

	As of 30 June (unaudited)		As of 31 December		
	2021	2020	2020	2019	2018*
	UZS billion		*UZS billion*		
Gas, gas condensate and oil production and sales	6,210	5,650	11,878	11,336	6,657
Oil refining and retail	5,395	4,290	8,851	11,635	12,725
Gas refining	1,492	1,443	3,045	3,056	1,179
Other	1,370	1,162	2,385	602	18,421
Adjustments and eliminations	(2,552)	(1,445)	(3,762)	(2,404)	(3,328)
Total	**11,915**	**11,100**	**22,397**	**24,225**	**35,654**

**Certain numbers shown here do not correspond to the consolidated statement of profit or loss for the year ended 31 December 2018. This is due to different presentation of amounts related to UTG, being discontinued operations. Amounts are presented in gross for segment disclosure purposes, but in net in the consolidated statement of profit or loss. Please refer to Note 6 of the Consolidated Financial Statements for the year ended 31 December 2020.*

The following table sets forth the total costs and expenses by segment for the periods indicated.

	As of 30 June (unaudited)		As of 31 December		
	2021	2020	2020	2019	2018*
	UZS billion		*UZS billion*		
Gas, gas condensate and oil production and sales	(4,384)	(3,234)	(8,110)	(8,769)	(6,568)
Oil refining and retail	(4,569)	(3,954)	(8,243)	(9,923)	(11,789)
Gas refining	(995)	(1,037)	(2,016)	(1,315)	(914)
Other	(310)	(619)	(1,071)	(1,930)	(19,754)
Adjustments and eliminations	2,552	1,445	3,762	2,404	3,352
Total	(7,706)	(7,399)	(15,678)	(19,533)	(35,673)

**Certain numbers shown here do not correspond to the consolidated statement of profit or loss for the year ended 31 December 2018. This is due to different presentation of amounts related to UTG, being discontinued operations. Amounts are presented in gross for segment disclosure purposes, but in net in the consolidated statement of profit or loss. Please refer to Note 6 of the Consolidated Financial Statements for the year ended 31 December 2020.*

The following table sets forth the operating profit by segment for the periods indicated.

	As of 30 June		As of 31 December		
	2021	2020	2020	2019	2018*
	UZS billion		*UZS billion*		
Gas, gas condensate and oil production and sales	1,826	2,416	3,768	2,567	89
Oil refining and retail	826	336	608	1,712	936
Gas refining	497	406	1,029	1,741	265
Other	1,060	543	1,314	(1,328)	(1,333)
Adjustments and eliminations	—	—	—	—	24
Total	**4,209**	**3,701**	**6,719**	**4,692**	**(19)**

**Certain numbers shown here do not correspond to the consolidated statement of profit or loss for the year ended 31 December 2018. This is due to different presentation of amounts related to UTG, being discontinued operations. Amounts are presented in gross for segment disclosure purposes, but in net in the consolidated statement of profit or loss. Please refer to Note 6 of the Consolidated Financial Statements for the year ended 31 December 2020.*

The following table sets forth the profit/(loss) before income tax by segment for the periods indicated.

	As of 30 June		As of 31 December		
	2021	2020	2020	2019	2018*
	UZS billion		*UZS billion*		
Gas, gas condensate and oil production and sales	1,663	1,937	2,928	(436)	(289)
Oil refining and retail	830	298	700	1,580	648
Gas refining	507	389	868	1,604	262
Other	1,063	562	1,208	(1,384)	(2,369)
Adjustments and eliminations	—	—	—	—	—
Total	**4,063**	**3,186**	**5,704**	**1,364**	**(1,748)**

**Certain numbers shown here do not correspond to the consolidated statement of profit or loss for the year ended 31 December 2018. This is due to different presentation of amounts related to UTG, being discontinued operations. Amounts are presented in gross for segment disclosure purposes, but in net in the consolidated statement of profit or loss. Please refer to Note 6 of the Consolidated Financial Statements for the year ended 31 December 2020.*

The following table sets forth the net profit for the period by segment for the periods indicated.

	As of 30 June		**As of 31 December**		
	2021	**2020**	**2020**	**2019**	**2018***
	UZS billion			*UZS billion*	
Gas, gas condensate and oil production and sales	1,206	1,592	2,264	(744)	(1,261)
Oil refining and retail	742	210	555	1,259	(42)
Gas refining	359	316	704	1,489	259
Other	1,056	547	1,181	(1,415)	(1,546)
Adjustments and eliminations	—	—	—	—	—
Total	**3,363**	**2,665**	**4,704**	**589**	**(2,590)**

**Certain numbers shown here do not correspond to the consolidated statement of profit or loss for the year ended 31 December 2018. This is due to different presentation of amounts related to UTG, being discontinued operations. Amounts are presented in gross for segment disclosure purposes, but in net in the consolidated statement of profit or loss. Please refer to Note 6 of the Consolidated Financial Statements for the year ended 31 December 2020.*

Selected Consolidated Ratios

The table below shows selected consolidated ratios for the Group as at, and for the periods indicated. Each of these ratios is an APM, see "*Presentation of financial, reserves and other information - Presentation of Alternative Performance Measures*". The Company calculated the figures by first converting them from Uzbekistan soum to U.S. dollars at the exchange rates listed in 'Exchange Rate' above and then performing the relevant calculations.

	As at/for the LTM period ended 30 June(8)	**As at/for the year ended 31 December**		
	2021	**2020**	**2019**	**2018**
		x		
Adjusted EBITDA margin(1)	0.44	0.42	0.32	0.14
Operating margin(2)	0.31	0.30	0.19	0.07
Profit margin(3)	0.23	0.21	0.02	-0.12
Return on equity(4)	0.10	0.11	0.02	-0.08
Return on assets(5)	0.05	0.05	0.01	-0.03
Total borrowings / Adjusted EBITDA(6)	3.64	3.45	4.51	7.05
Net debt / Adjusted EBITDA(7)	3.31	3.20	4.41	6.58

Notes:

(1) Adjusted EBITDA divided by total revenue and other income.

(2) Operating profit divided by total revenue and other income.

(3) Net profit or loss for the period divided by total revenue and other income.

(4) Net profit or loss for the period divided by average total shareholders' equity as at the end of the period. Average total shareholders' equity is calculated as the sum of the balance at the start and end of each period divided by two.

(5) Profit or loss for the period divided by average total assets as at the end of the period. For the years ended 31 December 2018, 2019 and 2020, average total assets is calculated as the sum of the balance at the start and end of each year divided by two. For the period

ended 30 June 2021, average total assets is calculated as the sum of the balance at the start and end of the 6 months ended 30 June 2021 divided by two.
(6) Total borrowings divided by Adjusted EBITDA, as set out in the table below.
(7) Net debt (defined as total borrowings, less cash and cash equivalents) divided by Adjusted EBITDA, as set out in the table below.
(8) Please note that these ratios are based on amounts for the last twelve month period ended 30 June 2021, please refer to 'Reconciliation table' below.

	As at/for the period ended 30 June	**As at 31 December**		
	2021	**2020**	**2019**	**2018**
	(U.S.$ million, except where otherwise stated)	*(U.S.$ million, except where otherwise stated)*		
Total borrowings	3,577	3,262	3,902	2,614
Cash and cash equivalents	323	242	87	171
Net debt	**3,254**	**3,020**	**3,815**	**2,443**
Average total shareholders' equity[(1)]	5,006	4,074	3,879	4,241
Average total assets[(2)]	9,707	9,025	8,971	9,572

Notes:
(1) Average total shareholders' equity is calculated as the sum of the balance at the start and end of each period divided by two.
(2) For the years ended 31 December 2018, 2019 and 2020, average total assets is calculated as the sum of the balance at the start and end of each year divided by two. For the period ended 30 June 2021, average total assets is calculated as the sum of the balance at the start and end of the 6 months ended 30 June 2021 divided by two.

Adjusted EBITDA and Interim LTM Adjusted EBITDA

For the years ended 31 December 2020, 2019 and 2018, the Group calculates Adjusted EBITDA as net profit or loss plus income tax expense, depreciation, depletion and amortisation, foreign exchange loss, net, finance cost reduced by finance income and other non-operating income, all as recorded in the Financial Statements. Adjusted EBITDA is an APM and is not a measure of performance under IFRS, see "Presentation of financial and other information - Presentation of financial information - Certain non-IFRS financial information".

The table below shows a reconciliation of the Group's Adjusted EBITDA to its profit for each of the periods indicated.

	Year ended 31 December		
	2020	**2019**	**2018**
		(*U.S.$ million*)	
Net profit/(loss) for the period	468	67	(321)
Plus:	—	—	—
Income tax expense	100	88	199
Finance costs	82	166	217
Foreign exchange loss, net	81	283	41
Depreciation, depletion and amortisation	276	335	272
Less:	—	—	—
Finance income	(62)	(43)	(24)
Other non-operating income	—	(30)	(13)
Adjusted EBITDA	**945**	**866**	**371**
Total revenues and other income	**2,230**	**2,737**	**2,664**
Operating profit/(loss)	**669**	**530**	**198**

Reconciliation table

For the last twelve months ("LTM") ended 30 June 2021, the Group calculates Interim LTM Adjusted EBITDA as net profit/(loss) plus income tax expense, depreciation, depletion and amortisation, foreign exchange loss, net and finance costs reduced by finance income and other non-operating income for the respective LTM period. Please note that the below amounts for the last twelve months period ended 30 June 2021 have been calculated on the basis of the difference between the amounts for the year ended 31 December 2020 and the amounts for the six months ended 30 June 2020, plus the amounts for the six months ended 30 June 2021. Interim LTM Net profit/(loss) is not a measure of the Group's operating performance under IFRS and should not be considered as an alternative to profit/(loss) for the period or any other performance measures derived in accordance with IFRS.

	Amounts for the year ended 31 December 2020	Less: Amounts for the six months ended 30 June 2020	Plus: Amounts for the six months ended 30 June 2021	Amount for Interim LTM period ended 30 June 2021
		(U.S.$ million)		
Net profit/(loss) for the period	468	(272)	320	516
Plus:	—	—	—	—
Income tax expense	100	(53)	67	114
Finance costs	82	(38)	22	66
Foreign exchange loss, net	81	(35)	7	53
Depreciation, depletion and amortisation	276	(110)	125	291
Less:	—	—	—	—
Finance income	(62)	19	(14)	(57)
Other non-operating income	—	2	(1)	1
Adjusted EBITDA and Interim LTM Adjusted EBITDA	945	(487)	526	984
Total revenues and other income	2,230	(1,134)	1,132	2,228
Operating profit/(loss)	669	(378)	400	691

OVERVIEW OF THE OFFERING

*The following overview contains basic information about the Notes and is not intended to be complete. For a more complete understanding of the Notes, please refer to the Terms and Conditions of the Notes ("***Conditions***"). Capitalised terms not defined in this section have the meanings given to them in the Conditions.*

Issuer .... JSC "Uzbekneftegaz"

Joint Lead Managers.............. Bank GPB International S.A. (Gazprombank), Citigroup Global Markets Limited, J.P. Morgan Securities plc and MUFG Securities EMEA plc

Notes Offered .... U.S.$700,000,000 aggregate principal amount of 4.75% Notes due 2028

Trustee.................................... BNY Mellon Corporate Trustee Services Limited

Principal Paying Agent .... The Bank of New York Mellon, London Branch

Registrar and Transfer Agent....................................... The Bank of New York Mellon SA/NV, Dublin Branch

Issue Price 100%

Closing Date .... 16 November 2021

Maturity Date .... Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 16 November 2028

Interest Rate............................ The Notes bear interest at the rate of 4.75% per annum payable in equal instalments semi-annually in arrear on 16 May and 16 November in each year, commencing on 16 May 2022

Risk Factors .... An investment in the Notes involves a high degree of risk. See "*Risk Factors*".

Use of Proceeds .... The Issuer will use part of the proceeds received from the issue and sale of the Notes to refinance its existing debt, with the remainder to be used for investment projects and general corporate purposes. For more information, see "*Use of Proceeds*".

Form .... The Notes will be in registered form, without interest coupons attached, in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

The Notes will be issued in the form of a Regulation S Global Note and a Rule 144A Global Note, each in registered form and without interest coupons attached. The Regulation S Global Note will be deposited with the common depositary for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of such common depositary. The Rule 144A Global Note will be deposited with a custodian for, and registered in the name of, Cede & Co., as nominee of DTC. Ownership interests in the Regulation S Global Note and Rule 144A Global Note will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg, DTC and their respective participants. Notes in definitive form will be issued only in limited circumstances.

Ranking of the Notes .... The Notes constitute direct, general, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may arise by mandatory operation of law and subject to Condition 4, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

Negative Pledge and Covenants................................ The Conditions contain restrictions on or impose requirements to be complied with when conducting certain activities of the Issuer and its subsidiaries, including, without limitation:

(a) limitation on the incurrence of certain liens;

(b) limitation on incurrence of indebtedness;

(c) requirement for the provision of certain financial information;

(d) limitation on prepayment of subordinated debt and paying dividends on or redeeming or repurchasing share capital or making other distributions;

(e) limitations on engaging in mergers and reorganisations;

(f) limitation on asset sales;

(g) limitation on engaging in affiliate transactions;

(h) requirement for the maintenance of authorisations;

(i) requirement for the maintenance of properties;

(j) limitation on change of business;

(k) requirement for the compliance with environmental laws; and

(l) limitation on restrictions on distributions from subsidiaries.

There are significant exceptions to the requirements contained in these covenants as well as provisions providing for covenants suspension upon the occurrence of certain circumstances, as more fully described in Condition 4 and Condition 5.

Events of Default .... If an Event of Default occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by the holders of not less than one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice to the Issuer that the Notes are, and that they shall immediately become, due and repayable at their principal amount together with accrued interest, as more fully described in Condition 10.

Optional Redemption for Taxation Reasons................... The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice, at the principal amount thereof together with accrued and unpaid interest to (but excluding) the date fixed by the Issuer for redemption, if the Issuer is or would be required to pay additional amounts (as defined in the Conditions) (subject to certain conditions) as a result of any change in, or amendment to, the laws or regulations of the Republic of Uzbekistan, occurring on or after the Issue Date as more fully described in Condition 7.2.

Make-Whole Call Option....... The Issuer may, at its option, redeem the Notes, in whole but not in part, at any time prior to the date falling three months prior to the Maturity Date on giving not less than 30 and not more than 60 days irrevocable notice, at a price equal to the principal amount thereof, plus the Make Whole

	Premium, plus any accrued and unpaid interest, up to but excluding the date of redemption, as more fully described in Condition 7.3.
Optional Redemption at Par .	The Issuer may, at any time on or after the date falling three months prior to the Maturity Date, on giving not less than 30 nor more than 60 days' irrevocable notice, redeem the Notes in whole or in part, at the principal amount thereof, plus any accrued and unpaid interest, up to but excluding the date of redemption, as more fully described in Condition 7.4.
Optional Redemption by the Noteholders upon a Change of Status	If a Change of Status occurs, the holder of each Note will have the option to require the Issuer to redeem that Note on the Change of Status Put Date at 100% of its principal amount together with interest accrued to (but excluding) the Change of Status Put Date, as more fully described in Condition 7.8.
Withholding Tax	All payments in respect of interest and principal on the Notes will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Uzbekistan or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. If any such taxes, duties, assessments or governmental charges are payable, the Issuer shall (subject to certain exceptions) pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received had no such deduction or withholding been required, as more fully described in Condition 9.
Listing of Notes	Application has been made to the Financial Conduct Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Market. The Market is a regulated market for the purposes of UK MiFIR.
Ownership Restrictions	None of DTC, Euroclear or Clearstream, Luxembourg, will monitor compliance with any transfer or ownership restrictions.
Governing Law and Arbitration	The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with any of them shall be governed by and construed in accordance with English law and contain provisions for arbitration in London, England.
Selling Restrictions	United States, United Kingdom, Uzbekistan, Singapore, Canada and any other jurisdiction relevant to the Offering. See "*Subscription and Sale*".
Ratings	It is expected that the Notes will be rated BB- by Fitch and BB- by S&P. Fitch is established in the United Kingdom and registered under the UK CRA Regulation. S&P is not established in the United Kingdom but is certified under the UK CRA Regulation. Fitch: BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists that supports the servicing of financial commitments. The modifier '-' is appended to a rating to denote relative status within the rating category (Source: Fitch, https://www.fitchratings.com/products/rating-definitions). S&P: An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation. The ratings may be modified by the addition of a plus

(+) or minus (-) sign to show the relative standing within the major rating categories (Source: S&P, https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourceId/504352)

Credit ratings assigned to the Notes do not necessarily mean that the Notes are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Similar ratings on different types of notes do not necessarily mean the same thing. Credit ratings do not relate to the liquidity of the Notes or consider whether there is a market for the Notes. Any change in the credit rating of the Notes or of the Issuer could adversely affect the price that a subsequent purchaser would be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating.

Security Identification............ Regulation S Notes

- International Securities Identification Number (“**ISIN**”): XS2010026727
- Common Code: 201002672

Rule 144A Notes:

- International Securities Identification Number (“**ISIN**”): US91825MAB90
- Common Code: 111730318
- CUSIP: 91825M AB9

Legal Entity Identifier............ 213800LUZJZFLJD4MJ51

RISK FACTORS

An investment in the Notes involves a high degree of risk. Investors should carefully consider the following information about these risks, together with the information contained in this Prospectus, before they decide to buy the Notes. The actual occurrence of any of the following risks could adversely affect the Group's operating results and financial condition. In that case, the value of the Notes could also decline and investors could lose all or part of their investment.

The risks and uncertainties discussed below are those that the Group believes are material, but these risks and uncertainties may not be the only ones that the Group faces. Additional risks and uncertainties, including those of which the Group's management is not currently aware or deems immaterial, may also have an adverse effect on the Group's operating results and financial condition or result in other events that could lead to a decline in the value of the Notes.

Investors in entities operating in emerging markets such as Uzbekistan should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant political, economic and legal risks. Investors should also note that such emerging and frontier economies are subject to rapid change and that the information set out in this Prospectus may become outdated relatively quickly. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investing in emerging and frontier markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved, and investors are urged to consult with their own legal and financial advisers before making an investment in the Notes.

Terms used in this section and not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Notes".

Risks Related to the Group's Business and Industry in Uzbekistan

The Group's revenue and net profits relating to natural gas are dependent on the prices regulated by the Uzbekistan Government

Natural gas sales are one of the two largest sources of revenue for the Group. Wholesale prices of natural gas produced and sold to consumers are regulated by governmental authorities. In accordance with Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No.239 "On measures for further improvement of declaration (approval) and establishment of regulated prices (tariffs) for goods (works, services)" dated 28 October 2010, prices for socially and strategically important goods are subject to state regulation. The Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No.249 "On measures for further improvement of antimonopoly regulation on marketplaces" dated 30 March 2018 provides for the list of such strategically important goods, the prices of which are subject to state regulation, and natural gas and other oil products are included in this list. As such, the Government of Uzbekistan (the "**Government**") imposes strict control over prices for natural gas and other oil products due to their social and strategic importance to the population.

In addition, following the publication of the Decree of the President of the Republic of Uzbekistan of 9 July 2019 "On measures to provide the economy and the population with energy resources, financial rehabilitation and improvement of the oil and gas industry management system", the Issuer underwent a period of reorganisation, after which Uztransgaz JSC ("**UTG**") was spun off from the Company into a separate state-owned entity and became the single operator of midstream activities in Uzbekistan. As a result, the Company no longer exports natural gas internationally, since the sale of natural gas for the export market is now carried out by UTG. Instead, in 2020, the output of the Group was utilised in the internal market in Uzbekistan as lockdowns increased the consumption of electricity (particularly given over 90% of generated electricity uses natural gas a base source of energy) and natural gas in households. Therefore, unlike other oil and gas companies, the Company has not reduced its natural gas output significantly in 2020. In 2020 the output of natural gas was approximately 400 million tonnes of natural gas (overall only an approximately 1% decrease) in comparison to the previous year. This amounted to 3% less than the internal targets for production in 2020.

The Government may set prices that may not be economically viable for the Group, as well as adapt new laws and regulations at any time that will have a significant effect on the Group's revenues, for example, by mandating a further reorganisation and assigning operating segments to other state-owned entities (see further "*The Group's strategy is determined by the Government as its major shareholder. Interests of the Group's shareholders or management may conflict with those of the Noteholders*" and Note 21 to the Annual Financial Statements). Moreover, prices for petrochemicals set by the Government may not be in line with the global market-driven prices, for example as at 26 October 2021, the domestic price set by the Government for natural gas was U.S.$23 per thousand cubic metres whereas the market price for natural gas (for futures contracts) as at such date was U.S.$208 per thousand cubic metres. Adverse changes to government policy in Uzbekistan may have a material adverse effect on the Group's business, financial condition and results of operations or prospects.

Implementation of market-based reforms may not be effective, which may slow the growth of Uzbekistan's economy, or may make Uzbekistan more vulnerable to external shocks

Since early 2017, the Government has introduced a number of measures aimed at liberalisation of the Uzbek economy to encourage growth and foreign investment. These reforms include currency and trade liberalisation, reforms of the tax and state budget processes, the restructuring and privatisation of state owned entities and the reform of the agriculture and financial sectors.

The Government's market liberalisation programme is aimed at raising Uzbekistan's competitiveness and openness, ensuring freedom of economic activity, strengthening macroeconomic stability and boosting economic growth, modernising and diversifying leading sectors of the economy, reforming the financial and banking sector, protecting private property and entrepreneurship, expanding foreign economic activity, drawing foreign investment, developing tourism and implementing structural changes in agriculture.

The general liberalisation of the oil and gas sectors is summarised in the "Concept of development of the oil and gas industry of the Republic of Uzbekistan by 2030" (the "**Concept**") approved by the Presidential Resolution No. PP-4388 dated 9 July 2019. The Concept identifies that non-market price determination for natural gas and petroleum products (for example, with the Government setting the prices for such products) is a deterrent to a sustainable growth of the oil and gas industry. The Concept therefore sets out broad guidelines and an action plan to reform the tariff policy of the oil and gas industry in Uzbekistan. The action plan envisages involving certain international consultants, including the World Bank, to help with framing the tariff policy reforms, which, in accordance with the roadmap to the Concept, shall include (i) analysis of international tariff regulation methods; (ii) the development of a new tariff policy for trading natural gas; (iii) development of tariff determination methods for natural gas; (iv) tariff module development; (v) measures to mitigate the social impact of a tariff increase for natural gas; and (vi) implementation of a supervisory control and data acquisition system for gas transportation.

Pursuant to the roadmap, the reforms were expected to have been carried out by December 2020, however they have not yet been implemented in full and the timeline for completion is not yet clear. There can be no assurance that planned reforms aimed at liberalising Uzbekistan's economy will be carried out in full or that any reforms that are implemented will be successful in improving economic growth or encouraging foreign direct investment. Any such failure could have a material adverse effect on Uzbekistan's economy and, in turn, on the Group's business, financial condition, results of operations and prospects.

The Group's revenue and net profits relating to refined oil products fluctuate with changes in crude oil prices, which are historically volatile and are affected by a variety of factors beyond the Group's control

Refined oil product sales are one of the Group's two largest sources of revenue, with 39.5% of total oil, gas, petroleum products and petrochemicals sales attributable to refined oil products for the year ended 31 December 2020 and 45.2% of revenues attributable to refined oil products for the six months ended 30 June 2021. The price of refined oil products and the revenue realised by the Group from the sales of refined oil products are affected by a variety of factors beyond the Group's control, including:

- global and regional supply and demand, and expectations regarding future supply and demand, for natural gas, crude oil and refined oil products;
- the impact of economic conditions on the Group's customers, including any reductions in demand for natural gas, crude oil and refined oil products;

- global and regional socioeconomic and political conditions and military developments, government policies and influence, particularly in countries in the same region as Uzbekistan (including, but not limited to, Russia) and in the Middle East and other oil-producing regions;

- weather conditions, natural disasters and public health threats and global pandemics, such as the outbreak of COVID-19;

- access to pipelines, railways and other means of transporting natural gas, crude oil and refined oil products;

- prices and availability of alternative fuels;

- the ability of the members of the Organisation of Petroleum Exporting Countries ("**OPEC**"), of which Uzbekistan is not a member and over which it has limited influence, and other crude oil producing nations to set and maintain specified levels of production and prices;

- Uzbekistan and foreign governmental regulations and actions, including export restrictions, standards on content of natural gas, crude oil and refined oil products, and taxes; and

- market uncertainty and speculative activities.

Historically, crude oil prices have been highly volatile and are generally characterised by significant fluctuations that are determined by the global balance of supply and demand, which is entirely outside of the Group's control. Further, certain geopolitical activities including regional conflicts and tensions in the Middle East have in the past also affected crude oil prices. For example, in the first quarter of 2020, crude oil prices dropped significantly in connection with a price war and sell-off in oil following the failure of OPEC to strike a deal with its allies, led by Russia, on oil production cuts.

According to statistics published by the U.S. Energy Information Administration (the "**EIA**"), the average monthly spot price of Brent crude oil was US$39.89 per barrel in the first six months of 2020, ranging from a high monthly average of US$64.65 per barrel in January 2020 to a low monthly average of US$18.38 per barrel in April 2020. Also in April 2020, the price of a certain type of crude oil futures temporarily (for several hours) went below US$0. In the second half of 2020, the average monthly price of Brent crude oil per barrel was around US$43.36 and as of August 2021 the average annual price of Brent crude oil was US$66.86, which is over U.S.$20 dollars higher than the annual average in 2020. As at 22 September 2021, the spot price for Brent crude oil increased to US$75.30 per barrel, according to EIA, and in October 2021, prices reached a three-year high when OPEC countries agreed to maintain their planned output increase rather than raising it further. Largely as a result of higher crude oil prices in the first half of 2021, the Group's profit before income tax was up 28% period-to-period, at UZS 4,063 billion for the six months ended 30 June 2021 as compared to UZS 3,186 billion for the six months ended 30 June 2020. This is because increases in prices for crude oil typically results in a corresponding increase in the process for refined oil products.

In 2020, the Company exported various types of products to foreign markets accounting for 2.7% of the Group's total revenue and income and 4.8% of its oil refining and retail and gas processing segments. A significant portion of exports were of refined oil and processed gas products, including polyethylene products (73.7%), followed by the sale of liquefied gas (5.8%) and other services (7.2%). Polyethylenes are used in a wide range of production processes as a raw material base, including as film sheets, in technological processes such as blow moulding and injection moulding and in the production of pipe and profile products. Uzbekistan has been a major historical producer of high-density polyethylene in Central Asia. In addition to output from the Shurtan Gas Chemical Complex ("**GCC**"), following the launch of the Ustyurt GCC in 2016, the Company increased its annual polyethylene production capacity to 470 thousand tonnes per year, and plans for this to increase by a further 230 tonnes following completion of the Shurtan Project (defined below), since Uzbekistan is geographically close to large polyethylene markets such as China, Russia, Turkey and Kazakhstan where there is a deficit of products despite many of these countries having polyethylene production capacities.

The Group's profitability derived from refined oil products sales is determined in large part by the difference between the income received for the refined oil products that the Group produces (which can vary given that refined oil products are sold at market prices rather than being regulated by the Government) and its operating costs, as well as costs incurred in producing and selling its refined oil products. The Group's business, prospects, financial condition, cash flows and results of operations are therefore heavily dependent on prevailing crude oil prices. The costs incurred for producing refined oil products include the costs associated with importing crude oil and condensate to supply the Company's oil refineries as the demand of the refineries (over 2.5 million tonnes of crude oil) exceeds the internal output of the Group (1.6 million tonnes of liquid hydrocarbons in the form of crude oil and condensate). As a result, the Group faces an exposure to price volatility for crude oil in the downstream segment, which may have a material adverse effect on its business.

There can be no assurance that the price per barrel of crude oil will not fall, increase or be maintained in the future. Any decline in the price per barrel for crude oil currently received by the Group (even a relatively modest decline) or any resulting curtailment in the Group's overall production volumes may result in a reduction in revenue and net profits, impair the Group's ability to make planned capital expenditures or to incur costs necessary for the development of the Group's fields and may materially adversely affect the Group's business, prospects, financial condition, cash flows or results of operations. In particular, if the price per barrel falls below certain budgeted amounts for a sustained period of time, the Group may need to revise its capital allocation and may not meet its production plans or continue with certain exploration projects.

Uzbekistan's currency is subject to volatility and depreciation

Any depreciation of the soum against the U.S. dollar or other foreign currencies, and any future devaluations in the currencies of Uzbekistan's neighbouring countries (including countries forming part of the CIS, and specifically including Russia) may adversely affect the financial condition of the Group and its ability to repay its debt denominated in currencies other than the soum, including amounts due under the Notes.

As a result of significant borrowings denominated in U.S. dollars, Euro and renminbi ("**CNY**"), and cash and cash equivalents, trade receivables and payables denominated in U.S. dollars, the Group's consolidated statement of financial position can be affected significantly by movement in the U.S. dollar/UZS, Euro/UZS and CNY/UZS exchange rates. A significant devaluation of the soum will therefore materially affect the ability of the Group to service such non-soum denominated debt. In addition, certain crucial projects such as the Shurtan Project, the GTL Project and the Hydrocarbon Programme are subject to fluctuations of the soum against U.S. dollars as these projects require considerable amounts of materials that are imported based on a foreign currency. This may continue to have an adverse effect on, among other things, on the Group's business, results of operations, financial condition and prospects. Exchange rate fluctuations can create currency exposures and impact underlying costs and revenues. Crude oil prices are generally set in U.S. dollars, while oil products vary in currency and the majority of the Group's revenues are in soums. Only 3.7% of the revenue of the Group is in U.S. dollars, however once completed, output from both the Shurtan Project and the GTL Project (fuel and petrochemicals) is expected to be sold based on market prices which will result in revenue in the corresponding currency for such products.

In 2017, the CBU liberalised the foreign currency market allowing the exchange rate to be determined by market forces. As a result, despite a rapid depreciation of the soum against the U.S. dollar, the foreign exchange market stabilised at the end of 2017. Ever since, the soum has been demonstrating a depreciation trend against the U.S. dollar. The soum devalued by 2.7% (from 8,120 to 8,340 soums per U.S. dollar) in 2018, 14% (from 8,340 to 9,508 soums per U.S. dollar) in 2019 and 7% (from 9,508 to 10,173 soums per U.S. dollar) in the six months ended 30 June 2020. This trend has continued into 2021; as at 31 October 2021, the soum stood at UZS 10,683 per U.S. dollar.

The COVID-19 pandemic has had, and will likely continue to have, a significant effect upon the economy of Uzbekistan, which consequently may adversely affect the Group's business, financial condition and results of operations

The outbreak of coronavirus ("**COVID-19**"), which emerged in East Asia in December 2019, has spread globally and has been declared by the World Health Organisation to be a global pandemic. The COVID-19 pandemic has since caused stock markets worldwide to lose significant value and impacted economic activity worldwide. A number of governments revised gross domestic product ("**GDP**") growth forecasts for 2021 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the after effects of the COVID-19 pandemic will continue to have an impact on economies, including causing a recession or depression, despite monetary and fiscal interventions by governments and central banks globally. The COVID-19 pandemic also resulted in restrictions on travel and transportation and prolonged closures of workspaces and business in the first half of 2020. All of these factors may have a material adverse impact on the Group's business, results of operations, financial condition and prospects.

The COVID-19 pandemic has had, and is likely to continue to have, an adverse effect on the level of economic activity in Uzbekistan, where the Group's operations, projects and the majority of its customers are based. The first confirmed case of COVID-19 in Uzbekistan was announced on 15 March 2020. As of the date of this Prospectus, the country has had over 180,000 confirmed cases and over 1,300 deaths.

Although the number of cases officially recorded and published in Uzbekistan remains comparatively low, the COVID-19 pandemic has had a significant effect on the country's economy and is expected to adversely affect operations in certain industries and cause companies within these industries to incur additional costs or prevent them from carrying out their core activities and initiatives. As in many other countries, the Government responded to the pandemic by mandating restrictions upon international and domestic travel, restricting business activities and instituting social distancing rules. On 23 March 2020, the Government announced a lockdown, closing all province borders and forcing all non-essential businesses to temporarily shut down. This lockdown was lifted as part of a general easing of restrictions in late May and early June 2020. On 8 July 2020, the Government reinstated significant restrictions on the movement of vehicles and closed non-food shopping malls, markets, parks, cafes, restaurants and entertainment venues in response to a surge of new cases in the country. These restrictions were partly lifted on 15 August 2020 and continue to be eased.

In response to the pandemic, the Government has provided certain fiscal stimulus in order to support the economy, including the country's energy networks, air transport and tourism, manufacturing and other industries, as well as other key sectors of the economy. However, the impact of these measures, and those imposed by the Central Bank of Uzbekistan (the "**CBU**") cannot be predicted. Among other things, these measures might, and in some cases, have, imposed limitations on the Group's ability to enforce its contracts (including in relation to collateral), resulted in increased costs in implementing additional health and safety measures to prevent the spread of COVID-19 at the Group's sites, delayed projects due to the suspension of construction works (although, no projects have been suspended as at the date of this Prospectus) or caused difficulty in acquiring and importing required materials due to border closures. In the first half of 2020 for example, several of the Group's vendors claimed force majeure for short periods as a result of the lockdown in Uzbekistan in response to COVID-19. However, such claims were temporary and these contracts have now resumed, with no significant consequences to the Group's operations.

In addition, the spread of COVID-19 coronavirus infection and the quarantine measures introduced in the form of lockdown had a negative impact on the demand for oil products and therefore on the profitability of the retail trade of oil bases. As a result of the decrease in the demand for oil products, both internal and external, related to the COVID-19 pandemic, the oil processing plants of the society were forced to operate at reduced capacity. However, the development department has continued to operate under normal conditions and has had no difficulties.

COVID-19 has also had a negative impact on the timing of some investment projects. In connection with the closure of the borders, there was a delay in the delivery of equipment, as well as the arrival of foreign specialists, as part of the commissioning processes. COVID-19 did not significantly affect the financial state of the Group, since domestic energy consumption in the country did not decrease and production volumes increased in 2020 in relation to 2019, however there was a decrease in prices on the world markets for polyethylene pellets in 2020 (polyethylene being one of the Company's most significant exports).

Despite the measures introduced by the Government and the CBU, the COVID-19 pandemic has had a significant effect upon the Uzbekistan economy, reducing exports and remittances, straining public finances and forcing small businesses across the country to close at various points. In Uzbekistan, GDP growth slowed sharply from 5.8 percent in 2019 to 1.6 percent in 2020 due to COVID-19–related lockdowns and trade disruptions that led to a decrease in agricultural exports. Positive growth was supported by strong industrial and services growth, robust increases in household income and domestic investment as well as the continuation of anti-crisis spending and tax relief measures, which supported households and firms in Uzbekistan. Uzbekistan's real GDP growth rate in 2020 was therefore 1.6% according to the State Committee of the Republic of Uzbekistan on Statistics. However, the unemployment rate in Uzbekistan rose sharply from 9.8% in 2019 to 13.2% in December 2020 and the poverty rate rose to 9 percent as the pandemic led to job losses, income reductions, and declining remittances. A large expansion of social assistance provided some relief to affected households.

According to the International Monetary Fund (the "**IMF**"), GDP growth in Uzbekistan is projected to be 6.1 percent in 2021. However, this forecast is subject to uncertainty surrounding the global recovery and the potential pace of the country's COVID-19 vaccination campaign. A gradual resumption of trade and investment flows, bountiful agricultural harvest, recovery in remittances, and widespread vaccine distribution should support the recovery and spur further reductions in poverty and unemployment. Stronger GDP growth of 5.4 percent is projected in 2022 by the IMF as vaccination efforts accelerate and global disruptions ease further. Standard & Poor ("**S&P**") revised Uzbekistan's ratings outlook to stable in June 2021, Moody's changed Uzbekistan's rating to B1 with a positive outlook in July 2021 and Fitch affirmed Uzbekistan's rating at BB- with a stable outlook in April 2021.

Despite this, there can be no assurance that the Group's operations will not be interrupted or disrupted, and the general impact of the COVID-19 pandemic on the Group's business will depend on a range of factors, which the Group is not able to accurately predict. This includes the duration and spread of the virus, its severity, actions taken to contain the virus or treat its impact (including any potential re-introduction of restrictive measures or implementation of new measures), the extent and effectiveness of economic stimulus taken to contain the virus or treat its impact and how quickly and to what extent normal economic and business activity can fully resume. There may also be heightened operational risks as the Group responds to the pandemic, including in the areas of cyber-related attacks, fraud, people, technology and operational resilience such as those associated with increased remote working, the implementation of new processes, pressure on customer support areas, disruptions to infrastructure and technology services and/or failures of third parties to supply services to usual standards which could lead to increased errors or delays and/or customer detriment and could cause subsequent losses for the Group. These factors could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Oil and gas is a capital intensive industry, and the Group's business may require substantial ongoing capital expenditures

The oil and gas industry is capital intensive and requires capital expenditures related to maintenance, exploration and development, production, transportation, refining and trading and compliance with environmental laws and regulations. The Company's capital expenditures planned for 2021 amount to U.S.$1,616.7 million. From this, U.S.$ 290.8 million is allocated to maintenance of current production levels, U.S.$ 501 million is allocated towards the construction of a gas-to-liquids plant aimed at expanding the Uzbekistan's capacity for deep processing of natural gas (the "**GTL Project**"), U.S.$ 400.5 million is allocated towards the expansion of production capacities of the Shurtan Gas Chemical Complex (the "**Shurtan Project**") and U.S.$424.4 million is allocated towards the second stage of the a programme to increase hydrocarbon production in Uzbekistan (the "**Hydrocarbon Programme**"). Forecasted capital investments for 2022 and 2023 are expected to amount to U.S.$734.8 million and U.S.$259.3 million respectively, in each case to be allocated towards the Shurtan Project. For the six months ended 30 June 2021, U.S.$389.2 million has been spent on maintaining production levels, U.S.$180.3 million has been spent on the Hydrocarbon Programme, U.S.$85.4 million has been spent on the GTL Project and U.S.$16.1 million has been spent on the Shurtan Project.

The Group may engage in further capital intensive projects in future. If the Group is unable to raise necessary funding either from, the government, international or domestic banks or capital markets, it may be forced to reduce planned capital expenditures or curtail, delay or abandon certain projects, which could adversely affect the Group's ability to expand its business and, if the reductions or curtailments are severe enough, could adversely affect its ability to maintain its production or operations at current levels.

Counterparties' failure to perform or meet their obligations could delay or prevent the completion of the Group's projects and have a material adverse effect on the Group's business

The Group is exposed to the risk of its counterparties' failure to perform their obligations, which include not only customers but also, *inter alia*, project partners, joint ventures, suppliers, subcontractors and financial counterparties.

Projects are subject to significant cost risks relating to subcontracting and procurements. The Group's operating model requires an adequate supply of skilled and competent personnel and subcontractors as well as good quality and cost effective construction materials. A weak economic cycle increases the risk of financial difficulties and bankruptcies relating to subcontractors and material suppliers. For example, during the lockdowns in Uzbekistan in response to COVID-19, the Group encountered temporary delays from some of its suppliers and manufacturing partners in making deliveries. Such third parties may also become insolvent or default under their contracts, or be significantly late in paying the Group, especially during economic downturns. In addition, according to the general conditions for oil and gas contracts, the warranty period related to construction is two years, and after the warranty period, the contractor's liability for errors and omissions is only in the event of the contractor's gross negligence or wilful misconduct. During the last five years, the volume of construction has increased in Uzbekistan and made worksites' resourcing more challenging.

In addition, if the Group is unable to find reliable suppliers, its ability to successfully complete its projects could be impaired. Furthermore, if a supplier fails to provide equipment or raw materials, in each case, as required under a contract for any reason, the Group may be required to source such services, equipment or raw materials at a higher price than anticipated, which could negatively impact its profitability, as there can also be no assurance that it will be able to pass on any or all of such increased costs to the Group's customers. In some cases, the equipment purchased for a project does not perform as expected, and these performance failures may result in delays in the completion of the project, additional costs for the Group or the customer to complete the project and, in some cases, may require the Group to obtain alternate equipment at additional cost. Although contracts with suppliers generally provide for indemnification to cover their failure to perform their obligations satisfactorily, such indemnification may not fully cover the Group's financial losses in attempting to mitigate their failures and fulfil the relevant contract with the Group's client. Furthermore, delivery by the Group's suppliers of faulty equipment or raw materials could also negatively impact the Group's overall project, resulting in claims against it for failure to meet required project specifications and it may be unable to successfully obtain compensation from its suppliers. Such supply disruptions could have a material adverse effect on the Group's business, financial condition and results of operations.

Although the Group seeks to avoid dependence on individual subcontractors and material suppliers and to secure the continuity of services provided by partners, there can be no assurance that eligible subcontractors and material suppliers will always be available when needed. Further, by using subcontractors and material suppliers, the Group is exposed to a number of risks relating to these entities and mutual business relationships. For example, the Group may not be able to enter into agreements with its subcontractors or material suppliers on acceptable terms or the quality, timing and cost-effectiveness of the work carried out by them or the quality and delivery times of the materials provided by them may be inadequate and may result in defects or the subcontractors and material suppliers may experience financial or other difficulties, such as labour shortages, which may affect their ability to provide services. In addition, the Group is exposed to a reputational risk if a subcontractor or a material supplier does not comply with applicable laws and regulations in its operations or otherwise acts contrary to generally accepted norms.

On the customer side, the Group's contracts usually require an advance payment from its customers of between 15% and 30% of the anticipated total contract amount, which the Group uses to finance related contract expenses. However, the Group is typically required to provide its customers with a bank guarantee covering the refund of this amount if the Group fails to perform its contractual obligations. If performance failures by its counterparties result in the Group in turn being unable to perform its contractual obligations to its customers, the Group may have to refund the advance payment. As of 30 June 2021, the average days of collection of trade receivables and contract assets from customers (calculated by dividing the average balance of accounts receivable by total net credit sales for the period and multiplying the quotient by the number of days in the period) was 47 (56 and 23 as of 31 December 2020 and 2019, respectively).

Failure by the Group's partners to carry out their obligations under the Group's agreements, including failure to comply with applicable laws, regulations or client requirements, could lead to disputes and litigation with partners or clients, all of which could have a material adverse effect on the Group's reputation, business, financial condition and results of operations. In addition, if the Group's joint venture partners or project development partners have economic or business interests or goals that are inconsistent to the Company's, take actions contrary to the Company's instructions or requests or contrary to its policies or objectives, are unable or unwilling to fulfil their obligations under the relevant joint venture or cooperation agreements or have financial difficulties, this would expose the Group to potential credit risk and affect the amount of revenue generated from such ventures going forward.

In the event of failure to meet or delay in meeting payment obligations to the Group, the Group may also be exposed to the risk of incurring by way of advance payments the costs required to complete the projects. While the Group may be able to bring legal action before courts or arbitration panels against the defaulting financial institution, such action is not guaranteed to succeed and would lead to an increase in costs. Furthermore, in the event the Group is unable to collect its trade receivables, it may be necessary to write down or even write off these receivables and the Group may need to seek alternative sources of financing to meet its working capital requirements. The Group had provisions for expected credit losses of trade accounts receivable, in the amount of UZS 991 billion as at 31 December 2020, which were reserved and accounted for in the Group's consolidated statement of financial position.

Failure or delays by the Group's partners to meet their obligations under the relevant agreements could have a material adverse effect on the Group's business, financial condition and results of operations or prospects.

Large development projects and engineering, procurement and construction contracts may include larger and additional risks

The Group's operations involve large-scale and complex projects, involving significant development projects and construction contracts, such as the construction and modernisation of pipeline facilities and related infrastructure, construction of gas chemical plants and oil refineries, gas processing plants and other oil and gas production facilities, and the complex development and operation of oil and gas fields. The Group's financial results to a large extent depends on the profitability of these individual projects as well as their progress. Large development projects and contracts generally carry the same risks as other, smaller projects, but the risks may be substantially larger and may concentrate as uncertainties in project outcome and liabilities as well as public interest increase with the size of the project. Risks involved in large projects may also be more material due to new features or greater complexity of the projects. Regardless of the experience and track record of the Group in the oil and gas sector, actual project costs and timelines could differ, even significantly, from those originally estimated. For oil and gas contracts, pricing is based in part on cost and scheduling estimates that rely on a number of assumptions, which relate, *inter alia*, to future economic conditions, prices, the availability of labour, equipment and materials, as well as on partners' expertise in assessing the costs associated with certain contracts.

Large development projects and contracts may also include additional risks due to various factors, such as design, engineering, procurement and technology, construction complexity, various important interest groups' influence on the project, availability of vital resources and financing as well as safety and environmental factors. If the Group experiences problems in its large development projects and construction contracts, it could have a material adverse effect on the Group's reputation, business, financial condition, results of operations and future prospects.

If estimates prove to be inaccurate, if costs increase due to errors or ambiguities in contract specifications, design or construction services, if circumstances change as a result of unforeseen technical or operational problems, or if the Group's suppliers, subcontractors or partners are unable to perform, the Group may face significant cost overruns. As a consequence, the Group could face a reduction in estimated profits, or, in extreme cases, a loss on an individual contract, and therefore a reduction in operating profit, Adjusted EBITDA and, ultimately, the net result, as well as a possible negative effect on liquidity.

In addition, the Group's operations can also be affected by seasonality. For example, the Group's transportation and delivery arrangements can be hindered by adverse weather conditions and increased local demand in the winter months. Adverse weather conditions in Uzbekistan can also sometimes lead to a temporary suspension of works, increased costs in the execution of works as well as delay in the completion of projects. On some occasions, the Group may be unable to access the construction sites and may have to implement increased safety measures for its workers. The Group may not always be able to pass any cost increases due to such conditions to its customers.

For the reasons described above, the Group may be subject to increases in operating, development and other expenses. Not all of the Group's contracts provide protection mechanisms and, even where such mechanisms are present, for example through clauses that allow all or part of the related risks to be borne by the customer, there is no guarantee that the Group will be able to enforce them successfully. Significant cost overruns that the Group is not able to recover from the client could have a material adverse effect on the Group's business, financial condition and results of operations or prospects.

The Group's operations are subject to environmental risk, and the Group is required to comply with environmental laws and regulations which may continue to develop and change

The Group's operations are subject to the environmental risks inherent in virtually all aspects of its business, including oil and gas exploration, production, transportation and refining. There are environmental issues with current and past sites of operations caused by the Company's subsidiaries, joint ventures and associates and their predecessors. The Group's primary environmental liabilities include land contamination, gas flaring, the disposal of waste water and oil spills.

There can also be no assurance that such measures will not impose additional, more stringent environmental requirements on the Group. Compliance with such environmental requirements may be costly and may make it necessary for the Group to undertake new measures in connection with the storage, handling, transport, treatment or disposal of hazardous materials and wastes and the remediation of any contamination.

The costs of environmental compliance in the future and potential liability due to any environmental damage that may be or may have been caused by the Group could be material. Moreover, the Group could be adversely affected by future actions and fines imposed on a subsidiary, joint venture or associate of the Group by the environmental authorities, including the potential suspension or revocation of one or more of the Group's subsoil licences or environmental permits. For example, in accordance with the requirements of environmental legislation, in line with other industries with environmental impact, oil and gas companies are required to compensate for any pollution they create (specifically in accordance with Resolution of the Cabinet of Ministers No-202 dated 4 December 2020, by which compensation payment tariffs for environmental pollution are regulated). This is intended to encourage corporates in Uzbekistan to shift towards more sustainable business processes. In addition, according to the Resolution of Cab of Ministers No-14 dated 21 January 2014, fines may be payable if environmental standards for emissions into the atmosphere, wastewater discharges, waste generation and disposal are not met.

Whilst the Group has established provisions for environmental remediation obligations, to the extent that any provision in the Group's accounts relating to remediation costs for environmental liabilities proves to be insufficient, this could have a material adverse effect on the Group's business, prospects, financial condition, cash flows or results of operations.

Although the Group is obliged to comply with all applicable environmental laws and regulations, it cannot, given the changing nature of environmental regulations, guarantee that it will be in compliance at all times. Any failure to comply with these environmental requirements could subject the Group to, amongst other things, civil liabilities and penalty fees and the temporary or permanent shutdown of affected operations. Any imposition of environmental fines, increase in the costs associated with compliance or suspension or revocation of licences or contracts could have a material adverse effect on the Group's business, prospects, financial condition, cash flows or results of operations.

Climate change and sustainability concerns and impacts could require the Group to incur costs or invest additional capital, could reduce global demand for oil and gas and could negatively affect the Company's ability to obtain financing

Political developments, increased use of renewable energy sources that alter fuel or power choices (such as the development of solar and wind power in the Republic of Uzbekistan), technological change and global economic conditions have an indirect impact on oil demand and prices. Climate change and sustainability concerns manifested in public sentiment, investor sentiment, government policies, laws and regulations, international agreements and treaties and other actions may reduce global demand for crude oil and propel a shift to lower carbon intensity fossil fuels or alternative energy sources. The President approved the strategy "On transition of the Republic of Uzbekistan to a "green" economy in the period of 2019-2030" on 4 October 2019 to ensure Uzbekistan fulfilled its obligations relating to the Paris Agreement under the United Nations Framework Convention on Climate Change (the "**Paris Agreement**"). The adoption of such policies related to renewable energy and climate change could lead to constraints on production and supply, access to new reserves and a decline in demand for certain products.

The Group may be required to incur costs, invest additional capital or make changes to the way it does business to address the impacts of climate change. In particular, increasing pressure on governments to reduce greenhouse gas emissions has led to a variety of actions that aim to reduce the use of fossil fuels, including, amongst others, carbon emission cap and trade regimes, carbon taxes, increased energy efficiency standards and incentives and mandates for renewable energy and other alternative energy sources. Existing and future climate change concerns and impacts, and related laws, regulations, treaties, protocols, policies and other actions could shift demand to other fuels, reduce demand for the Group's products and have a material adverse effect on the Group's business, financial position and results of operations.

In addition, investor sentiment toward investing in oil and gas companies may be negatively affected by the recent focus on climate change amongst the public and governments. For example, the World Bank announced plans to stop financing upstream oil and gas projects from 2019 onwards, unless under exceptional circumstances. Similarly, certain financial institutions, funds, asset managers and investors including, for example, asset manager Blackrock, are considering or have begun limiting their exposure to certain fossil fuel projects and phasing out their investments in fossil fuel companies that fail to align with the Paris Agreement.

The Group faces competition from other suppliers of oil and gas

The sale of natural gas and refined oil products both internationally and domestically is competitive. The Group's primary competitors for the sale of natural gas and refined oil products include international oil companies that are located geographically close to Uzbekistan, such as Kazakhstan and Russia, which have substantial crude oil reserves and financial resources. In the natural gas market, there are some domestic operators who carry out exploration and production operations in Uzbekistan such as Lukoil and certain joint ventures in which the Group has shares (for example, JV Natural Gas Stream, JV New Silk Road, JV Andijan Petro and JV Kokdumalakgaz). The factors that could affect competition in the natural gas and refined oil products marketplace include additional discoveries of crude oil or natural gas reserves by the Group's competitors, new technologies that increase the viability of reserves or reduce production costs, political and economic factors and other factors outside of the Group's control. Increased competitive pressures could have a material adverse impact on prices at which the Group can sell natural gas and refined oil products and its regional and global market share and could also impact the Group's bargaining power when negotiating with counterparties. Further, many of the Group's products compete in commodity-type markets where product differentiation poses a significant challenge. Where competitiveness is principally driven by price, the importance of cost efficiency is critical to maintaining and growing the Group's market share. If the Group fails to adapt its strategy and improve its cost-control measures, it may be unable to compete effectively in certain markets.

In addition, the Group's refineries in its downstream segment are subject to competition in the geographies to which they sell refined products or petrochemicals. Competition is primarily from other refineries located in, or in close proximity to, the relevant market, and in the case of refineries that are net importers, from other international producers. Operating efficiencies and production costs are the key factors affecting competition in the refined products and chemicals markets. Accordingly, if the operating efficiencies and production costs of the Group's refineries in its downstream segment are not sufficiently competitive in the geographical markets they serve, the Group's business, financial position and results of operations could be materially and adversely impacted. In addition, the Group has to import crude oil and condensate to supply its oil refineries as the demand of the refineries (over 2.5 million tonnes of crude oil) exceeds the internal output of the Group (1.6 million tonnes of liquid hydrocarbons, namely crude oil and condensate). As a result, the Group faces an exposure to price volatility for crude oil in the downstream segment as well, which may have a material adverse effect on its business.

The reported quantities or classifications of the Group's crude oil and gas reserves may be lower than estimated because of inherent uncertainties in the calculation of reserves

There are numerous uncertainties inherent in estimating the quantity of reserves and in projecting future rates of production, including many factors beyond the Group's control. Estimating the quantity of reserves is a subjective process, and estimates made by different experts often vary significantly. In addition, the results of drilling, testing and production subsequent to the date of an estimate may result in revisions to that estimate. Accordingly, reserves estimates may be different from the quantity of crude oil and natural gas that is ultimately recovered, and, consequently, the revenue therefrom could be less than that currently expected. The significance of such estimates is highly dependent upon the accuracy of the assumptions on which they are based, the quality of the information available and the ability to verify such information against industry standards.

The reserves data contained in this Prospectus is, unless otherwise stated, taken from a reserves report prepared by DeGolyer and MacNaughton, independent reservoir engineers, in accordance with PRMS rules, which covers 54 of the Group's key oil and gas fields.

Estimates derived using PRMS rules may differ substantially from other international standards, in particular, with respect to the manner in which, and the extent to which, commercial factors are taken into account in calculating reserves. In any case, all reserves data comprise of estimates only and should not be construed as representing exact quantities. These estimates are based on production data, prices, costs, ownership, geological and engineering data and other information assembled by the Company's subsidiaries, joint ventures and associates, and assume, amongst other things, that the future development of the Company's oil and gas fields and the future marketability of the Company's oil and gas products will be similar to past development and marketability. These assumptions may prove to be incorrect. Potential investors should not place undue reliance on the forward looking statements contained herein concerning the Group's reserves or production levels.

In addition, estimates are reviewed and revised annually. Revisions occur due to the evaluation or re-evaluation of already available geological, reservoir or production data, availability of new data, or changes to underlying price assumptions. Reserve estimates may also be revised due to improved recovery projects, changes in production capacity or changes in development strategy. Proved developed reserves are used to calculate the unit of production rates for Depreciation, Depletion & Amortisation ("**DD&A**") in relation to oil and gas production assets. The Group has included in its calculation of proved reserves only those quantities that are expected to be produced during the initial subsoil use contract period. This is due to the uncertainties surrounding the outcome of such renewal procedures, since the renewal is ultimately at the discretion of the Government. An increase in the Group's subsoil use contract periods and corresponding increase in reported reserves would generally lead to lower DD&A expense and could materially affect earnings. A reduction in proved developed reserves would increase the DD&A expense (assuming constant production), reduce income and could also result in an immediate write-down of the property's book value. Given the relatively small number of producing fields, it is possible that any changes in reserve estimates year on year could significantly affect prospective charges for DD&A.

If the assumptions upon which the Group's or any consultant's estimates of reserves of crude oil or gas have been based are incorrect, the Group may be unable to produce the estimated levels of crude oil or gas set out in this Prospectus or its DD&A expenses could increase materially and the Group's business, prospects, financial condition, cash flows or results of operations could be materially adversely affected.

The Company is required to comply with certain financial and other restrictive covenants

The Company is subject to certain financial and other restrictive covenants under the terms of its indebtedness, including the Conditions of the Notes that impose certain restrictions on the Group. For example, the agreements governing certain of the Group's outstanding financing arrangements contain covenants that restrict the ability of the Company to, among other things:

- incur additional debt;
- make certain investments;
- sell certain assets (including shares) or merge with or into other companies;
- use assets as security in other transactions; and
- enter into sale and leaseback transactions.

In addition, the majority of the loan agreements that the Company is party to include cross-default provisions. While the Group expects the Company to remain compliant with these restrictive covenants, such covenants could limit the Group's financial and operating flexibility, which could have a material adverse effect on its business, financial condition, results of operations and prospects. The Company's ability to meet its financial covenants and tests under the terms of its finance documents and other indebtedness are, to an extent, affected by events beyond the Company's control, such events may include, *inter alia*, macroeconomic and political shocks, sharp fluctuations in foreign currency exchange rates and commodity prices, etc.

The Company endeavours to ensure compliance with all covenants applicable to it. In the past, the Group has breached certain covenants as of 31 December 2019 under a loan agreement with Blue Amber Investment Limited (which is wholly owned by Silk Road Fund Co., Ltd.) and Industrial and Commercial Bank of China (Asia) Limited (the "**Blue Amber (Silk Road) Facility**") to provide IFRS financial statements and other supporting documents as of a certain deadline and comply with certain financial ratios, which breaches were subsequently waived by the lenders. The breach of covenants under the Blue Amber (Silk Road) Facility also triggered cross-default provisions in certain of the Company's other financing agreements; however, as waivers were obtained by the lenders in the Blue Amber (Silk Road) Facility, the cross defaults are no longer continuing. The Company also breached certain non-financial covenants under its loan agreement dated 9 April 2019 with Gazprombank JSC (the "**GPB Loan**"), which were remedied by the Company, and Gazprombank JSC confirmed that there are no continuing breaches under the GPB Loan. See Note 19 of the Annual Financial Statements. In addition, the Company has two facilities with China Development Bank Corporation ("**CDBC**") with an aggregate amount outstanding of U.S.$45.5 million (the "**CDBC Facilities**"). In 2017, the Company breached the debt incurrence covenant under the CDBC Facilities and as of the date of this Prospectus, requests are pending to obtain waivers in connection with the CDBC Facilities in respect of a historic default. The Company will repay the CDBC Facilities on the Closing Date with the proceeds of the Notes offered hereby, which will remedy the historic default and therefore preclude the need for waivers. See "*Use of Proceeds*". Except in relation to the CDBC Facilities, as of 31 December 2020, as of 30 June 2021 and as at the date of this Prospectus, the Company is in compliance with its current loan agreements.

The Group monitors compliance of all its financial and non-financial covenants on regular basis and takes proactive steps to ensure that all these restrictive covenants are in compliance at each testing date and especially before the end of each financial period. However, the Company's management cannot give any assurance that the Company will be able to meet the tests imposed by the financial and other restrictive covenants under the terms of its indebtedness or that it will be able to obtain consents to amend or waivers in respect of such covenants in the future. A failure by the Company to comply with the restrictions and covenants in its finance documents or other existing or future debt and agreements, may result in a default under the terms of those agreements. In the event of a default under these agreements, the parties may terminate their commitments to further lend to the Company or accelerate the loans and declare all amounts borrowed due and payable triggering events of default in other finance agreements (the majority of which do include cross-default provisions as noted above). Such events may also trigger an event of default under the Notes. If any of these events occurs, the Company cannot give any assurance that available assets would be sufficient to repay in full all of the Company's affected indebtedness, or that the Company would be able to secure alternative financing. Even if the Company could obtain alternative financing, the Company's management cannot give any assurance that such financing would be on terms that are favourable or acceptable to the Company. Any such acceleration of the Company's affected indebtedness could impact the Company's liquidity, business, financial condition, results of operation and as a consequence its ability to repay the Notes.

The Company has guaranteed obligations under a gas sales contract by its affiliate Uztransgaz, and there is a risk that this guarantee will be enforced as a result of the non-performance by Uztransgaz

The Company has guaranteed the obligations of its affiliate, Uztransgaz ("**UTG**") under an Uzbek law-governed Gas Sales Contracted dated May 19, 2012 (the "**Gas Sales Contract**"). Pursuant to the Gas Sales Contract, UTG is required to "take or pay" for gas produced by JV Uz-Kor Gas Chemical LLC ("**Uz-Kor**") at prices set in the Gas Sales Contract. The Company's guarantee of UTG's obligations is pursuant to an Uzbek law-governed Guarantee and Indemnity Agreement dated December 19, 2012 (the "**Guarantee**"). Uz-Kor is a joint venture owned 50/50 by Company and a consortium of Korean investors through Kor-Uz Gas Chemical Investment Ltd. ("**Kor-Uz**").

Starting in 2017, UTG made the determination that, due to the significant change in global gas prices subsequent to when the agreement was originally signed, the Gas Sales Contract was no longer commercially favourable to UTG and it entered into negotiations to amend the terms. While negotiations were ongoing, UTG breached its obligation under Gas Sales Contract in terms of payment for gas. As of 30 September 2021, UTG had accumulated $991 million in arrears for gas it should have "taken or paid" for (the "**Overdue Amounts**"). On 16 September 2021, Uz-Kor made a demand for payment from UNG under the Guarantee for the Overdue Amounts. In response, UNG notified Uz-Kor on 28 September 2021 that before it can make a demand under the Guarantee, it needed to follow the process required under Uzbekistan law and under the shareholders' agreement between the Company and Kor-Uz, and that the original demand for payment was therefore deficient.

On 15 October 2021, Uz-Kor noted the issues raised by the Company and also acknowledged the ongoing restructuring talks with support of the Ministry of Finance of the Republic of Uzbekistan, and on this basis withdrew its demand under Guarantee.

The Company believes that the ongoing discussions between the parties (including the Ministry of Finance of the Republic of Uzbekistan) to resolve the outstanding issues in respect of the Gas Sales Contract are productive, and is optimistic that a resolution will be reached in the near future. In addition, as part of the process of preparing the Group's interim financial statements for the period ended 30 June 2021, the Ministry of Finance confirmed to UNG and the Company's auditors that the financial stability of UNG was important to ensure the integrity of the Decree of the President of the Republic of Uzbekistan from October 27, 2020, No.PP-6096 "On measures on the accelerated reform of state-owned enterprises and privatisation of state assets", and so would take steps (including but not limited to subsidising UTG and developing measures on restructuring of UTG's obligations to Uz-Kor) to prevent the realisation of the Guarantee if validly called. However, there can be no assurances that restructuring discussions will be successful or that Uz-Kor will not in the future issue a valid demand for payment under the Guarantee, which could result in a material obligation that the Company would need to pay. There can also be no assurance that the Ministry of Finance would be in a position to take such steps in the event the Guarantee were called, or that the Company's other creditors may allege an event of default under their facilities has occurred as a result of the ongoing non-compliance by UTG with the Gas Sales Contract and the Company's Guarantee thereof. As a result, if the Company failed to promptly pay following a valid demand for payment under the Guarantee, or if any other creditors allege events of defaults under their facilities, it could trigger defaults under the Company's indebtedness, including in respect of the Notes, as well as materially impact the Company's financial stability, which could impair the Company's ability to service the Notes.

The Group depends on key management and qualified personnel

The current senior management team includes a number of individuals that the Group believes contribute significant experience and expertise in the oil and gas industry. The Group's ability to continue to retain, motivate and attract qualified and experienced construction and management personnel is vital to its business. There can be no assurance that the Group will be able to successfully recruit and retain the necessary qualified personnel. Any loss or diminution in the services of members of its senior management team or an inability to recruit, train or retain necessary personnel could have a material adverse effect on the Group's business, financial condition, results of operations and prospects as well as impair its ability to achieve its strategic objectives.

Major labour disputes or strikes in the construction sector or other operations essentially linked to construction may have an adverse effect on the Group's operability

Any major labour disputes or strikes in the oil and gas sector affecting the Group's personnel or its key subcontractors, material suppliers or other operations linked to the oil and gas sector, such as transportation, may prevent or delay the progress of the Group's construction projects or weaken their profitability. There can be no assurance that any collective bargaining agreements that apply to the Group's employees will prevent strikes or work stoppages or that such agreements will be renewed on substantially similar terms and conditions in the future.

Furthermore, labour disputes or strikes concerning the Group's key co-operation partners or other essential operations linked to the oil and gas sector may also have an adverse effect on the Group's business operations. Labour disputes or strikes may, thus, have an adverse effect on the Group's business, financial condition, results of operations and future prospects.

The nature of the Group's activities, and the industries in which it operates, may expose the Group to liability and reputational damage, in particular related to the management of health, safety and environmental risks

The Group is involved in significant and complex projects that require constant monitoring and management of health, safety and environmental risks, both during the construction and the operational phases. The Group is subject to a number of regulations, including in relation to health and safety, flora and fauna conservation and waste management. While the Group has adopted health, safety and environmental policies and procedures in order to minimise such risks and ensure compliance with these regulations, there can be no assurance that a failure in such policies and procedures will not occur. Any failure in health and safety practices or environmental risk management procedures could result in increased costs in rectifying the failure and bringing the Group back in compliance. Further, any failure that results in serious harm to employees, subcontractors, the public or the environment could expose the Group to investigations, prosecutions and/or civil litigation, each of which could determine an increase in costs for fines, settlements and management time. Such a failure could also adversely affect the Group's reputation and ability to obtain new business. If any of the foregoing circumstances were to occur, this could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, the Group operates in the oil and gas sector, which may carry additional risk. Certain of the Group's construction projects, for example projects relating to natural gas or hydrocarbon facilities, could cause major harm to employees or third parties if there is an error in the design or during construction or for any other reason that may be outside of the Group's control. If a catastrophic event, such as the collapse of a building or an explosion at a facility, occurred at one of the Group's projects, the Group may be held liable if such an event is found to be caused by professional negligence. Such liability may be increased if the event results in the personal injury or death of one or more employees of the Group, employees of any subcontractors working on the project or members of the public as well as in environmental harm or extensive damage to third party property. Such incidents could expose the Group to claims for personal injury, wrongful death, property damage or claims by customers, subcontractors, governments, employees or members of the public, which could lead to the payment of extensive damages, and result in significant adverse publicity and reputational harm which could lead to a loss of business and could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

The Group's insurance cover and its limits on contractual liability may not protect the Group adequately from the consequences of the situations described above and any related liability, including any losses resulting from business interruptions. The Group's insurance policies may also not cover all risks. Even where a policy may provide cover, claims may exceed that cover and lead to higher premiums payable by the Group. Damage that is not covered by the Group insurance, or which exceeds the maximum insured sums, or involves payment of a substantial excess, or for which there is no limit on contractual liability, could materially and adversely affect the Group's activities, financial position and results of operations.

The Group may not successfully execute its business strategy, which is based on various assumptions and factors outside its control

The Group's strategy is to ensure the growth of reserves and production of hydrocarbons at the level necessary to fully meet the needs of the domestic market with the involvement of a wide range of international oil and gas companies with advanced technologies; to provide the growing domestic market with modern types of motor fuels at competitive market prices; to provide the market with high-value hydrocarbon products; to achieve a high level of transparency, profitability and compliance with international corporate business standards; to further increase the its reserves in the Republic by 2030 through geological exploration in the oil and gas regions of the country (including Bukhara-Khiva, Ustyurt and Gissar, Surkhandarya and Fergana), and to increase opportunities for foreign direct investment in the oil and gas industry in Uzbekistan.

The Group's ability to implement its development strategy successfully is also dependent upon a number of business, economic and competitive uncertainties and other factors which are outside the Group's control and such strategy is based upon a number of assumptions which may prove to be inaccurate. The assumptions underlying the strategy may not be correct and any inaccurate assumption may result in variations of the strategy that may limit the Group's ability to achieve the envisaged goals. In addition, actions taken by the Group may not generate the expected positive economic results, the Group may be unable to obtain adequate funding for its working capital and capital expenditure requirements or the Group's management may not be successful in implementing the business strategy for other reasons. If such events were to occur, the Group may not be able to achieve the growth targets set out in the development strategy within the expected timeframe.

If the Group's results differ significantly from those expected based on its strategies and its business plan, this could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's insurance cover may not be adequate or sufficient

In accordance with the decree of the Cabinet of Ministers of the Republic of Uzbekistan "On measures to implement the law of the Republic of Uzbekistan - on compulsory insurance of civil liability of the employer

No. 177" dated 24 June 2009, all divisions of the Company are insured for the breach of employer's liability, which covers compensation for harm caused to the life or health of any employee in connection with a work injury, occupational disease or health-related issue associated with the performance of their duties.

In addition, the Group maintains insurance policies covering its assets, operations and certain employees in line with Article 20 of the Law of the Republic of Uzbekistan "On industrial safety of hazardous production facilities No. ZRU-57" dated 28 September 2006, the Regulations "On the procedure of compulsory civil liability insurance for damage to life, health and/or property of other persons and the environment in case of an accident at a hazardous production facility" and the decree of the Cabinet of Ministers of the Republic of Uzbekistan "On additional measures to implement the Law of the Republic of Uzbekistan - on industrial safety of hazardous production facilities". The Group seeks to protect against a range of key insurable risks, including industrial accidents (including labour accidents), fire, earthquakes, lightning, flooding, acts of terrorism and other natural and man-made disasters and vandalism. Although the Group maintains what it believes to be adequate insurance, any claim could exceed its insurance coverage, fall outside its insurance coverage or could result in the cancellation of its insurance coverage. In particular, the insurance policy may not be adequate to cover lost income, reinstatement costs, increased expenses or other liabilities and as such there can be no assurance that the Group would not be forced to bear substantial losses irrespective of insurance coverage.

Any uninsured loss or a loss in excess of insured limits could adversely affect the Group's existing operations and create additional significant costs and liabilities and could, in turn, have a material adverse effect on the business, financial condition, results of operations and prospects.

An industrial accident could also tarnish the Group's reputation, thus resulting in a significant, and possibly sustained, decline in demand. Any of these events could have a material adverse effect on the Group's business, cash flows, financial condition and results of operations.

Furthermore, if insurance cover is not available or proves more expensive than in the past, the Group's business, results of operations and financial condition may be materially adversely affected.

Failure to maintain adequate internal controls, accounting systems and financial reporting could have a material adverse effect on the Group's business

The Group's management information system, financial reporting function and system of internal controls relating to the preparation of the IFRS financial statements and management accounts may not be as sophisticated and robust as those of companies with a longer history of compliance with internal control over financial reporting functions. While the Group maintains accounting software, it does not have fully computerised accounting or reporting systems designed for the preparation of consolidated IFRS financial statements and different sources of information require manual reconciliation and checks. Accordingly, the preparation of annual or interim IFRS consolidated financial statements requires more time for the Group than might otherwise be needed if these processes were fully automated and, as a result, the Group has occasionally been delayed in releasing its financial results.

Therefore, the Group's lack of fully automated and integrated management information system, financial reporting function and system of internal controls relating to the preparation of the IFRS financial statements and management accounts increases the risk that the Group does not identify covenant breaches, errors or price sensitive information in a timely manner or fails to meet its deadlines in connection with periodic reporting requirements. Moreover, there can be no assurance that the Group's existing internal controls would be sufficient to prevent inaccuracies or fraud related to reporting practices. This may have regulatory and reputational implications and could result in investigations and/or fines for the Group, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's existing security measures may not prevent a cybersecurity breach or hack

Substantial or ongoing security breaches, whether instigated internally or externally on the Group's information technology systems or other Internet-based systems, could significantly harm the Group's business and reputation. For example, in April 2020, a third party fraudulently negotiated with representatives of foreign investors in the Company, allegedly on behalf of an employee, by using a false email address and in December 2020, a Company employee inadvertently provided their email password to a fraudulent third party, which subsequently resulted in interference in the Company's business negotiations. Both incidents were identified and rectified, however the Group incurs, and expects to continue to incur, expense to protect itself against cybersecurity breaches and their consequences.

It is possible that computer circumvention capabilities, new discoveries or advances in technology or other developments, including the Group's own acts or omissions, could result in a party (whether internal, external, an affiliate or unrelated third party) compromising or circumventing the Group's security systems and stealing customer transaction data, personal data or the Group's proprietary information or causing significant interruptions to the Group's operations. The Group cannot guarantee that such measures will be successful and if the Group were to experience frequent or persistent interruptions in its systems, whether due to power loss, system failures, human input errors, computer viruses, physical or electronic break-ins, denial-of-service attacks, breaches of security, natural disasters, intentional acts of vandalism or similar events. Security breaches could also damage the Group's reputation and diminish value of its own brands. Furthermore, the Group's insurance may not be adequate to reimburse it for losses caused by security breaches.

A cybersecurity attack or other information or security breach could result in a material adverse effect on the Group's business, financial condition and results of operations.

Risks relating to the development and growth of current reserves

As a result of geological exploration for oil and gas carried out by the Company, more than 285 hydrocarbon deposits were discovered within the Republic of Uzbekistan. Of these, 111 fields, mainly comprising gas and gas condensate, are developed by the Company. In order to strengthen increase its raw material reserves, the Company completes annual geological exploration programmes with a focus on increasing hydrocarbon reserves.

In accordance with the Company's geological exploration programme for oil and gas in 2021, the Company plans to carry out 3D seismic work on 1,370 square kilometres. Prospecting work has begun in 19 new areas, which involves 170 thousand metres of prospecting and exploration drilling and the completion of the construction of 50 wells. If these measures are successfully implemented, the Company expects to increase its reserves by 35 billion cubic metres of natural gas and 900 thousand tonnes of liquid hydrocarbons. The cost of preparing 1 tonne of oil equivalent ("**t.o.e**") was $2.27 and $1.96 for 2020 and 2019 respectively. For the first nine months of 2021 the cost of preparing 1 t.o.e. was $6.56 and the Group is targeting reducing this to $2.41 per t.o.e.

However, there can be no guarantee that the exploration work carried out by the Company will result in any new facilities. Modern technical and technological capabilities do not always accurately guarantee the productivity of search operations. In addition, in recent years, the main volume of exploration activities in Uzbekistan is directed to deep-submerged parts of known deposits or to new territories with unknown prospects, which in turn require large capital expenditures. The economic risks inevitably associated with this include high costs and the risk that no return is obtained for a long period of time. Failure of the geological exploration programmes to find new reserves could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks Related to the Group's Legal and Regulatory Environment

The Group is exposed to the risk of violations of anti-corruption laws, sanctions or other similar regulations applicable in Uzbekistan and other countries where it operates and measures to prevent violations may not be completely effective

The Group, its employees, partners and competitors must comply with certain anti-corruption laws, sanctions or other similar regulations. However, Uzbekistan lacks a fully developed legal system and therefore, may be susceptible to higher levels of corruption. Moreover, the Group's continued expansion, development of joint venture relationships with local contractors and the use of local agents increases the risk of being exposed to violations of such anti-corruption regulations in applicable jurisdictions. If any violations of anti-corruption, sanctions or similar regulations take place, the Group may be liable for termination of existing contracts, criminal fines or imprisonment. In addition, such violations could also negatively impact its reputation and consequently, its ability to win future business. On the other hand, any such violation by the Group's competitors, if undetected, could give them an unfair advantage when bidding for contracts. The consequences that the Group may suffer due to the foregoing could have a material adverse effect on its business, financial condition and results of operations.

The Group has not been subject to any investigation with respect to its involvement in corruption, money laundering or terrorist financing.

However, there can be no assurance that third parties will not attempt to use the Group as a conduit for money laundering or terrorist financing without its knowledge, nor that the measures described above will be completely effective in pre-empting, identifying and/or terminating such activity. If the Group fails to comply with anti-corruption, anti-money laundering or anti-terrorism financing laws or if it is otherwise associated with corruption, money laundering or terrorist financing, this could have a material adverse effect on its reputation, business, financial condition, results of operations and prospects.

The Group's business operations may involve legal and regulatory risks

The Group has to comply with a wide variety of laws and regulations in Uzbekistan, where the Group's operations, projects and customers are predominantly based. This includes building regulations and instructions, health and safety regulations, environmental regulations, labour regulations, data protection regulations, competition regulations, IFRS, laws and regulations applicable to listed companies as well as corporate, accounting and tax laws. The Company predominantly operates according to Uzbekistan compliance standards (as opposed to international best practices for managing and monitoring environmental and social risks and impacts) and some of the Company's practices and procedures may therefore not be in line with good international industry practice.

Although the legal, tax and regulatory frameworks of Uzbekistan continue to develop, with a number of positive changes introduced in recent years, they are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Uzbekistan. Changes in the regulatory framework, the interpretation thereof and/or the loss of benefits associated with a status or an authorisation could require the Group to adapt its business activities, its assets or its strategy, possibly leading to an adverse effect on its results or brand value, an increase in its expenses, and/or a slowing down or even a halting of the development of certain investment activities. In the normal course of its business activities, the Group could be involved in legal proceedings (e.g., regarding contractual responsibilities, employers' liabilities, occupational accidents at construction sites, fraud, anti-trust and anti-corruption matters, penal issues and/or housing transaction or consumer law violations), and is subject to tax and administrative audits. In addition, there are a number of recent and upcoming reforms in the industries in which the Group operates.

Should the Group need to adjust its operations to the changing regulatory framework or be ordered to pay any damages or penalties, the Group's business, financial condition, results of operations and future prospects may be adversely affected.

The Group is subject to the Uzbekistan tax regime

The Group operates in Uzbekistan and is therefore subject to the Uzbekistan tax regime, which may be subject to rapid change.

The taxation rate and level of tax incentives the Group may be able to utilise are also subject to change, and a significant increase in taxes payable by the Group as a result of its operating in Uzbekistan or a significant decrease in the tax incentives it is able to apply for, could impact the Group's profits and financial condition. Failure to comply with rapidly changing tax legislation and some complex cross border tax regulations to which the Group is subject (including rules relating to transfer pricing) may lead to an increased risk of tax liabilities which, in turn, could adversely affect the Group's business, financial condition and results of operations.

Further, the companies within the Group routinely enter into intra-group contracts, ranging from contracts for services and supply of equipment to inter-company loans and financing arrangements. Should the competent tax authorities disagree with contractual terms of these intra-group agreements and apply transfer pricing rules, this may result in an increased tax liability of the Group and as a consequence have a material adverse effect on the Group's business, financial condition and results of operations.

The tax environment in Uzbekistan is subject to change and inconsistent application, interpretation and enforcement. Non-compliance with tax laws and regulations in Uzbekistan can lead to the imposition of penalties and interest. While management believes that it has adequately provided for all tax liabilities in accordance with its interpretation of applicable law and regulations, the risk remains that relevant authorities could have different interpretations which could result in additional taxes being assessed, including penalties and interest, which could be significant.

A new Presidential Decree No.PP-6319 "On measures for further stimulation of geological exploration and improvement of taxation for subsoil users" adopted on 6 October 2021 introduced the abolishment of the bonus on commercial discovery starting from 1 January 2022, replacing it with a newly established tax on rental income for subsoil users. As at the date of this Prospectus, there is no rental tax implementation practice established in Uzbekistan and the position of the tax authorities of Uzbekistan is not clear yet. Thus, there is a risk of future disputes with the tax authorities on compliance with the newly introduced rental tax and its detailed rules and requirements that are yet to be introduced, which could also result in additional tax assessments, penalties and interest as described above.

In addition, the Group is liable for social tax and payroll related taxes and contributions. Laws related to these contributions have not been in force for a significant period, in contrast to more developed market economies. Therefore, regulations are often unclear or non-existent and few precedents have been established.

The Group's strategy is determined by the Government as its major shareholder. Interests of the Group's shareholders or management may conflict with those of the Noteholders

As at the date of this Prospectus, the majority shareholder of the Company is the Ministry of Finance of the Republic of Uzbekistan. The Supervisory Board of the Company is formed of seven members elected by the majority shareholder, including the Minister of Energy and six other members including those representing the Government (there are two vacant positions for independent members).

The Government is, therefore, ultimately able to determine the outcome of all material matters concerning the Group that may be decided by the shareholders and can appoint the Company's directors and management. Accordingly, the Government could cause the Company to pursue transactions that are designed to implement the policy of the Government rather than benefit the Group or the Noteholders, even though such transactions may involve increased risk for the Group and, consequently, for the Noteholders. In addition to projects undertaken on its own initiative, the Government has directed, and may in the future direct, the Company to undertake projects or provide assistance for initiatives. The Government, for example, may require the Group to manage and operate businesses outside of its core business competencies, make certain investments or dispose of assets and accept below market prices. See Note 21 to the Annual Financial Statements.

Although the Company retains autonomy to determine day-to-day commercial matters, its overall strategy is prescribed by the Government. The interests of the Company's shareholders and management may, in some circumstances, conflict with the interests of the Noteholders and any such conflict could have a material adverse effect on the Noteholders' investment in the Notes.

The Group may be subject to disputes, legal, regulatory or other proceedings

The Group may from time to time be involved in disputes with suppliers, business partners, customers and other third parties during the course of its daily operations. Claims may be brought against the Group based on a number of causes relating to non-fulfilment or improper fulfilment of contractual obligations both on the part of the Company and on the part of counterparties, for example, in case of untimely payment for delivered goods or services rendered, late delivery or short delivery of goods, non-performance of work or non-provision of services. If the disputes or claims are not resolved or settled through negotiation or mediation, the Group may resort to litigation or arbitration proceedings, which may be lengthy and costly and distract managerial resources. In the event that the Group prevails in such legal proceedings, there is no assurance that the judgment or awards will be effectively enforced. If a judgment or award is rendered against the Group, the amounts payable by the Group may not be fully covered by its insurance, and the amounts could differ from the provisions made by the Group based on its estimates. Any material charges associated with claims brought against the Group and material write downs associated with its claims could have a material adverse impact on its financial condition, results of operations or cash flow.

Enforcement of judgements or arbitral awards against the Group can be difficult

The Company has not submitted to the jurisdiction of any foreign courts in connection with the Notes. The Conditions provide that arbitration will be the exclusive remedy in relation to any dispute relating to the Notes. If a Noteholder is granted a monetary award in any arbitration proceedings in relation to the Notes, it may attempt to enforce that award or bring proceedings on the award as a debt owing to it in Uzbekistan and attempt to obtain a judgment thereon. In addition, Uzbekistan is a party to the New York Convention and, accordingly, an arbitral award should generally be recognised and enforceable in Uzbekistan provided the conditions to enforcement set out in the New York Convention are met and subject to compliance with Uzbek law. See "*Limitations on Enforcement of Arbitral Awards and Judgments*" for more information on enforcing an arbitral award in Uzbekistan.

Uzbekistan's courts may not enforce a judgment obtained in a court outside Uzbekistan (including the judgement on an arbitral award) unless there is a treaty in effect between the relevant country and Uzbekistan providing for reciprocal enforcement of judgments and then only in accordance with the terms of such treaty. There is no such treaty in effect between Uzbekistan and the United Kingdom. Even if an applicable international treaty is in effect or a foreign judgment might otherwise be recognised and enforced on the basis of reciprocity, the recognition and enforcement of a foreign judgment will in all events be subject to exceptions and limitations provided for in Uzbek law.

For example, an Uzbekistan court may refuse to recognise or enforce a foreign arbitral award or a foreign judgement thereon if its recognition or enforcement would be contrary to Uzbekistan public policy. As a result, it may be difficult to obtain recognition or enforcement of a foreign arbitral award or a foreign judgement thereon in respect of the Notes.

It may also be difficult to enforce a foreign arbitral award or a foreign judgement thereon in Uzbekistan due to a number of factors, including the lack of experience of Uzbek courts in international commercial transactions and certain procedural irregularities, all of which could introduce delay and unpredictability into the process of enforcing any foreign arbitral award or a foreign judgement thereon in Uzbekistan. In addition, the judicial system and judicial officials in Uzbekistan may not be fully independent of external social, economic and political forces. Therefore, judicial decisions could be unduly influenced.

Risks Related to the Republic of Uzbekistan

The Group may be adversely affected by changes in Uzbekistan's economic, political and other conditions

The majority of the Group's EPC projects are located in and the majority of its revenue is sourced from, Uzbekistan. The Group's results of operations are, and are expected to continue to be, significantly affected by financial and economic developments in or affecting Uzbekistan and, in particular, by the level of economic activity in the country, which currently is experiencing a contraction as a consequence of COVID-19 induced restrictions. See "*Risks Related to the Group's Business and Industry in Uzbekistan – The COVID-19 pandemic has had, and will likely continue to have, a significant effect upon the economy of Uzbekistan which consequently may adversely affect the Group's business, financial condition and results of operations*". The Group's results are also impacted by political, social and legal developments in the country. Significant movements in GDP, inflation, interest rates, and foreign exchange rates, as well as unemployment, personal income and the financial situation of companies, have a material impact on the level of customer demand for the Group's products and services.

Even prior to the outbreak of COVID-19, global and regional economic conditions had been characterised by significant uncertainty. Real GDP growth in Uzbekistan slowed to 1.6% in 2020, 5.8% in 2019, 5.4% in 2018 and 4.5% in 2017, as compared to 6.1% in 2016, according to the State Committee of the Republic of Uzbekistan on Statistics. This slowdown was due to a weaker external economic environment, which was reflected in weaker remittances, lower net exports from Uzbekistan and lower foreign direct investments. However, due to facilitated growth of income and domestic investment, continuing anti-crisis measures and tax breaks for businesses, Uzbekistan's GDP grew by 6.2% in the first half of 2021 according to the State Committee of the Republic of Uzbekistan on Statistics. However, Uzbekistan continues to face significant risks to its growth prospects, including risks associated with the exchange rates, financial stability, inflation and capital flight.

In particular, Uzbekistan's economy is subject to significant inflationary pressure. Uzbekistan's rate of inflation was equal to 10.9% in the first half of 2021, 11.1% in 2020, 15.2 % in 2019 and 14.3 % in 2018. The inflation remained high in 2019 on the back of price liberalisation reforms implemented in the country in 2018, as well as factors stimulating investment and consumer demand. As annual inflation slowed to 11.1 percent in December 2020 (from 15.2 percent a year earlier), the Central Bank of Uzbekistan reduced its policy rate from 16 to 15% in April 2020 and then lowered it again to 14% in September 2020. Credit growth in 2020 slowed to 34 percent (from 52 percent in 2019). Firms and households received some loan repayment deferrals during the year. The CBU is pursuing a phased transition to inflation targeting, which will be followed by more radical measures intended to reduce inflation to single digits in the coming years. There can be no assurance that such a target will be achieved, particularly following the COVID-19 pandemic and the expansionary fiscal and monetary policies pursued by the Government and the CBU in response thereto. See "*Risks Related to the Group's Business and Industry in Uzbekistan – The COVID-19 pandemic has had, and will likely continue to have, a significant effect upon the economy of Uzbekistan which consequently may adversely affect the Group's business, financial condition and results of operations*". Heavy and sustained inflation could lead to market instability, financial crises, reductions in consumer purchasing power and the erosion of consumer confidence. Any of these events could lead to decreased demand for the Group's products and services and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Uzbekistan is relatively reliant on energy exports, which amounted to 4.4% of its total exports in 2020 according to the State Committee of the Republic of Uzbekistan on Statistics, 14.1 % of the country's total exports in the year ended 31 December 2019 according to the Ministry of Foreign Trade and Investment, and represented the third largest contributor to the country's total exports, after the metal and services industries, respectively. The country also has significant indirect exposure to energy prices insofar as it is reliant on its trading relationships with the Russian Federation and its neighbouring countries. Energy prices have been heavily affected by the COVID-19 pandemic. The OPEC reference basket price fell significantly to U.S.$16.52 per barrel on 1 May 2020, before recovering to U.S.$38.22 as at 30 June 2020 and U.S.$40.65 as at 30 September 2020. Equally, natural gas prices fell to U.S.$1.42/MMBtu in June 2020, before recovering to above U.S.$2.0/MMBtu in August 2020, albeit still well below the historic five year average. Sustained low energy prices could have a material adverse effect upon the Group's business, results of operations, financial condition and prospects as a result of the Government, corporates and individuals' reduced spending power across the region, which could, in turn, affect the trade, manufacturing and construction, real estate, tourism, and banking sectors, in particular.

According to the Asian Development Bank ("**ADB**"), the current account deficit widened to 9.6% of GDP in the first half of 2021 (from 7.4% in 2020). According to the CBU, exports increased by 12.3%, and imports by 14.3% in the first half of 2021. Lower revenues and higher spending (a fiscal stimulus package of 2.5% of GDP) widened the overall fiscal deficit to 4.5% of GDP in 2020 (from 3.9% in 2019). Higher borrowing to finance the deficit increased public debt to 37.9% of GDP in 2020.

In order to ensure the sustainable growth of Uzbekistan's economy, the Government has been implementing a wide range of economic, financial and banking system reforms, and reforms of the legal, tax and regulatory environment. However, despite some improvements over the recent years, the pace of implementation and eventual success of such reforms could be adversely impacted by weak institutions, risks of corruption and lack of transparency and accountability at the regulatory level. In addition, the Government's effort in conducting these reforms could be adversely impacted by tensions between the United States and the Russian Federation in the light of Uzbekistan's potentially joining the World Trade Organisation and the Eurasian Economic Union. Failure to successfully implement these reforms could have a material adverse effect on the economy of Uzbekistan and, in turn, a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In August 2021, the Taliban, a Sharia Islamic militant group, took over the major cities of Afghanistan (including Kabul), which has created expectations of a potential new migration wave through Europe and Asia. However, there is no certainty as to what impact on Uzbekistan any such migration might have. Uzbekistan's future relationship with the Taliban is also uncertain given the complex geopolitical circumstances relating to Afghanistan.

Market turmoil and economic deterioration in Uzbekistan as a result of COVID-19 or otherwise may cause consumer spending to decline and have a material adverse effect on the liquidity and financial condition of the Group's customers in Uzbekistan. Despite a stable political environment in Uzbekistan during the current period of economic reforms, uncertain and volatile global political conditions, such as the exit of the United Kingdom from the European Union (the "**EU**"), the situation in Afghanistan, the Presidential Election in the United States, and the US-China trade disputes, as well as regional geopolitical developments, could also have substantial political and macroeconomic ramifications, which could, in turn, have a significant impact on the Uzbekistan's economy. If any of these risks materialise, they could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Corporate governance standards in Uzbekistan differ from those in Western jurisdictions

The corporate governance standards applicable to companies operating in Uzbekistan are not of the same standard as those in the United Kingdom. Accordingly, there are fewer protections for investors than would otherwise be the case if the Group was required to comply with corporate governance principles or standards applicable to companies in the United Kingdom. Furthermore, should the Group fail to comply with existing corporate governance standards applicable under Uzbek law, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Uzbekistan's legal system is subject to continued reform and is subject to uncertainty

Uzbekistan's legal system, including corporate and taxation, is continuing to develop since it achieved independence from the Union of Soviet Socialist Republics (the "**USSR**") in 1991 and is therefore subject to greater risks and uncertainties than a more mature legal system. In particular, the laws of the Republic of Uzbekistan governing commercial activities are evolving and there may be rapid change in legislation, adoption of new legislation (on occasion with a retroactive effect), and a failure, delay or misinterpretation in the implementation of legislation. In addition, the legal system of the Republic of Uzbekistan is unfamiliar with certain international commercial law terminology, concepts and practices used in connection with legal documentation commonly used in international transactions.

Such changes in law and difficulties in interpretation could cause uncertainty in case of disputes between the Group and its customers, suppliers or subcontractors in Uzbekistan. Further, the commitment of Government officials and agencies to comply with legal obligations and negotiated agreements has not always been reliable and there is a tendency for the authorities to take arbitrary action. Legal redress for breach or unlawful action may not be readily available or may be subject to significant delays. In addition, the judicial system, judicial officials and other Government officials in the Republic may not be fully independent of external social, economic and political forces. Therefore, judicial or administrative decisions could be unduly influenced, creating more uncertainty in the case of disputes with the Group's domestic customers or counterparties, which could impact the Group's revenues or lead to increased costs in the case of drawn out disputes and in turn, could adversely affect the Group's business, financial condition and results of operations.

Further, risks associated with Uzbekistan's legal system include:

- The laws of Uzbekistan relating to currency regulation grant to each of the President of Uzbekistan, the Cabinet of Ministers of Uzbekistan and the CBU the right to change the sub-legislative acts on the currency regulation regime (i.e., to restrict or suspend any currency transactions for the purposes of implementing international obligations and when emergency situations arise; however, such emergency situations are not clearly defined under the laws of Uzbekistan).
- In contractual documentation entered into with Uzbek entities, foreign law shall not apply where the application of such foreign law would be contrary to the public policy of Uzbekistan. The concept of public policy is not well developed in Uzbekistan; it is possible, however, that such considerations could apply in specific circumstances where, for example, the interests of creditors, employees, the national or local economy, public health and safety or national security are involved. The Civil Code of Uzbekistan further provides that the application of foreign law cannot be refused solely on the basis of differences in legal, political or economic systems between a foreign state and Uzbekistan.
- Pursuant to the Civil Code of Uzbekistan, certain mandatory provisions of Uzbek law shall apply irrespective of the choice of foreign law. Potentially, these mandatory provisions could include the fundamental principles of Uzbek law which generally underpin such areas as tax, administrative and criminal law, licensing and registration, public health, construction and safety requirements, labour law,

insurance, competition, embargoes, foreign exchange and other public regulations. The Civil Code does not specify any reasons for applying such mandatory provisions.

- The laws of Uzbekistan governing commercial activities are evolving and reflect the transition which the economy and the government of Uzbekistan are undergoing to modernise the Uzbek economy. Such factors may cause rapid changes in legislation, adoption of new legislation (on occasion with a retroactive effect), and a failure, delay or misinterpretation in the implementation of legislation. In addition, the legal system of Uzbekistan is unfamiliar with certain international commercial law terminology, concepts and practices used in connection with legal documentation commonly used in international transactions.

- The laws of Uzbekistan may contain unpublished, secret, or otherwise classified provisions. The market practice remains in Uzbekistan that presidential decrees or decrees of the Cabinet of Ministers may include redacted or confidential provisions, access to which may be strictly limited.

Each of the above can cause uncertainty in transactions between foreign investors and Uzbek residents, and as a result have a negative effect on the Group's business, financial condition, results of operations and prospects. Any of the above factors could also have a material adverse effect on the liquidity and the trading price of the Notes.

Uzbekistan's economy is vulnerable to external shocks and fluctuations in the global economy

Uzbekistan's economy and finances have been affected adversely by global financial developments and political changes in certain emerging markets. Changes in both the global and domestic environment have resulted in, among other things, lower liquidity levels across the banking sector, tighter credit conditions for Uzbek companies generally and fluctuating global demand for and instability in the price of gold, natural gas, cotton and other commodities and downward pressure on the soum.

Global and regional economic conditions remain volatile and there is significant economic uncertainty. Real GDP growth in Uzbekistan was 1.6% in 2020, 5.8% in 2019, 5.4% in 2018 and 4.5% in 2017, according to the State Committee of the Republic of Uzbekistan on Statistics. According to the IMF's World Economic Outlook Update published in October 2021, the near-term outlook for the Central Asia and Middle East is expected to be improving with GDP growth projected to be at 4.1% in 2021 and 2022, from negative 2.8% in 2020, which was the result of decline in economic activity in most economies in the region, primarily due to a spill over effect from the global economic slowdown and the COVID-19 outbreak. The IMF projects a 4.1% GDP growth rate in Central Asia and Middle East economies in 2021, and 6.1% and 5.4% real GDP growth in Uzbekistan in 2021 and 2022, respectively, supported by new investment opportunities and structural reforms directed to further diversify the economy, as well as by projected recovery from the COVID-19 outbreak. According to the Asian Development Bank, the GDP growth for 2020 was 1.6% and a 5% GDP growth is expected for 2021 and 5.5% in 2022 in Uzbekistan.

While Uzbekistan's economy was not as materially adversely affected by the global financial crisis in comparison to other emerging market economies, its economy is nonetheless vulnerable to external shocks and the economic performance of its trading partners. A significant decline in economic growth in any of Uzbekistan's other major trading partners, particularly Russia (whether or not resulting from sanctions imposed by, among others, the United States and the EU), China and Switzerland, could have a material adverse effect on Uzbekistan's balance of trade and economic growth. Uzbekistan also depends on neighbouring states to access world markets for a number of its major exports. Should access to these export routes be materially impaired, this could adversely impact Uzbekistan's economy. Events occurring in one geographic or financial market sometimes have so-called "contagion effects", whereby they result in an entire region or class of investments being disfavoured by international investors. It is possible that the market for investments in Uzbekistan, including the Notes, will be affected in the future by negative economic or financial developments in neighbouring countries or countries whose economies or credit ratings are similar to those of Uzbekistan. See "*—Sanctions imposed on certain Russian and Ukrainian persons and entities could have an indirect adverse impact on Uzbekistan's economy*" below.

The most significant contagion effecting Uzbekistan's economy is the global change in prices for certain commodities. Several global economies, including China, also currently experience a slowdown in economic growth and stock market volatility. China is one of the main trade partners of Uzbekistan, which means that any disruption to economic stability or growth in China, or any rupture in economic or political relations between Uzbekistan and China, could have an adverse effect on the economy of Uzbekistan which, in turn, may materially and adversely affect Uzbekistan's financial condition and its ability to repay the Notes. In addition, Uzbekistan is in the process of implementing structural economic reforms aimed at, *inter alia*, price and trade liberalisation and tax control. See "*—Implementation of market-based reforms may not be effective which may slow the growth of Uzbekistan's economy*". Should the Government succeed in the implementation of market reforms, Uzbekistan's economy would be more integrated into the world trading system and inter-linked with the global economy and economies of the main trade partners and neighbouring states of Uzbekistan, which may make Uzbekistan's economy more vulnerable to external shocks, such as global economic crises and currency and commodity price volatility. There can be no assurance that weaknesses in the global economy, or a future external economic crisis, will not have a negative effect on Uzbekistan's economy and, in turn, on the Group's business, financial condition, results of operations and prospects.

Sanctions imposed on certain Russian and Ukrainian persons and entities could have an indirect adverse impact on Uzbekistan's economy

The United States and the EU (as well as other nations, such as Australia, Canada, Japan and Switzerland) have imposed several rounds of sanctions on certain Russian and Ukrainian persons and entities. The sanctions, combined with a substantial decline in global oil prices, had an adverse effect on the Russian economy, prompting downward revisions to the credit ratings of the Russian Federation and a number of major Russian companies that are ultimately controlled by the Russian Federation, caused extensive capital outflow from Russia in 2014 and 2015 and impaired the ability of Russian issuers to access the international capital markets. The governments of the United States and certain EU member states, as well as certain EU officials, have indicated that they may consider additional sanctions.

While Uzbekistan maintains independent diplomatic relationships with both Russia and Ukraine and has confirmed its neutral position with respect to the tensions between Russia and Ukraine, Uzbekistan has significant economic and political relations with Russia.

Russia is the main trade and economic partner of Uzbekistan. Sanctions imposed on certain Russian persons and entities by the United States, the EU and other countries in connection with the conflict in Ukraine and Russia's alleged actions aimed at undermining the cybersecurity of the United States during the last presidential elections or any other action by Russia which may result in further sanctions, could prevent Uzbekistan from trading with certain Russian counterparties, which could have a material adverse impact on Uzbekistan's trade and consequently the country's economy.

Uzbekistan's close economic links with Russia, the existing sanctions imposed on certain Russian and Ukrainian persons and entities or any future sanctions could have a material adverse effect on Uzbekistan's economy, which in turn could have a material adverse effect on the trading price of the Notes.

Uzbekistan has had complex relations with the EU and the United States and any such points of tension could have a material adverse effect on Uzbekistan's economy or political environment

Uzbekistan has had complex relations with the EU and the United States in the past, each of which has raised human rights concerns. For example, in May 2005, the United States and the EU criticised Uzbekistan's treatment of protests in the city of Andijan, which led to a number of alleged killings. In response, the EU imposed sanctions, banning Uzbek officials allegedly connected to the treatment of protesters from traveling to Europe and establishing embargos on arms and military equipment exports. The United States added additional limits to pre-existing congressional bans on assistance for Uzbekistan, such as military assistance.

Since May 2005, the normalisation of political relations between Uzbekistan and both the United States and EU has resumed. The EU removed all sanctions on Uzbekistan in 2009, citing positive human rights trends and the United States has been providing a limited amount of financial assistance and granting six-month waivers to the country related to the United States' congressional bans.

Uzbekistan's relationship with EU countries has also been developing in recent years, and Germany and France in particular are important trade partners of Uzbekistan. No assurance, however, can be given that Uzbekistan's current foreign policy relationships with both the United States and the EU will continue or that the United States and the EU will not impose new restrictions on Uzbekistan in relation to past or future points of tension or that such frictions will not affect the political and economic environment in Uzbekistan, which in turn could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Additionally, complex political relations with the EU and the United States could have an adverse effect on investments in Uzbekistan and the availability of external funding from international capital markets.

Risks Related to the Notes

Insolvency and administrative laws in the Republic of Uzbekistan could negatively affect the ability of Noteholders to enforce their rights

Uzbekistan bankruptcy law provides that transactions or payments entered into or made within specified time periods before a bankruptcy petition is filed or at or after the time when a bankruptcy petition is filed may be declared void by an Uzbek court. After a bankruptcy petition is filed, the subject company is prohibited from paying any debt outstanding prior to the bankruptcy proceedings, subject to specified exceptions. After the subject company becomes insolvent, creditors of that company may not effectively pursue any legal action to obtain an order for payment of indebtedness, to set aside a contract for non-payment or to enforce the creditor's rights against any asset of the debtor outside the framework of the bankruptcy proceedings. Contractual provisions, which would accelerate the payment of the debtor's obligations upon the occurrence of certain bankruptcy events, are not enforceable under Uzbekistan law. In addition, an administrator may renounce or set aside executory contracts.

Additionally, if a court orders bankruptcy proceedings, it can prohibit the sale of an asset that it deems to be essential to the continued business of the debtor, and it can postpone the payment of debts owed by the debtor. Uzbekistan bankruptcy law assigns priority to the payment of certain creditors, including creditors on personal injury obligations, employees, secured creditors, the government, tort plaintiffs and certain post-petition creditors.

The Notes are pari passu securities

Subject to restrictions on levels of indebtedness in other agreements and under prudential norms, there is no restriction on the amount of securities the Issuer may issue and which may rank equally in right of payment with the Notes. The issue of any such securities may reduce the amount investors may recover in respect of the Notes in certain scenarios as the incurrence of additional debt could affect the Issuer's ability to repay principal of, and make payments of interest on, the Notes. This could have a material adverse effect on the trading price of the Notes.

The Notes constitute unsecured obligations of the Issuer

The Issuer's obligations under the Notes will constitute unsecured obligations of the Issuer. Accordingly, any claims against the Issuer under the Notes would be unsecured claims, which would be satisfied only after any secured creditors, if at all. The ability of the Issuer to pay such claims will depend upon, among other factors, its liquidity, overall financial strength and ability to generate asset flows.

There is no public market for the Notes

There is no existing market for the Notes, and there can be no assurance regarding the future development of a market for the Notes. Application has been made for admission to trading of the Notes on the Market. However, an active trading market in the Notes may not develop or be maintained after listing. No assurance can be made as to the liquidity of any market that may develop for the Notes, the ability of Noteholders to sell the Notes or the price at which Noteholders may be able to sell the Notes. The liquidity of any market for the Notes will depend on the number of Noteholders, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and the Issuer's financial condition, performance and prospects, as well as recommendations of securities analysts. Disruptions in the global capital markets may lead to reduced liquidity, increased credit risk premiums and a reduction in investment in securities. If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and the trading price of the Notes.

The trading price of the Notes may be volatile

The trading price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of the Issuer's competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes, as well as other factors, including the credit rating of the Issuer. Historically, the market for non-investment grade debt, such as the Notes, has been subject to disruptions that cause substantial volatility in the prices of such securities. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the trading price of the Notes without regard to the Issuer's operating results, financial conditions or prospects or credit rating.

The Notes may or must be redeemed prior to maturity for certain reasons

On the occurrence of one of the early redemption events described in Condition 7, the Issuer may, or in some cases must, redeem the Notes in whole or in part together with accrued and unpaid interest at any time, and the Issuer shall redeem all outstanding Notes in accordance with the Conditions. On such redemption, or at maturity, the Issuer may not have the funds to fulfil its obligations under the Notes and it may not be able to arrange for additional financing. Further, if the Issuer is able or perceived to be able to redeem the Notes prior to their maturity then this may adversely affect the market price of the Notes from time to time. Potential investors should consider reinvestment risk in light of other investments available at that time.

Modification and waivers

The Conditions contain provisions for calling meetings of the Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities (namely, holders of Notes comprising a clear majority of votes cast, subject to the applicable quorum (in the context of an extraordinary resolution other than a written resolution or electronic consent) or holders of not less than two-thirds of the aggregate principal amount of Notes outstanding (in the context of a written resolution or electronic consent)) to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Conditions also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of any of the provisions of the Notes or the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature and is made to correct a manifest error, (ii) any other modification thereof (subject as provided in the Trust Deed) or any waiver or authorisation of any breach or proposed breach thereof which in the opinion of the Trustee is not materially prejudicial to the interests of the Noteholders.

The Notes may only be transferred in accordance with the procedures of the depositaries in which the Notes are deposited

Except in limited circumstances, the Notes will be issued only in global form, with interests therein held through the facilities of DTC and/or Euroclear and/or Clearstream, Luxembourg. Ownership of beneficial interests in the Notes is shown on, and the transfer of that ownership is effected only through, records maintained by DTC and/or Euroclear and/or Clearstream, Luxembourg, or their nominees and the records of their participants. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. These laws may impair the ability to transfer beneficial interests in the Notes. Because DTC and/or Euroclear and/or Clearstream, Luxembourg, can only act on behalf of their participants, which, in turn, act on behalf of owners of beneficial interests held through such participants and certain banks, the ability of a person having a beneficial interest in a Note to pledge or transfer such interest to persons or entities that do not participate in the DTC and/or Euroclear and/or Clearstream, Luxembourg systems may be impaired.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payment through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Minimum denominations of the Notes

The denomination of the Notes is U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. Therefore, it is possible that the Notes may be traded in amounts in excess of U.S.$200,000 that are not integral multiples of U.S.$200,000. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than U.S.$200,000 in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes such that its holding amounts to U.S.$200,000. Further, a Noteholder who, as a result of trading such amounts, holds an amount which is less than U.S.$200,000 in its account with the relevant clearing system at the relevant time may not receive a Definitive Note in respect of such holding (should Definitive Notes be issued) and would need to purchase a principal amount of Notes such that its holding amounts to U.S.$200,000.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of U.S.$200,000 may be illiquid and difficult to trade.

Change of law

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurances can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollar would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

USE OF PROCEEDS

The net proceeds from this Offering, after payment of fees, expenses and commissions related to the Offering and admission to trading, will be approximately U.S.$696,000,000.

The Issuer intends to use the proceeds of the Notes as follows:

Sources of funds		Use of Funds	
	U.S.$ million		*U.S.$ million*
Notes offered hereby	696	Repayment of MUFG Bridge Facility Agreement[(1)]	150.3
		Repayment of Gazprombank Credit Agreement[(2)]	107
		Repayment of Gazprombank Syndicated Loan Facility[(3)]	213.2
		Repayment of Gazprombank Credit Agreement[(4)]	75.2
		Repayment of China Development Bank Facility[(5)]	37.3
		Repayment of China Development Bank Facility[(6)]	9.9
		General corporate purposes, including financing investment projects[(7)]	103.1
Total sources	**696**	**Total uses**	**696**

Notes:

(1) Bridge Facility Agreement for US$150,000,000 Term Facility between, among others, the Company and MUFG Bank, Ltd dated 30 June 2021 (maturity date: 30 March 2022).

(2) Credit line loan agreement between Gazprombank JSC and the Company dated 25 December 2020 (maturity date: 25 December 2022).

(3) EUR 300,000,000 syndicated facility agreement between the Company and Gazprombank JSC dated 29 March 2021 (maturity date: 29 March 2023).

(4) Loan agreement dated 9 April 2019 between the Company and Gazprombank JSC (maturity date: 9 April 2022).

(5) U.S.$12 million Facility Agreement between the Company and China Development Bank Corporation dated 27 April 2017 (maturity date: 27 April 2027).

(6) U.S.$45 million Facility Agreement between the Company and China Development Bank Corporation dated 27 April 2017 (maturity date: 27 April 2027).

(7) This may include general working capital as well as investment in the Hydrocarbon Programme and the Shurtan Project.

CAPITALISATION

The following table sets forth the Group's capitalisation as at 30 June 2021 and has been extracted or derived from the Interim Financial Statements. For further information regarding the Group's financial position, see "*Management's discussion and analysis of financial condition and results of operations*" and the Financial Statements included elsewhere in this Prospectus.

	As at 30 June 2021
	(U.S.$ million)
BORROWINGS	
Non-current borrowings	2,865
Current borrowings	712
Total borrowings	**3,577**
SHAREHOLDER'S EQUITY	
Share capital	2,031
Retained earnings	1,841
Currency translation reserve	1,241
Non-controlling interest	25
Total shareholder's equity	**5,138**
Total shareholders' equity and total borrowings	**8,715**

Please note the following:

(1) The Company excluded its equity shares in Jizzakh Petroleum JV from total shareholders' equity as of 10 October 2021.

(2) The Company intends to pay a dividend for 2020 of UZS 1.2 trillion (approximately U.S.$113 million) before the end of 2021 after receiving recommendation from its Supervisory Board and approval at the annual general meeting of its shareholders, which is expected shortly after the issue of the Notes.

Except as set forth above, there have been no material changes in the capitalisation of the Group since 30 June 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the results of operations and financial condition as of and for the years ended 31 December 2018, 2019 and 2020 as derived from the audited consolidated Annual Financial Statements prepared in accordance with IFRS, and as of and for the six-month periods ended 30 June 2020 and 2021 as derived from the unaudited condensed consolidated Interim Financial Statements prepared in accordance with IAS 34.

You should read this discussion in conjunction with the sections entitled "*Presentation of Financial and Other Information*", "*Selected Consolidated Financial and Other Information*", and the Financial Statements, each of which is included elsewhere in this Prospectus. This discussion includes forward-looking statements, which although based on assumptions that the Group considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. See "*Forward-Looking Statements*" and, for a discussion of certain of the risks and uncertainties which the Group faces, you should also see "*Risk Factors*".

Overview

JSC Uzbekneftegaz was established in 1992 as the state-owned national holding company for the oil and gas industry in the Republic of Uzbekistan. Its aim is to significantly increase hydrocarbon production in the country by supplying natural gas to the domestic market, producing high value-added oil products, oil and gas processing, and exporting refined oil products. The Company's strategic goal is to attract foreign direct investment into the oil and gas industry in Uzbekistan.

The Group is organised into business units and subsidiaries based on its products and services and has three reportable operating segments: (i) gas, gas condensate and oil production and sales, which covers the extraction of gas, gas condensate and oil; (ii) oil refining and retail, which covers refining crude oil and sales of oil products; and (iii) gas refining, which covers producing value-added products from gas, including the GTL Project. As at 30 June 2021, the Group's portfolio consisted of a number of ongoing projects for the period from 2021 to 2026 with an expected cost of U.S.$4.2 billion.

For the six months ended 30 June 2021, the Group's total revenues and other income was UZS 11,915 billion, with total comprehensive income (net of income tax) for the period of UZS 3,683 billion. For the six months ended 30 June 2020, the Group's total revenues and other income was UZS 11,100 billion, with a total comprehensive income (net of income tax) for the period of UZS 3,253 billion. The Company derives its revenues from (i) exploration and production activities ("**upstream**") and (ii) refining, marketing and trading activities ("**downstream**") in the oil and gas sector.

The principal business activities of the Group comprise the development and operation of oil and gas fields, the exploration, production and refining of oil and gas, the preparation, processing, compression and sale of oil, natural gas, liquefied gas and refined oil products. Substantially all of the Group's operations and assets are located in the Republic of Uzbekistan.

Key Factors Affecting the Group's Results of Operations

The Group's results of operations are affected, *inter alia*, by the factors described below.

Impact of the COVID-19 pandemic

The first half of 2020 saw significant global market turmoil triggered by the outbreak of COVID-19, as well as a sharp decrease in the oil price. The OPEC reference basket price fell significantly to U.S.$16.52 per barrel on 1 May 2020, before recovering to U.S.$38.22 as at 30 June 2020 and increasing further in 2021. Uzbekistan is relatively reliant on energy exports, which amounted to 14.5% of its total exports in the year ended 31 December 2019 and 4.25% of its total exports in the year ended 31 December 2020 according to the State Committee of the Republic of Uzbekistan on Statistics, and represented the second largest contributor to the country's total exports, after the services industry.

The outbreak of COVID-19, which emerged in East Asia in December 2019, spread globally and was declared by the World Health Organisation to be a global pandemic. The COVID-19 pandemic caused stock markets worldwide to lose significant value and impacted economic activity worldwide. It is possible that the after effects of the COVID-19 pandemic will cause a prolonged global economic crisis, recession or depression despite monetary and fiscal interventions by governments and central banks globally.

The Group is closely monitoring the situation and took measures to prevent the spread of COVID-19 in all of its facilities. The Group developed a plan of organisational, sanitary and anti-epidemic (preventative) measures in compliance with the recommendations of the World Trade Organisation to prevent the spread of coronavirus. including: (i) providing medicines, ambulances, access to hospitals, PCR and anti-body test kits; (ii) installing lamps, cameras, thermal imaging cameras to measure body temperature and non-contact thermometers; (iii) providing training to prevent spread and minimise risk from coronavirus; and (iv) regularly disinfecting offices, catering facilities and staff accommodation using backpack atomisers as well as shift camps, construction sites and internal roads using fire-fighting equipment, and using disinfectant atomisers for vehicles on premises.

Pursuant to the Decree No.19 of the Crisis Management Committee of the Republic of Uzbekistan dated 30 March 2020, the Group was included in the list of organisations which, despite the COVID-19 restrictions, were allowed to continue the movement of their employees and vehicles around the territory of the Republic of Uzbekistan to ensure uninterrupted continuation of their activities. Therefore, the implementation of projects has not been suspended and work on the Group's construction sites has continued in line with the projects' schedules. A flexible work schedule was also adopted at the Company's offices in Tashkent and other regions, allowing remote working.

As a result of the continued operation of the Uzbek construction industry and the protective measures implemented by the Group, the impact of COVID-19 on the Group's financial position and results of operations has not been significant. The Group's total revenues and other income increased by 7.3% (UZS 815 billion) and Adjusted EBITDA increased by 8% (U.S.$ 39 million) in the first half of 2021 compared to the first half of 2020.

While the Group's management believes that the current situation will not significantly affect the ability of the Group to operate during the next 12 months, the above factors have impacted the Group's financial condition and results of operations and there can be no assurance that future results will not be significantly affected.

Economic conditions in Uzbekistan

The Group's operations are substantially located in Uzbekistan and the Group's results are therefore impacted by political, social and legal developments in the country. The Company has strong ties with the Government, for example, through the provision of guarantees (with 80% of its consolidated debt guaranteed by the Government in 2020), special financial measures such as permitting the capitalisation of U.S.$1.7 billion of the Company's debt to the share capital of the Company and the provision of other dividends payable into equity, and finally, through regulation such as lowered taxes and liberalised oil product prices. The Company is one of the largest companies and employers in the country.

Accordingly, the Group's results of operations and financial condition are, and will continue to be in the future, to some degree affected by Uzbekistan's economic factors, including those in the below table.

	Six months ended 30 June		**Year ended 31 December**			
	2021	**2020**	**2020**	**2019**	**2018**	**2017**
Nominal GDP at current prices, *UZS billion*	318,472.0	266,348.2	602,551.4	529,391.4	424,728.7	317,476.4
Nominal GDP at current prices, *U.S.$ million*	30,237	27,144	59,867	59,808	52,637	85,534
Real GDP growth yoy, total *(%)*	6.2	0.4	1.6	5.8	5.4	4.4
GDP per capita at current prices, *UZS thousand)*	N/A	N/A	24,749.1	15,242.0	12,339.1	9,340.8
Inflation *(%)*	10.9	12.9	11.1	15.2	14.3	14.4
Total public debt as a % of GDP	N/A	N/A	26.9	27.0	19.9	12.8

Source: The State Committee of the Republic of Uzbekistan on Statistics. Actual numbers are measured on a yearly basis. Total external public debt as a percentage of GDP has been calculated on the basis of data extracted from the State Committee of the Republic of Uzbekistan on Statistics.

Between 2017 and 2020, the average annual increase of Uzbekistan's GDP in real terms was 4.3% In 2020, the nominal GDP of Uzbekistan in current prices amounted to UZS 602,551.4 billion, a growth in real terms of

1.7% compared with 2019. However, there was a sharp decline in nominal GDP in U.S. dollar terms in 2017 and 2018, mainly due to the managed devaluation of the official exchange rate of the Uzbek soum to the then prevailing market levels in September 2017, which occurred as a result of currency liberalisation reforms. In 2017, the average annual exchange rate was UZS 3,711.7 per U.S. dollar until the implementation of the abovementioned liberalisation reforms by the CBU, following which the exchange rate was devalued to UZS 8,100 per U.S. dollar. In 2018, 2019, 2020, and the first half of 2021, the average annual exchange rate was UZS 8,068.05 per U.S. dollar, UZS 8,851.36 per U.S. dollar, UZS 10,041.30 per U.S. dollar, and UZS 10,524.48 per U.S. dollar respectively. Nominal GDP in U.S. dollar terms increased from U.S.$52,637 million in 2018 to U.S.$59,867 million in 2020. As at 30 June 2021, nominal GDP in U.S. dollar terms amounted to U.S.$30,237 million.

The economy of Uzbekistan is also affected by inflationary pressure. Uzbekistan's rate of inflation was equal to 11.1% in 2020, 15.2% in 2019, 14.3% in 2018 and 14.4% in 2017.

Market turmoil and economic deterioration in Uzbekistan, as a result of COVID-19 or otherwise, or significant movements in GDP, inflation, interest rates, and foreign exchange rates, as well as unemployment, personal income and the financial situation of companies, could impact the financial position of the Group. The Financial Statements reflect management's assessment of the impact of the Uzbekistan business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

Government intervention

The majority shareholder of the Company is the Ministry of Finance of the Republic of Uzbekistan. The Supervisory Board of the Company is formed of seven members elected by the majority shareholder, including the Minister of Energy and six other members including those representing the Government (there are two vacant positions for independent members). The Government is, therefore, ultimately able to determine the outcome of all material matters concerning the Group that may be decided by the shareholders and can appoint the Company's directors and management. The Government has previously required the Group to make certain investments or dispose of assets and business lines. For example, following the publication of the Decree of the President of the Republic of Uzbekistan of 9 July 2019 "On measures to provide the economy and the population with energy resources, financial rehabilitation and improvement of the oil and gas industry management system", the Issuer underwent a period of reorganisation, after which UTG was spun off from the Company into a separate state-owned entity and became the single operator of midstream activities in Uzbekistan. As a result, the Company no longer exports natural gas, since the sale of natural gas for the export market is now carried out by UTG and the Company has enough demand domestically to sell the natural gas it produces. The reorganisation therefore significantly altered the revenue composition of the Group.

Fluctuation in Prices of Crude Oil, Natural Gas and Refined Oil Product Prices

The Group produces and sells a number of products, including gas condensate, liquefied gas, refined oil products (including gasoline, diesel fuel and jet fuel) and polymer products, both domestically and internationally. At the end of 2020, total of 30.2% of the Company's revenue came from the sales of products for which the Government does not regulate prices, and so which are subject to fluctuations in market prices that are directly or indirectly affected by global oil prices as a result. This is amount is set to increase when the GTL Project is completed and the Company is able to produce more liquefied gas, as well as when the liberalisation process for natural gas and liquefied gas prices is completed by the Uzbekistan Government and more categories of products are priced according to the market. The prices of crude oil and refined oil products internationally and in Uzbekistan therefore have a significant impact on the Group's results of operations. World prices for crude oil are characterised by significant fluctuations that are determined by the global balance of supply and demand, which is entirely outside of the Group's control.

Crude oil prices have been particularly volatile in recent years and have dropped significantly since the outbreak of the COVID-19 pandemic. According to statistics published by Thomson Reuters the average monthly spot price of Brent crude oil was US$64.21 per barrel in 2019, as compared to an average monthly spot price of US$71.31 per barrel in 2018. In 2020, the oil and gas industry faced a steep oversupply as well as weak demand following the outbreak of COVID-19. According to statistics published by the U.S. Energy Information Agency (the "**EIA**"), the average monthly spot price of Brent crude oil was US$39.89 per barrel in the first six months of 2020, ranging from a high monthly average of US$64.65 per barrel in January 2020 to a low monthly average of US$18.38 per barrel in April 2020. In the second half of 2020, the average monthly price of Brent crude oil per barrel was around US$43.36 and as of August 2021 the average annual price of Brent crude oil was US$66.86, which is over U.S.$20 dollars higher than the annual average in 2020. As at 22 September 2021, the spot price for Brent crude oil increased to US$75.30 per barrel, according to EIA, and in October 2021, prices reached a three-year high when OPEC countries agreed to maintain their planned output increase rather than raising it further. Largely as a result of low crude oil prices in the first half of 2020, the Group's profit before income tax was UZS 4,063 billion for the six months ended 30 June 2021 as compared to UZS 3,186 billion for the six months ended 30 June 2020.

Oil and gas commodity prices are one of the key factors affecting the Group's results of operations, and a decline in prices for crude oil has, in the past, had, and may again, in the future, have, a negative effect on the Group's results of operations. Changes to the global price for refined oil products directly affect the Company as the price for these products are not set by the Government but reflect the global market price. Global price fluctuations for oil therefore have a direct impact on the formation of prices set for oil products produced from imported crude oil. Generally, commodities prices fluctuate based on a number of factors beyond the Group's control and the Group's management cannot predict if or when the recent significant volatility in oil prices will be repeated; accordingly, the actual prices the Group realises may vary substantially from its current estimates.

Oil prices showed a significant increase in late 2020 and early 2021 as the demand for oil recovered as a result of improved global economic activity and the start of vaccination programmes against COVID-19. As at the date of this Prospectus, the average oil price since the beginning of the year has been U.S.$61 per barrel, and the forecasts for 2021 for the price of oil by some international financial organisations range from U.S.$59 to U.S.$80 per barrel. According to the KPMG Oil Market Quarterly Review for the first quarter of 2021, the long term consensus forecast for oil prices ranges from U.S.$55/bbl to U.S.$65/bbl based on predictions from analytical agencies such as EIA, IHS Markit, McDaniel & Associates, GLJ Ltd, Sproule, and Fitch Solutions. The Company predicts an average oil price of U.S.$65 per barrel in the short term for the purposes of its long-term consolidated financial model. However, fluctuations in oil prices within the predicted parameters do not restrict the Company from carrying out its business or breach the terms of any covenants that bind it. Any forecasts of oil prices in the short and long term are ultimately subject to risks and uncertainties, mainly due to political, social and economic changes in oil-producing countries.

Changes in the global market price of natural gas and partially liquefied gas do not directly affect the Company as the prices for such products are fixed by the Government, unlike the rest of the Group's products which are priced according to market conditions. In accordance with the Regulation "On the Interdepartmental Tariff Commission under the Cabinet of Ministers of the Republic of Uzbekistan", approved by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 3 December 2019 No. 964, (together, the "**Interdepartmental Tariff Regulation**"), the price of natural gas sold by the Company within the Republic is approved by the Interdepartmental Tariff Commission under the Cabinet of Ministers of the Republic of Uzbekistan. However, on the basis of a decision by such Commission, a draft Government proposal "On priority measures to create a market mechanism for the purchase and sale of energy resources" was prepared and submitted, according to which, from 1 June 2022, the sale of natural gas to the domestic and foreign markets will be carried out on the basis of market principles through exchange trading. The Government currently plans to liberalise prices for natural gas, the Company's main product, and liquefied petroleum gas in 2022, which may affect the Company's results going forward. The current price of natural gas is approximately U.S.$23 per thousand cubic metres, whereas the minimum price after price liberalisation is expected to be approximately U.S.$50 per thousand cubic metres at a minimum (with the maximum price being dependent on export prices at the time).

Seasonality and effects of weather conditions

Seasonality and the influence of weather conditions mainly affect the price of liquefied gas sold to wholesale consumers through exchange trading. The reason for this is the increase in demand in the autumn-winter period.

In winter season, in rare cases, problems are observed in gas drive aggregates as a result of a decrease in the temperature of the dewpoint parameter in the gas pipelines. However, other than this, there are no material climate-related inconveniences in the gas processing and gas chemical complexes that affect the Company.

Impact of delays in payments by the Group's customers

The Group's financial position and results of operations are affected by delays in collecting payments by its customers. A customer may become insolvent or default under its contract, or be significantly late in paying the Group, especially during economic downturns. As of 30 June 2021, the Group's short-term trade receivables totalled UZS 3,387 billion, equal to 3.2% of its consolidated total assets (compared to UZS 2,988 billion, equal to 3% of its consolidated total assets as of 31 December 2020, and UZS 1,454 billion, equal to 1.8% of its consolidated total assets as of 31 December 2019). The average days of collection of trade receivables and contracts assets from (calculated as the ratio of average trade receivables and contract assets to contract revenues on an annual basis) as at 30 June 2021 was 0.22 (compared to 0.13 and 0.06 as of 31 December 2020 and 2019, respectively).

Delays in payments from buyers or incomplete payments have a negative effect on the Company's working capital and a shortage of funds could lead to a default under existing contracts for the purchase of necessary raw materials, chemical reagents, materials and equipment, which may ultimately affect the volume of production.

Foreign-Exchange (FX) Mismatch

Most of the Company's revenue comes from gas sales in UZS that are based on regulated prices, while its debt is denominated in U.S. dollars, Euro and CNY. As a result of significant borrowings denominated in the U.S. dollars, Euro and CNY (mainly loans for the modernisation and expansion of production facilities and the purchase of technological equipment and raw materials (including oil and condensate)), and cash and cash equivalents, trade receivables and payables denominated in U.S. dollars, the Group's consolidated statement of financial position can be affected significantly by movement in the U.S. dollar/UZS, Euro/UZS and CNY/UZS exchange rates. The Group also has transactional currency exposures. Such exposure arises from any revenue in the U.S. dollars for example, when some of the Company's petroleum products and petrochemicals prices are valued using international prices and exchange rates.

Participation in Joint Ventures

There Group is party to a number of joint venture arrangements with third parties, two of which contribute a significant portion to the Group' revenues, namely Uz-Kor Gas Chemical LLC and Asia-Trans Gas LLC. These joint ventures therefore play essential role in the Group's business as well as the Republic of Uzbekistan generally. For example, Uz-Kor is the only producer of polypropylene and the largest producer of polyethylene in Uzbekistan. As at 30 June 2021, a total of 38.7% of the net profit of the Company comes from its 50% equity share in the profits of Uz-Kor (which accounted for 12.5%) and ATG (which accounted for 26.2%)) in 2020. If the Group's joint venture partners or project development partners have economic or business interests or goals that are inconsistent to the Company's, take actions contrary to the Company's instructions or requests or contrary to its policies or objectives, are unable or unwilling to fulfil their obligations under the relevant joint venture or cooperation agreements or have financial difficulties, this would expose the Group to potential credit risk and affect the amount of revenue generated from such ventures going forward.

Results of operations

Income Statement

The table below sets out the results of operations of the Group for the six months ended 30 June 2020 and 2021 and the years ended 31 December 2018, 2019 and 2020.

	For the six months ended 30 June (unaudited)		For the year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
	UZS billion			*UZS billion*	
Oil, gas, petroleum products and petrochemicals sales	10,261	9,677	19,354	23,198	16,263
Government grant income	—	—	—	—	1,440
Equity share in profits of associates and joint ventures	1,467	806	1,875	(125)	1,823
Construction services and other revenues	23	186	329	569	905
Other operating income	164	431	839	583	1,062
Total revenues and other income	**11,915**	**11,100**	**22,397**	**24,225**	**21,493**
Cost of purchased oil, gas, petroleum product and other materials	(2,191)	(2,489)	(4,435)	(6,696)	(7,456)
Production expenses	(1,460)	(1,254)	(2,853)	(3,175)	(2,797)
Taxes other than income tax	(1,134)	(951)	(1,971)	(2,169)	(4,263)
Depreciation, depletion and amortisation	(1,314)	(1,079)	(2,767)	(2,964)	(2,197)
(Impairment)/recovery of trade and loans receivable	(150)	10	(172)	(681)	69
General and administrative expenses	(590)	(487)	(991)	(648)	(400)
Transportation and selling expenses	(435)	(572)	(1,221)	(1,224)	(994)
Exploration and evaluation expenses	(188)	(148)	(247)	(613)	(657)
Loss on disposal of property, plant and equipment, net	(63)	(50)	(310)	(242)	(238)
Other operating expenses	(181)	(379)	(711)	(1,121)	(960)
Total costs and expenses	**(7,706)**	**(7,399)**	**(15,678)**	**(19,533)**	**(19,893)**
Operating profit/(loss)	**4,209**	**3,701**	**6,719**	**4,692**	**1,600**
Finance income	147	185	626	379	190
Other non-operating income	12	15	—	268	106
Foreign exchange loss, net	(76)	(341)	(813)	(2,508)	(334)
Finance costs	(229)	(374)	(828)	(1,467)	(1,748)
Profit/(loss) before income tax	**4,063**	**3,186**	**5,704**	**1,364**	**(186)**
Income tax expense	(700)	(521)	(1000)	(775)	(1,608)
Net profit / (loss) for the period from continuing operations	**3,363**	**2,665**	**4,704**	**589**	**(1,794)**
Loss after income tax for the period from discontinued operations	—	—	—	—	(796)
Net profit/(loss) for the period	**3,363**	**2,665**	**4,704**	**589**	**(2,590)**

Consolidated statements of profit or loss for the six months ended 30 June 2021 compared to the six months ended 30 June 2020

The table below sets out the results of operations for the six months ended 30 June 2021 and 2020.

	For the six months ended 30 June (unaudited)		Change
	2021	2020	%
	UZS billion		
Oil, gas, petroleum products and petrochemicals sales	10,261	9,677	6.03
Equity share in profits of associates and joint ventures	1,467	806	82.01
Construction services and other revenues	23	186	(87.63)
Other operating income	164	431	(61.95)
Total revenues and other income	**11,915**	**11,100**	**7.34**
Cost of purchased oil, gas, petroleum product and other materials	(2,191)	(2,489)	11.97
Production expenses	(1,460)	(1,254)	(16.43)
Taxes other than income tax	(1,134)	(951)	(19.24)
Depreciation, depletion and amortisation	(1,314)	(1,079)	(21.78)
(Impairment)/recovery of trade receivables	(150)	10	n.m
General and administrative expenses	(590)	(487)	(21.15)
Transportation and selling expenses	(435)	(572)	23.95
Exploration and evaluation expenses	(188)	(148)	(27.03)
Loss on disposal of property, plant and equipment, net	(63)	(50)	(26)
Other operating expenses	(181)	(379)	52.24
Total costs and expenses	**(7,706)**	**(7,399)**	**(4.15)**
Operating profit	**4,209**	**3,701**	**13.73**
Finance income	147	185	(20.54)
Other non-operating income	12	15	(20)
Foreign exchange loss, net	(76)	(341)	77.71
Finance costs	(229)	(374)	38.78
Profit/(loss) before income tax	**4,063**	**3,168**	**27.53**
Income tax expense	(700)	(521)	(34.36)
Net profit/(loss) for the period	**3,363**	**2,665**	**26.19**

Total revenues and other income

Total revenues and other income increased by UZS 815 billion, or 7.3%, from UZS 11,100 billion for the six months ended 30 June 2020, to UZS 11,915 billion for the six months ended 30 June 2021.

The following table sets forth a breakdown of total revenues and other income for the periods indicated.

	For the six months ended 30 June (unaudited)		Change
	2021	2020	%
	UZS billion		
Oil, gas, petroleum products and petrochemicals sales	10,261	9,677	6.03
Equity share in profits of associates and joint ventures	1,467	806	82.01
Construction services and other revenues	23	186	(87.63)
Other operating income	164	431	(61.95)
Total revenues and other income	**11,915**	**11,100**	**7.34**

The increase in total revenues and other income from the six months ended 30 June 2020 to the six months ended 30 June 2021 was mainly attributable to the increase in revenue from the equity share in profits of associates and joint ventures by UZS 661 billion, or 82%, from UZS 806 billion to UZS 1,467 billion. This mainly consisted of the share in profits of Uz-Kor Gas Chemical JV LLC ("**Uz-Kor**") and Asia Trans Gaz JV LLC ("**ATG**") in the amount of UZS 399 billion and UZS 258 billion for the six months ended 30 June 2021 and 30 June 2020, respectively and UZS 1,052 billion and UZS 543 billion for the six months ended 30 June 2021 and 30 June 2020, respectively.

The increase in revenue from the equity share in profits of associates and joint ventures was partly offset, firstly, by the decrease in other operating income by UZS 267 billion, or 61.9%, from UZS 431 billion to UZS 164 billion due to a decrease in income from the sale of goods and services for non-core assets and a decrease in income from short-term leases that will be recognised in 2021 after the lease agreement for 2021 is signed, and secondly, the decrease in construction services and other revenues by UZS 163 billion, or 87.6% from UZS 186 billion to UZS 23 billion during the period under review due to the decrease in the volume of construction services provided to third-party enterprises.

The increase in total revenues and other income from the six months ended 30 June 2020 to the six months ended 30 June 2021 was also partly attributable to the increase in revenue from oil, gas, petroleum products and petrochemicals sales by UZS 584 billion, or 6%, from UZS 9,677 billion to UZS 10,261 billion during the period under review. The main reasons for the increase in total revenues for the Group are the increase in price for refined oil products and chemical products and the increase in volumes produced.

Total costs and expenses

Total costs and expenses increased by UZS 307 billion, or 4%, from UZS 7,399 billion for the six months ended 30 June 2020, to UZS 7,706 billion for the six months ended 30 June 2021.

The following table sets forth a breakdown of total costs and expenses for the periods indicated.

	For the six months ended 30 June (unaudited)		**Change**
	2021	**2020**	**%**
	UZS billion		
Cost of purchased oil, gas, petroleum product and other materials	(2,191)	(2,489)	11.97
Production expenses	(1,460)	(1,254)	(16.43)
Taxes other than income tax	(1,134)	(951)	(19.24)
Depreciation, depletion and amortisation	(1,314)	(1,079)	(21.78)
(Impairment)/recovery of trade receivables	(150)	10	n.m.
General and administrative expenses	(590)	(487)	(21.15)
Transportation and selling expenses	(435)	(572)	23.95
Exploration and evaluation expenses	(188)	(148)	(27.03)
Loss on disposal of property, plant and equipment, net	(63)	(50)	(26)
Other operating expenses	(181)	(379)	52.24
Total costs and expenses	**(7,706)**	**(7,399)**	**4.15**

The increase in total costs and expenses from the six months ended 30 June 2020 to the six months ended 30 June 2021 was partly attributable to:

1. the increase in production expenses by UZS 206 billion, or 16.43%, from UZS 1,254 billion to UZS 1,460 billion due to an increase in the cost of repair and maintenance of wells and equipment, an increase in the cost of purchased materials, an increase in the security costs (guarding production facilities) and an increase in payroll expenses;

2. the increase in depreciation, depletion and amortisation by UZS 235 billion, or 21.8% from UZS 1,079 billion to UZS 1,314 billion due to the commissioning of the new production wells and other production facilities: namely, the Uchkyr Booster Compressor Station ("**BCS**"), the Gazli Gas Processing Plant ("**GPP**"), the fourth line of the Liquefied Gas Recovery Unit of the Mubarek GPP, the second line of the Liquefied Gas Recovery Unit of the Shurtan Oil and Gas Production Unit ("**OGPU**");

3. the increase in taxes other than income tax by UZS 183 billion, or 19.2% from UZS 951 billion to UZS 1,134 billion due to two factors: (i) the increase of the taxable amount for subsoil tax in connection with prices for gas condensate and oil increasing in line with the price of Brent crude oil from 1 May 2020 (the price of gas condensate and oil increased on average by 109.5% which increased the subsoil tax by UZS 113 billion), and (ii) changes in the procedure for calculating land tax which increased the amount of tax on average, by 819%;

4. the increase in general and administrative expenses by UZS 103 billion, or 21.1% from UZS 487 billion to UZS 590 billion due to an increase in payroll expenses, in particular, due to the introduction of incentive payments and rewards for meeting and exceeding key performance indicators;

5. the increase in exploration and evaluation expenses by UZS 40 billion, or 27% from UZS 148 billion to UZS 188 billion due to an increase in the cost of drilling of exploration wells during the period under review; and

6. the change in (impairment)/recovery of trade and loan receivables by UZS 160 billion from UZS 10 billion to UZS (150) billion, due to a lawsuit brought by the Company to recover overdue accounts receivable from Epsilon LLC.

The increase in total costs and expenses was partly offset by the decrease in cost of purchased oil, gas, petroleum product and other materials by UZS 298 billion, or 12%, from UZS 2,489 billion to UZS 2,191 billion, the decrease in transportation and selling expenses by UZS 137 billion, 24% from UZS 572 billion to UZS 435 billion and the decrease in other operating expenses by UZS 198 billion, 52.2% from UZS 379 billion to UZS 181 billion during the period under review. This is due to the decrease in services and transportation costs as a result of the decrease in the volume of sales at the Group's oil depots.

Operating profit

The Group's profitability measured by operating profit increased slightly over the period under review. Operating profit increased slightly by UZS 508 billion, or 13.7%, from UZS 3,701 billion for the six months ended 30 June 2020, to UZS 4,209 billion for the six months ended 30 June 2021.

Total revenues and other income increased by UZS 815 billion, or 7.3%, from UZS 11,100 billion to UZS 11,915 billion during the period under review. The increase in total revenues and other income was partly offset by the increase in operating expenses (total costs and expenses) by UZS 307 billion, or 4%, from UZS 7,399 billion to UZS 7,706 billion during the period under review. This led to increased profitability during the period under review.

Finance income

Finance income decreased by UZS 38 billion, or 21%, from UZS 185 billion for the six months ended 30 June 2020, to UZS 147 billion for the six months ended 30 June 2021 mainly due to the change in the book value of loans given to related parties.

Other non-operating income

Other non-operating income decreased by UZS 3 billion, or 20%, from UZS 15 billion for the six months ended 30 June 2020, to UZS 12 billion for the six months ended 30 June 2021 due to the occurrence of one-off transactions attributable to non-operating income of the subsidiaries of the Company.

Foreign exchange loss, net

Foreign exchange loss, net decreased dramatically by UZS 265 billion, or 78%, from a loss of UZS 341billion for the six months ended 30 June 2020, to a loss of UZS 76 billion for the six months ended 30 June 2021. This is due to the decrease in the debt burden due to the capitalisation of the principal debt and interest on loans by the Fund for Reconstruction and Development of the Republic of Uzbekistan ("**UFRD**") to the share capital of the Company in accordance with the Presidential Decree No.PP-4664.

Finance costs

Finance costs decreased significantly by UZS 145 billion, or 38.8%, from UZS 374 billion for the six months ended 30 June 2020, to UZS 229 billion for the six months ended 30 June 2021 which is attributable to the capitalisation of the principal debt and interest on the UFRD loans (totalling U.S.$ 1.7 billion) to the share capital of the Company in 2020 in accordance with the Presidential Decree No.PP-4664.

Profit before income tax

Profit before income tax increased by UZS 877 billion, or 27.5%, from UZS 3,186 billion for the six months ended 30 June 2020, to UZS 4,063 billion for the six months ended 30 June 2021 which is attributable to the growth rate of income exceeding the growth rate of expenses.

Income tax expense

Income tax expense increased significantly by UZS 179 billion, or 34.4%, from UZS 521 billion for the six months ended 30 June 2020, to UZS 700 billion for the six months ended 30 June 2021 due to the change in amount of profit before tax.

Net profit for the period

The Group's profitability measured by net profit for the period increased significantly over the period under review. Net profit for the period increased by UZS 698 billion, or 26.2%, from UZS 2,665 billion for the six months ended 30 June 2020, to UZS 3,363 billion for the six months ended 30 June 2021 which is attributable to the growth rate of profit before taxes which is 126%. The growth rate of revenue from sales and other income exceeds the growth rate of expenses for the first six months of 2021 compared to the first six months of 2020, which influenced the growth of the Group's net profit.

Consolidated statements of profit or loss for the year ended 31 December 2020 compared to the year ended 31 December 2019

The table below sets out the results of operations for the years ended 31 December 2020 and 2019.

	For the year ended 31 December		Change
	2020	2019	%
	UZS billion		
Oil, gas, petroleum products and petrochemicals sales	19,354	23,198	(16.57)
Government grant income	—	—	n.m
Equity share in profits of associates and joint ventures	1,875	(125)	n.m
Construction services and other revenues	329	569	(42.18)
Other operating income	839	583	43.91
Total revenues and other income	**22,397**	**24,225**	**(7.55)**
Cost of purchased oil, gas, petroleum product and other materials	(4,435)	(6,696)	33.77
Production expenses	(2,853)	(3,175)	10.14
Taxes other than income tax	(1,971)	(2,169)	9.13
Depreciation, depletion and amortisation	(2,767)	(2,964)	6.65
Impairment of trade and loans receivable	(172)	(681)	74.74
General and administrative expenses	(991)	(648)	(52.93)
Transportation and selling expenses	(1,221)	(1,224)	0.25
Exploration and evaluation expenses	(247)	(613)	59.71
Loss on disposal of property, plant and equipment, net	(310)	(242)	(28.1)
Other operating expenses	(711)	(1,121)	36.57
Total costs and expenses	**(15,678)**	**(19,533)**	**19.74**
Operating profit/(loss)	**6,719**	**4,692**	**43.2**
Finance income	626	379	65.17
Other non-operating income	—	268	(100)
Foreign exchange loss, net	(813)	(2,508)	67.58
Finance costs	(828)	(1,467)	43.56
Profit/(loss) before income tax	**5,704**	**1,364**	**318.18**
Income tax expense	(1000)	(775)	(29.03)
Net profit / (loss) for the period from continuing operations	**4,704**	**589**	**698.64**
Loss after income tax for the period from discontinued operations	—	—	n.m
Net profit/(loss) for the period	**4,704**	**589**	**698.64**

Total revenues and other income

Total revenues and other income decreased by UZS 1,828 billion, or 7.5%, from UZS 24,225 billion for the year ended 31 December 2019, to UZS 22,397 billion for the year ended 31 December 2020.

The following table sets forth a breakdown of total revenues and other income for the periods indicated.

	For the year ended 31 December		Change
	2020	2019	%
	UZS billion		
Oil, gas, petroleum products and petrochemicals sales	19,354	23,198	(16.57)
Government grant income	—	—	n.m
Equity share in profits of associates and joint ventures	1,875	(125)	n.m
Construction services and other revenues	329	569	(42.18)
Other operating income	839	583	43.91
Total revenues and other income	**22,397**	**24,225**	**(7.55)**

The decrease in total revenues and other income from the year ended 31 December 2019 to the year ended 31 December 2020 was mainly attributable to the decrease in revenue from oil, gas, petroleum products and petrochemicals sales by UZS 3,844 billion, or 16.6%, from UZS 23,198 billion to UZS 19,354 billion. Despite the improvement in the financial and economic activities of joint ventures, revenue from core activities decreased by 16.6%. This is due to the introduction of strict quarantine restrictions throughout Uzbekistan due to the COVID-19 pandemic, as a result of which the demand for petroleum products fell by 68.3% compared to the previous year.

The following table sets forth a breakdown of oil, gas, petroleum products and petrochemicals sales for the periods indicated.

	For the year ended 31 December		Change
	2020	2019	%
	UZS billion		
Sales of gas and gas products	9,403	9,723	(3.29)
Sales of refined oil products	7,695	11,265	(31.69)
Sales of petrochemical products	1,132	1,243	(8.93)
Gas processing and tolling fees	715	436	63.99
Oil refinery tolling fees	139	106	31.13
Gas transportation fees	98	103	(4.85)
Sales of other products	172	322	(46.58)
Total oil, gas, petroleum products and petrochemicals sales	**19,354**	**23,198**	**(16.57)**

The decrease in revenue from oil, gas, petroleum products and petrochemicals sales from the year ended 31 December 2019 to the year ended 31 December 2020 was mainly attributable to the decrease in revenue from sales of refined oil products by UZS 3,570 billion, or 31.7%, from UZS 11,265 billion to UZS 7,695 billion. This was due to the decrease in the sale of diesel oil and other refined oil products due to the quarantine restrictions resulting from the COVID-19 pandemic in 2020.

The decrease in revenue from sales of refined oil products was partly offset by the increase in revenue from gas processing and tolling fees by UZS 279 billion, or 64%, from UZS 436 billion to UZS 715 billion during the period under review due to the increased tariffs in 2020 for the processing of natural gas and crude oil and condensate.

The decrease in revenue from oil, gas, petroleum products and petrochemicals sales from the year ended 31 December 2019 to the year ended 31 December 2020 was also partly attributable to the decrease in revenue from sales of gas and gas products by UZS 320 billion, or 3.3%, from UZS 9,723 billion to UZS 9,403 billion during the period under review due to the lack of exports generally in 2020.

The following table sets forth a breakdown of oil, gas, petroleum products and petrochemicals sales for the periods indicated.

	For the year ended 31 December		Change
	2020	2019	%
	UZS billion		
Uzbekistan	18,828	22,245	(15.36)
Other countries	526	953	(44.81)
Total	**19,354**	**23,198**	**(16.57)**

The decrease in revenue from oil, gas, petroleum products and petrochemicals sales from the year ended 31 December 2019 to the year ended 31 December 2020 was mainly attributable to the decrease in revenue from oil, gas, petroleum products and petrochemicals sales in Uzbekistan by UZS 3,417 billion, or 15.4%, from UZS 22,245 billion to UZS 18,828 billion due to a decrease in demand for petroleum products during the quarantine restrictions resulting from the COVID-19 pandemic.

The decrease in revenue from oil, gas, petroleum products and petrochemicals sales from the year ended 31 December 2019 to the year ended 31 December 2020 was also partly attributable to the decrease in revenue from oil, gas, petroleum products and petrochemicals sales in other countries by UZS 427 billion, or 44.8%, from UZS 953 billion to UZS 526 billion during the period under review. The decrease was caused by the COVID-19 pandemic, lockdown measures and the decline in demand for refined oil and petrochemical products.

The decrease in revenue from oil, gas, petroleum products and petrochemicals sales was partly offset by the change in revenue from the equity share in profits of associates and joint ventures from a loss of UZS (125) billion to UZS 1,875 billion and the increase in other operating income by UZS 256 billion, or 43.9% from UZS

583 billion to UZS 839 billion during the period under review. Joint ventures include New Silk Road Oil and Gas (in which the Company holds a 50% share), Natural Gas-Stream (in which the Company holds a 50% share), and Uz-Kor (in which the Company holds a 50% share), all of which are engaged in activities ranging from the exploration of new fields to processing of hydrocarbons. Other joint ventures include Tatneft-UNG (in which the Company holds a 49% share) which comprises a number of fuel stations, and ATG (in which the Company holds a 50% share), which is a pipeline to transport gas.

The decrease in total revenues and other income from the year ended 31 December 2019 to the year ended 31 December 2020 was also partly attributable to the decrease in construction services and other revenues by UZS 240 billion, or 42.2%, from UZS 569 billion to UZS 329 billion during the period under review due to the decrease in the volumes of construction services and workover of wells by customers.

The following table sets forth the total revenues and other income by segment for the periods indicated.

	For the year ended 31 December		**Change**
	2020	**2019**	**%**
	UZS billion		
Gas, gas condensate and oil production and sales	11,878	11,336	4.78
Oil refining and retail	8,851	11,635	(23.93)
Gas refining	3,045	3,056	(0.36)
Other	2,385	602	296.18
Adjustments and eliminations	(3,762)	(2,404)	(56.49)
Total	**22,397**	**24,225**	**(7.55)**

Total revenues and other income for the gas, gas condensate and oil production, sales, oil refining and retail, gas refining and other segment (as set out in the table above) decreased by UZS 1,828 billion, or 7.55%, from UZS 24,225 billion for the year ended 31 December 2019, to UZS 22,397 billion for the year ended 31 December 2020. This decrease is mainly attributable to the decrease in demand for petroleum products during the quarantine restrictions resulting from the COVID-19 pandemic. In relation to gas, gas condensate and oil production and sales specifically, there was an increase due to the increase in gas sales prices to UTG in August 2019.

Total revenues and other income for the oil refining and retail segment decreased significantly by UZS 2,784 billion, or 23.9%, from UZS 11,635 billion for the year ended 31 December 2019, to UZS 8,851 billion for the year ended 31 December 2020 due to the decrease in the volume of sales of petroleum products as a result of a reduced demand during the period of quarantine restrictions as a result of the COVID-19 pandemic. In addition, based on the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 7 February 2020 No. 67 “Measures for the efficient use of the capacity of Fergana Refinery LLC and modernisation of the plant”, Fergana Refinery LLC, previously part of the Group structure, was transferred to the trust management of another organisation, in connection with which revenue for the oil refining and retail segment by the end of 2020 significantly decreased compared to 2019, with approximately UZS 1,700-1,800 billion being attributed to this disposal.

Total revenues and other income for the gas refining segment stayed largely consistent throughout the period under review decreasing only by UZS 11 billion, or 0.4%, from UZS 3,056 billion for the year ended 31 December 2019, to UZS 3,045 billion for the year ended 31 December 2020 due to the Company’ facilities working at the same capacity as a result of the supply of the required volume of raw materials. In 2020, revenue from the gas processing segment of the Shurtan Gas Chemical Complex increased compared to 2019 due to an increase in the sale price for polymers. However, the Group’s share in the net profit of Uz-Kor in the gas processing segment decreased in 2020 compared to 2019. These changes made it possible to maintain stability in revenues for the gas processing segment in 2019 and 2020.

Total revenues and other income for the other segment increased dramatically by UZS 1,783 billion, or 296.2%, from UZS 602 billion for the year ended 31 December 2019, to UZS 2,385 billion for the year ended 31 December 2020 mainly due to the loss of significant influence over UTG in 2019, as the share of loss in UTG in 2019 was UZS 2,372 billion, and partially due to the sharp increase in revenue attributable to the Company’s profitable joint ventures.

Total revenues and other income adjustments and eliminations increased significantly by UZS 1,358 billion, or 56.5%, from UZS 2,404 billion for the year ended 31 December 2019, to UZS 3,762 billion for the year ended

31 December 2020 due to an increase in the sale price for oil and gas condensate. Since August 2019, the intra-industry price for natural gas has increased on average by 69% and from May 2020, the pricing mechanism for oil and gas condensate has been updated, according to which the price of the sale of oil and gas condensate is tied to the price of Brent (crude) oil. This tied in with the increase in the price of oil at the end of 2020.

Total costs and expenses

Total costs and expenses decreased by UZS 3,855 billion, or 19.7%, from UZS 19,533 billion for the year ended 31 December 2019, to UZS 15,678 billion for the year ended 31 December 2020.

The following table sets forth a breakdown of total costs and expenses for the periods indicated.

	For the year ended 31 December		Change
	2020	2019	%
	UZS billion		
Cost of purchased oil, gas, petroleum product and other materials	(4,435)	(6,696)	33.77
Production expenses	(2,853)	(3,175)	10.14
Taxes other than income tax	(1,971)	(2,169)	9.13
Depreciation, depletion and amortisation	(2,767)	(2,964)	6.65
Impairment of trade and loans receivable	(172)	(681)	74.74
General and administrative expenses	(991)	(648)	(52.93)
Transportation and selling expenses	(1,221)	(1,224)	0.25
Exploration and evaluation expenses	(247)	(613)	59.71
Loss on disposal of property, plant and equipment, net	(310)	(242)	(28.1)
Other operating expenses	(711)	(1,121)	36.57
Total costs and expenses	**(15,678)**	**(19,533)**	**19.74**

The decrease in total costs and expenses from the year ended 31 December 2019 to the year ended 31 December 2020 was mainly attributable to the decrease in cost of purchased oil, gas, petroleum product and other materials by UZS2,261 billion, or 33.8%, from UZS 6,696 billion to UZS 4,435 billion. In addition, since 17 August 2019, the subsurface use tax rate for natural gas decreased from 30% to 15% and for gas condensate and oil decreased from 20% to 15%. Since 1 January 2019, the corporate property tax rate has also been reduced to 2% (in 2018 the rate was 5%).

The following table sets forth a breakdown of cost of purchased oil, gas, petroleum product and other materials for the periods indicated.

	For the year ended 31 December		Change
	2020	2019	%
	UZS billion		
Purchased crude oil	4,057	6,016	(32.56)
Materials and supplies	310	680	(54.41)
Purchased gas for resale	68	0	n.m
Total cost of purchased oil, gas, petroleum products and other materials	**4,435**	**6,696**	**(33.77)**

The decrease in cost of purchased oil, gas, petroleum product and other materials from the year ended 31 December 2019 to the year ended 31 December 2020 was mainly attributable to the decrease in costs relating to purchased crude oil by UZS 1,959 billion, or 32.56%, from UZS 6,016 billion to UZS 4,057 billion. This was partially due to the decrease of prices of crude oil and a decrease in the volume of production, as a result of the COVID-19 pandemic. Another significant effect of the decrease in costs relating to purchased crude oil was due to the removal of the Fergana Refinery from the Group structure as a result of Decree No.PP-4275.

The decrease in cost of purchased oil, gas, petroleum product and other materials from the year ended 31 December 2019 to the year ended 31 December 2020 was also partly attributable to the decrease in costs relating to materials and supplies by UZS 370 billion, or 54.4%, from UZS 680 billion to UZS 310 billion during the period under review. The decrease is mainly due to the disposal of the Fergana Refinery Plant and other 72 service companies from the Group, as a result of Decree No.PP-4275 and Decree No.PP-4388, respectively.

The decrease in cost of purchased oil, gas, petroleum product and other materials was partly offset by the increase in general and administrative expenses by UZS 343 billion, or 52.9%, from UZS 648 billion to UZS 991 billion during the period under review. The increase in general and administrative expenses due to increases in payroll (salary, compensatory and incentive payments) and charitable donations and sponsorship.

The decrease in total costs and expenses from the year ended 31 December 2019 to the year ended 31 December 2020 was also partly attributable to the decrease in impairment of trade and loans receivable by UZS 509 billion, or 74.7%, from UZS 681 billion to UZS 172 billion, the decrease in other operating expenses by UZS 410 billion, 36.6% from UZS 1,121 billion to UZS 711 billion, the decrease in exploration and evaluation expenses by UZS 366 billion, 59.7% from UZS 613 billion to UZS 247 billion, the decrease in production expenses by UZS 322 billion, 10.1% from UZS 3,175 billion to UZS 2,853 billion, the decrease in taxes other than income tax by UZS 198 billion, 9.1% from UZS 2,169 billion to UZS 1,971 billion and the decrease in depreciation, depletion and amortisation by UZS 197 billion, 6.6% from UZS 2,964 billion to UZS 2,767 billion during the period under review. This is largely due to the removal of the Fergana Refinery from the Group structure pursuant to a presidential decree, and the further disposal of service companies in 2019 which also contributed to the decrease.

The following table sets forth a breakdown of production expenses for the periods indicated.

	For the year ended 31 December		Change
	2020	2019	%
	UZS billion		
Payroll	1,167	1,500	(22.2)
Services	520	471	10.4
Utilities	559	472	18.43
Repair and maintenance	471	409	15.16
Transportation costs	1	90	(98.89)
Other	135	233	(42.06)
Total production expenses	**2,853**	**3,175**	**(10.14)**

The decrease in production expenses from the year ended 31 December 2019 to the year ended 31 December 2020 was mainly attributable to the decrease in costs relating to payroll by UZS 333 billion, or 22.2%, from UZS 1,500 billion to UZS 1,167 billion. This is largely due to the removal of the Fergana Refinery from the Group structure pursuant to a presidential decree, which led to a decrease in the corresponding expenses associated with such Refinery.

The decrease in costs relating to payroll was partly offset by the increase in costs relating to utilities by UZS 87 billion, or 18.4%, from UZS 472 billion to UZS 559 billion, mainly due to the increase in electricity prices from 331 UZS/KWh to 379 UZS/KWh at 1 June 2019 and from 379 UZS/KWh to 450 UZS/KWh at 15 August 2019, the increase in costs relating to repair and maintenance by UZS 62 billion, 15.2% from UZS 409 billion to UZS 471 billion and the increase in costs relating to services by UZS 49 billion, 10.4% from UZS 471 billion to UZS 520 billion due to the increase in the number of repair works required to maintain the volume of gas and other hydrocarbons production during the period under review.

The decrease in production expenses from the year ended 31 December 2019 to the year ended 31 December 2020 was also partly attributable to the decrease in costs relating to, amongst others, safety costs, catering costs, equipment hire, medicines and medical services, travel expenses, GPS and insurance costs by UZS 98 billion, or 42.1%, from UZS 233 billion to UZS 135 billion and the decrease in transportation costs by UZS 89 billion, 98.9% from UZS 90 billion to UZS 1 billion during the period under review due to the removal of the Fergana Refinery from the Group structure, which led to a decrease in the corresponding expenses associated with such Refinery.

The following table sets forth the total costs and expenses by segment for the periods indicated.

	For the year ended 31 December		Change
	2020	2019	%
	UZS billion		
Gas, gas condensate and oil production and sales	(8,110)	(8,769)	7.52
Oil refining and retail	(8,243)	(9,923)	16.93
Gas refining	(2,016)	(1,315)	(53.31)
Other	(1,071)	(1,930)	44.51
Adjustments and eliminations	3,762	2,404	56.49
Total	**(15,678)**	**(19,533)**	**19.74**

Total costs and expenses for the gas, gas condensate and oil production and sales segment decreased by UZS 659 billion, or 7.5%, from UZS 8,769 billion for the year ended 31 December 2019, to UZS 8,110 billion for the year ended 31 December 2020 mainly due to a decrease in the impairment of trade receivables.

Total costs and expenses for the oil refining and retail segment decreased by UZS 1,680 billion, or 16.9%, from UZS 9,923 billion for the year ended 31 December 2019, to UZS 8,243 billion for the year ended 31 December 2020, which was partially due to the decrease of prices of crude oil and a decrease in the volume of production, as a result of the COVID-19 pandemic. Another significant effect of the decrease in total costs and expenses for the oil refining and retail segment was due to the removal of the Fergana Refinery from the Group structure as a result of Decree No.PP-4275.

Total costs and expenses for the gas refining segment increased significantly by UZS 701 billion, or 53.3%, from UZS 1,315 billion for the year ended 31 December 2019, to UZS 2,016 billion for the year ended 31 December 2020 due to the increase in price of gas sold by Shurtan's oil and gas production unit to the Shurtan Gas Chemical Complex by 312% in August 2019.

Total costs and expenses for the other segment decreased significantly by UZS 859 billion, or 44.5%, from UZS 1,930 billion for the year ended 31 December 2019, to UZS 1,071 billion for the year ended 31 December 2020 due to the Company's exit from the shareholding structure of the companies that were transferred to the State Assets Agency (in accordance with law No.PP-4388) and the corresponding decrease in the costs relating to such companies.

Total costs and expenses for adjustments and eliminations increased significantly by UZS 1,358 billion, or 56.5%, from UZS 2,404 billion for the year ended 31 December 2019, to UZS 3,762 billion for the year ended 31 December 2020. The increase is mainly attributable to two factors: (i) the increase in price of oil and gas condensate which is linked to the price of Brent crude oil from 1 May 2020, which had an effect at the end of 2020 when prices increased and (ii) the increase in price for gas sold by the Shurtan Oil and Gas Production Unit to the Shurtan Gas Chemical Complex by 312% in August 2019.

Operating profit

The Group's profitability measured by operating profit increased significantly over the period under review. Operating profit increased significantly by UZS 2,027 billion, or 43.2%, from UZS 4,692 billion for the year ended 31 December 2019, to UZS 6,719 billion for the year ended 31 December 2020. This was due to the increase in the sale price of natural gas to UTG and the loss of significant influence over UTG (the share of loss in UTG in 2019 was UZS 2,372 billion).

The following table sets forth the operating profit by segment for the periods indicated.

	For the year ended 31 December		Change
	2020	**2019**	**%**
		UZS billion	
Gas, gas condensate and oil production and sales	3,768	2,567	46.79
Oil refining and retail	608	1,712	(64.49)
Gas refining	1,029	1,741	(40.9)
Other	1,314	(1,328)	n.m
Total	**6,719**	**4,692**	**43.20**

Operating profit for the gas, gas condensate and oil production and sales segment increased significantly by UZS 1,201 billion, or 46.8%, from UZS 2,567 billion for the year ended 31 December 2019, to UZS 3,768 billion for the year ended 31 December 2020 due to the Decree of the President of the Republic of Uzbekistan No. 4664, which made the sale price of gas condensate reflect the market price of Brent (crude) oil, which increased income from the sale of oil and condensate, and the increase in the sale price of natural gas to UTG.

Operating profit for the oil refining and retail segment decreased dramatically by UZS 1,104 billion, or 64.5%, from UZS 1,712 billion for the year ended 31 December 2019, to UZS 608 billion for the year ended 31 December 2020 due to the decrease in demand due to the COVID-19 pandemic.

Operating profit for the gas refining segment decreased significantly by UZS 712 billion, or 40.9%, from UZS 1,741 billion for the year ended 31 December 2019, to UZS 1,029 billion for the year ended 31 December 2020 was mainly due to the increase in price of gas sold by Shurtan's oil and gas production unit to the Shurtan Gas Chemical Complex by 312% in August 2019, and partially due to the decline in polymer prices in the local and export markets.

Operating profit for the other segment was UZS 1,314 billion for the year ended 31 December 2020, compared to a loss of UZS 1,328 billion for the year ended 31 December 2019. This was mainly due to the loss of significant influence over UTG in 2019.

Finance income

Finance income increased significantly by UZS 247 billion, or 65.2%, from UZS 379 billion for the year ended 31 December 2019, to UZS 626 billion for the year ended 31 December 2020 which was mainly attributable to the loans due from related parties and partially the unwinding of discount attributable to accounts receivable of oil depots during the year ended 31 December 2020.

Other non-operating income

Other non-operating income decreased dramatically by UZS 268 billion, or 100%, from UZS 268 billion for the year ended 31 December 2019, to none for the year ended 31 December 2020 because in this period, Gissarneftegas, a subsidiary of the Company, set-off its tax liabilities against non-current assets (in particular its booster compressor station) and received additional set-off of UZS 268 billion attributable to tax penalties which were waived.

Foreign exchange loss, net

Foreign exchange loss, net decreased dramatically by UZS 1,695 billion, or 67.6%, from a loss of UZS 2,508 billion for the year ended 31 December 2019, to a loss of UZS 813 billion for the year ended 31 December 2020 due to the capitalisation of the principal debt and interest on UFRD loans to the share capital of the Company in 2020 in accordance with the Presidential Decree No.PP-4664.

Finance costs

Finance costs decreased significantly by UZS 639 billion, or 43.6%, from UZS 1,467 billion for the year ended 31 December 2019, to UZS 828 billion for the year ended 31 December 2020 due to the capitalisation of the principal debt and interest on UFRD loans to the share capital of the Company in 2020 in accordance with the Presidential Decree No.PP-4664.

Profit before income tax

Profit before income tax increased dramatically by UZS 4,340 billion, or 318.2%, from UZS 1,364 billion for the year ended 31 December 2019, to UZS 5,704 billion for the year ended 31 December 2020 mainly due to the increase in the sale price of natural gas to UTG.

The following table sets forth the profit/(loss) before income tax by segment for the periods indicated.

	For the year ended 31 December		**Change**
	2020	**2019**	**%**
		UZS billion	
Gas, gas condensate and oil production and sales	2,928	(436)	n.m
Oil refining and retail	700	1,580	(55.7)
Gas refining	868	1,604	(45.89)
Other	1,208	(1,384)	n.m
Total	**5,704**	**1,364**	**318.18**

Profit before income tax for the gas, gas condensate and oil production and sales segment was UZS 2,928 billion for the year ended 31 December 2020, compared to a loss of UZS (436) billion for the year ended 31 December 2019 due to higher total expenses in 2019, including operating and financial expenses, by UZS 3 trillion in relation to 2020. This was also due to an increase in the sale price of natural gas to UTG.

Profit before income tax for the oil refining and retail segment decreased dramatically by UZS 880 billion, or 55.7%, from UZS 1,580 billion for the year ended 31 December 2019, to UZS 700 billion for the year ended 31 December 2020 due to decrease in demand as a result of the COVID-19 pandemic.

Profit before income tax for the gas refining segment decreased significantly by UZS 736 billion, or 45.9%, from UZS 1,604 billion for the year ended 31 December 2019, to UZS 868 billion for the year ended 31 December 2020 mainly due to the increase in price of gas sold by Shurtan's oil and gas production unit to the

Shurtan Gas Chemical Complex by 371.8% in August 2019 which led to total costs and expenses in this segment increasing by UZS 701 billion in 2020 compared to 2019.

Profit before income tax for the other segment was UZS 1,208 billion for the year ended 31 December 2020, compared to a loss of UZS (1,384) billion for the year ended 31 December 2019 which is attributable to the lower total income by UZS 1,783 billion for the other segment in 2019 compared to 2020 due to the inclusion of the loss by UTG (in which the Company holds a 47.8% share) in the total income of 2019. UTG was removed from the Group structure in 2020.

Income tax expense

Income tax expense increased significantly by UZS 225 billion, or 29%, from UZS 775 billion for the year ended 31 December 2019, to UZS 1,000 billion for the year ended 31 December 2020 which is attributable to the corporate income tax rate increasing to 15% in 2020 from 12% in 2019 and the change in profit before income tax.

Net profit for the period

The Group's profitability measured by net profit for the period increased dramatically over the period under review. Net profit for the period increased dramatically by UZS 4,115 billion, or 698.6%, from UZS 589 billion for the year ended 31 December 2019, to UZS 4,704 billion for the year ended 31 December 2020 due to the increase in the sale price of natural gas to UTG and the loss of significant influence over UTG (the share of loss in UTG in 2019 was UZS 2,372 billion).

The following table sets forth the net profit/(loss) for the period by segment for the periods indicated.

	For the year ended 31 December		**Change**
	2020	**2019**	**%**
		UZS billion	
Gas, gas condensate and oil production and sales	2,264	(744)	n.m
Oil refining and retail	555	1,259	(55.92)
Gas refining	704	1,489	(52.72)
Other	1,181	(1,415)	n.m
Total	**4,704**	**589**	**698.64**

Net profit for the period for the gas, gas condensate and oil production and sales segment was UZS 2,264 billion for the year ended 31 December 2020, compared to a loss of UZS (744) billion for the year ended 31 December 2019 mainly due to an increase in natural gas sales prices to UTG in August 2019, and partially due to the increase in intragroup turnover due to the fact that in 2020 the prices for oil and condensate increased.

Net profit for the period for the oil refining and retail segment decreased dramatically by UZS 704 billion, or 55.9%, from UZS 1,259 billion for the year ended 31 December 2019, to UZS 555 billion for the year ended 31 December 2020 due to the price of purchased raw materials (oil and condensate) increasing by 300% in 2020 which decreased the profit from operating activities, while the general and administrative expenses and other operating expenses in total remained constant.

Net profit for the period for the gas refining segment decreased dramatically by UZS 785 billion, or 52.7%, from UZS 1,489 billion for the year ended 31 December 2019, to UZS 704 billion for the year ended 31 December 2020 was mainly due to the increase in price of gas sold by Shurtan's oil and gas production unit to the Shurtan Gas Chemical Complex by 312% in August 2019, and partially due to the decline in the net profit of joint ventures such as Uz-Kor, attributable to the introduction of quarantine restrictions for the COVID-19 pandemic, prices for polymers dropping almost (depending on polymer grade) 200% in the local market and the amount of reserves increasing for potential impairment of accounts receivable in 2020.

Net profit for the period for the other segment was UZS 1,181 billion for the year ended 31 December 2020, compared to a loss of UZS (1,415) billion for the year ended 31 December 2019 due to the exclusion of UTG's results from the Annual Financial Statements in 2020.

Consolidated statements of profit or loss for the year ended 31 December 2019 compared to the year ended 31 December 2018

The table below sets out the results of operations for the years ended 31 December 2019 and 2018.

	For the year ended 31 December		Change
	2019	2018	%
		UZS billion	
Oil, gas, petroleum products and petrochemicals sales	23,198	16,263	42.64
Government grant income	—	1,440	(100)
Equity share in profits of associates and joint ventures	(125)	1,823	n.m
Construction services and other revenues	569	905	(37.13)
Other operating income	583	1,062	(45.1)
Total revenues and other income	**24,225**	**21,493**	**12.71**
Cost of purchased oil, gas, petroleum product and other materials	(6,696)	(7,456)	10.19
Production expenses	(3,175)	(2,797)	(13.51)
Taxes other than income tax	(2,169)	(4,263)	49.12
Depreciation, depletion and amortisation	(2,964)	(2,197)	(34.91)
(Impairment)/recovery of trade and loans receivable	(681)	69	n.m
General and administrative expenses	(648)	(400)	(62)
Transportation and selling expenses	(1,224)	(994)	(23.14)
Exploration and evaluation expenses	(613)	(657)	6.7
Loss on disposal of property, plant and equipment, net	(242)	(238)	(1.68)
Other operating expenses	(1,121)	(960)	(16.77)
Total costs and expenses	**(19,533)**	**(19,893)**	**1.81**
Operating profit/(loss)	**4,692**	**1,600**	**193.25**
Finance income	379	190	99.47
Other non-operating income	268	106	152.83
Foreign exchange loss, net	(2,508)	(334)	(650.9)
Finance costs	(1,467)	(1,748)	16.08
Profit/(loss) before income tax	**1,364**	**(186)**	**n.m**
Income tax expense	(775)	(1,608)	51.8
Net profit / (loss) for the period from continuing operations	**589**	**(1,794)**	**n.m**
Loss after income tax for the period from discontinued operations	—	(796)	100
Net profit/(loss) for the period	**589**	**(2,590)**	**122.74**

Total revenues and other income

Total revenues and other income increased by UZS 2,732 billion, or 12.7%, from UZS 21,493 billion for the year ended 31 December 2018, to UZS 24,225 billion for the year ended 31 December 2019.

The following table sets forth a breakdown of total revenues and other income for the periods indicated.

	For the year ended 31 December		Change
	2019	2018	%
		UZS billion	
Oil, gas, petroleum products and petrochemicals sales	23,198	16,263	42.64
Government grant income	—	1,440	(100)
Equity share in profits of associates and joint ventures	(125)	1,823	n.m
Construction services and other revenues	569	905	(37.13)
Other operating income	583	1,062	(45.1)
Total revenues and other income	**24,225**	**21,493**	**12.71**

The increase in total revenues and other income from the year ended 31 December 2018 to the year ended 31 December 2019 was mainly attributable to the increase in the sale of gas and gas products from UZS 2,716 billion to UZS 9,723 billion. This was because, firstly, before 27 December 2018, UTG was a subsidiary of the Group, and therefore all revenues from sales to UTG before that date were eliminated, and secondly, due to an average increase in prices of natural gas produced by the Company (as a whole) by an average of 134.9%, for condensate and 86.7% for oil at the end of November 2018. There was also an increase of the sale price of natural gas sold to UTG in August 2019.

The following table sets forth a breakdown of oil, gas, petroleum products and petrochemicals sales for the periods indicated.

	For the year ended 31 December		Change
	2019	2018	%
	UZS billion		
Sales of gas and gas products	9,723	2,716	257.99
Sales of refined oil products	11,265	11,669	(3.46)
Sales of petrochemical products	1,243	873	42.38
Gas processing and tolling fees	436	458	(4.8)
Oil refinery tolling fees	106	117	(9.4)
Gas transportation fees	103	49	110.2
Sales of other products	322	381	(15.49)
Total oil, gas, petroleum products and petrochemicals sales	**23,198**	**16,263**	**42.64**

The increase in revenue from oil, gas, petroleum products and petrochemicals sales from the year ended 31 December 2018 to the year ended 31 December 2019 was mainly attributable to the increase in revenue from sales of gas and gas products by UZS 7,007 billion, or 258%, from UZS 2,716 billion to UZS 9,723 billion. This was because, firstly, before 27 December 2018, UTG was a subsidiary of the Group, and therefore all revenues from sales to UTG before that date were eliminated, and secondly, due to an average increase in prices of natural gas produced by the Company (as a whole) by an average of 134.9%, for condensate and 86.7% for oil at the end of November 2018. There was also an increase of the sale price of natural gas to UTG in August 2019.

The increase in revenue from oil, gas, petroleum products and petrochemicals sales from the year ended 31 December 2018 to the year ended 31 December 2019 was also partly attributable to the increase in revenue from sales of petrochemical products by UZS 370 billion, or 42.4%, from UZS 873 billion to UZS 1,243 billion during the period under review due to an increase in export and exchange prices for polyethylene.

The following table sets forth a breakdown of oil, gas, petroleum products and petrochemicals sales for the periods indicated.

	For the year ended 31 December		Change
	2019	2018	%
	UZS billion		
Uzbekistan	22,245	14,479	53.64
Other countries	953	1,784	(46.58)
Total	**23,198**	**16,263**	**42.64**

The increase in revenue from oil, gas, petroleum products and petrochemicals sales from the year ended 31 December 2018 to the year ended 31 December 2019 was mainly attributable to the increase in revenue from oil, gas, petroleum products and petrochemicals sales in Uzbekistan by UZS 7,766 billion, or 53.6%, from UZS 14,479 billion to UZS 22,245 billion. This was mainly attributable to the increase in the sale of gas and gas products from UZS 2,716 billion to UZS 9,723 billion. This was because, firstly, before 27 December 2018, UTG was a subsidiary of the Group, and therefore all revenues from sales to UTG before that date were eliminated, and secondly, due to an average increase in prices of natural gas produced by the Company (as a whole) by an average of 134.9%, for condensate and 86.7% for oil at the end of November 2018. There was also an increase of the sale price of natural gas sold to UTG in August 2019.

The increase in revenue from oil, gas, petroleum products and petrochemicals sales in Uzbekistan was partly offset by the decrease in revenue from oil, gas, petroleum products and petrochemicals sales in other countries by UZS 831 billion, or 46.6%, from UZS 1,784 billion to UZS 953 billion during the period under review.

The increase in revenue from oil, gas, petroleum products and petrochemicals sales was partly offset by:

1) the change in revenue from equity share in profits of associates and joint ventures from UZS 1,823 billion to UZS (125) billion as UTG was included in associates and joint ventures in 2019 but was not in 2018 and the equity share in the losses of UTG were increased from 0 to UZS 2,372 billion due to its financial results in 2019;

2) the decrease in government grant income by UZS 1,440 billion, 100% from UZS 1,440 billion to none, due to the Presidential Decree No. PP-4088 of 29 December 2018 which removed UNG's right to a special surcharge to the wholesale selling price for natural gas as a supplier

of natural gas to automobile gas-filling compressor stations. This meant that UNG did not receive UZS 500 from the price of every 1 cubic metre of methane gas sold by the automobile gas-filling compressor stations, which previously would have been transferred into a special bank account for UNG which had been opened for the proceeds of such surcharge; and

3) the decrease in other operating income by UZS 479 billion, 45.1% from UZS 1,062 billion to UZS 583 billion and the decrease in construction services and other revenues by UZS 336 billion, 37.1% from UZS 905 billion to UZS 569 billion due to the Company's exit from the shareholding structure of 72 companies (and a reduction in the income received from such companies),

during the period under review.

The following table sets forth the total revenues and other income by segment for the periods indicated.

	For the year ended 31 December		Change
	2019	2018*	%
		UZS billion	
Gas, gas condensate and oil production and sales	11,336	6,657	70.29
Oil refining and retail	11,635	12,725	(8.57)
Gas refining	3,056	1,179	159.2
Other	602	18,421	(96.73)
Adjustments and eliminations	(2,404)	(3,328)	27.76
Total	**24,225**	**35,654**	**(32.06)**

**Certain numbers shown here do not correspond to the consolidated statement of profit or loss for the year ended 31 December 2018. This is due to different presentation of amounts related to UTG, being discontinued operations. Amounts are presented in gross for segment disclosure purposes, but in net in the consolidated statement of profit or loss. Please refer to Note 6 of the Consolidated Financial Statements for the year ended 31 December 2020.*

Total revenues and other income for the gas, gas condensate and oil production and sales segment increased significantly by UZS 4,679 billion, or 70.3%, from UZS 6,657 billion for the year ended 31 December 2018, to UZS 11,336 billion for the year ended 31 December 2019 due to an average increase in prices of natural gas produced by the Company (as a whole) by an average of 234.9%, for condensate and oil by 187.1% at the end of November 2018. There was also an increase of the sale price of natural gas to UTG in August 2019.

Total revenues and other income for the oil refining and retail segment decreased by UZS 1,090 billion, or 8.6%, from UZS 12,725 billion for the year ended 31 December 2018, to UZS 11,635 billion for the year ended 31 December 2019 due to the decrease in the volume of sales of refined oil products.

Total revenues and other income for the gas refining segment increased dramatically by UZS 1,877 billion, or 159.2%, from UZS 1,179 billion for the year ended 31 December 2018, to UZS 3,056 billion for the year ended 31 December 2019 due to an increase in the price of gas processed at the Shurtan Gas Chemical Complex specifically from November 2018 by 157.9% and increase in the Ustyurt Gas Chemical Complex's profit by 20%.

Total revenues and other income for the other segment decreased dramatically by UZS 17,819 billion, or 96.7%, from UZS 18,421 billion for the year ended 31 December 2018, to UZS 602 billion for the year ended 31 December 2019 which was mainly due to the loss of control over UTG in December 2018, and partially due to the removal from the Group structure of a number of service companies and the corresponding decrease in revenue from such companies.

Total revenues and other income for adjustments and eliminations decreased significantly by UZS 924 billion, or 27.8%, from UZS 3,328 billion for the year ended 31 December 2018, to UZS 2,404 billion for the year ended 31 December 2019 due to the decrease in intra-group turnover due to the removal of a number of service companies from the Group structure and the corresponding decrease in revenue from such companies.

Total costs and expenses

Total costs and expenses decreased slightly by UZS 360 billion, or 1.8%, from UZS 19,893 billion for the year ended 31 December 2018, to UZS 19,533 billion for the year ended 31 December 2019 due to a decrease in property tax which reduced from 4% to 2%, the exclusion of the value of movable property from the Company's tax calculations, and a reduction of value added tax ("**VAT**") due to changes in the procedure for offsetting VAT on capital investments.

The following table sets forth a breakdown of total costs and expenses for the periods indicated.

	For the year ended 31 December		Change
	2019	2018	%
	UZS billion		
Cost of purchased oil, gas, petroleum product and other materials	(6,696)	(7,456)	10.19
Production expenses	(3,175)	(2,797)	(13.51)
Taxes other than income tax	(2,169)	(4,263)	49.12
Depreciation, depletion and amortisation	(2,964)	(2,197)	(34.91)
(Impairment)/recovery of trade and loans receivable	(681)	69	n.m
General and administrative expenses	(648)	(400)	(62)
Transportation and selling expenses	(1,224)	(994)	(23.14)
Exploration and evaluation expenses	(613)	(657)	6.7
Loss on disposal of property, plant and equipment, net	(242)	(238)	(1.68)
Other operating expenses	(1,121)	(960)	(16.77)
Total costs and expenses	**(19,533)**	**(19,893)**	**1.81**

The decrease in total costs and expenses from the year ended 31 December 2018 to the year ended 31 December 2019 was mainly attributable to the decrease in taxes other than income tax by UZS 2,094 billion, or 49.1%, from UZS 4,263 billion to UZS 2,169 billion due to a decrease in property tax which reduced from 4% to 2%, the exclusion of the value of movable property from the Company's tax calculations, and a reduction of VAT due to changes in the procedure for offsetting VAT on capital investments.

The decrease in total costs and expenses from the year ended 31 December 2018 to the year ended 31 December 2019 was also partly attributable to the decrease in cost of purchased oil, gas, petroleum products and other materials by UZS 760 billion, or 10.2%, from UZS 7,456 billion to UZS 6,696 billion and the decrease in exploration and evaluation expenses by UZS 44 billion, or 6.7%, from UZS 657 billion to UZS 613 billion during the period under review.

The following table sets forth a breakdown of cost of purchased oil, gas, petroleum product and other materials for the periods indicated.

	For the year ended 31 December		Change
	2019	2018	%
	UZS billion		
Purchased crude oil	6,016	6,199	(2.95)
Materials and supplies	680	1,018	(33.2)
Purchased gas for resale	0	239	(100)
Total cost of purchased oil, gas, petroleum products and other materials	**6,696**	**7,456**	**(10.19)**

The decrease in cost of purchased oil, gas, petroleum product and other materials from the year ended 31 December 2018 to the year ended 31 December 2019 was mainly attributable to the decrease in costs relating to materials and supplies by UZS 338 billion, or 33.2%, from UZS 1,018 billion to UZS 680 billion.

The decrease in cost of purchased oil, gas, petroleum product and other materials from the year ended 31 December 2018 to the year ended 31 December 2019 was also partly attributable to the decrease in costs relating to purchased gas for resale by UZS 239 billion, or 100%, from UZS 239 billion to UZS 0 and the decrease in costs relating to purchased crude oil by UZS 183 billion, 3% from UZS 6,199 billion to UZS 6,016 billion during the period under review.

The decrease in total costs and expenses was partly offset by the increase in depreciation, depletion and amortisation by UZS 767 billion, or 34.9%, from UZS 2,197 billion to UZS 2,964 billion, the change in impairment of trade and loans receivable from UZS 69 billion to UZS (681) billion, the increase in production expenses by UZS 378 billion, 13.5% from UZS 2,797 billion to UZS 3,175 billion, the increase in general and administrative expenses by UZS 248 billion, 62% from UZS 400 billion to UZS 648 billion, the increase in transportation and selling expenses by UZS 230 billion, 23.1% from UZS 994 billion to UZS 1,224 billion and the increase in other operating expenses by UZS 161 billion, 16.8% from UZS 960 billion to UZS 1,121 billion during the period under review due to the commissioning of new wells in accordance with the Hydrocarbon Programme.

The following table sets forth a breakdown of production expenses for the periods indicated.

	For the year ended 31 December		Change
	2019	**2018**	**%**
	UZS billion		
Payroll	1,500	1,561	(3.91)
Services	471	348	35.34
Utilities	472	186	153.76
Repair and maintenance	409	235	74.04
Transportation costs	90	170	(47.06)
Other	233	297	(21.55)
Total production expenses	**3,175**	**2,797**	**13.51**

The increase in production expenses from the year ended 31 December 2018 to the year ended 31 December 2019 was mainly attributable to the increase in costs relating to utilities by UZS 286 billion, or 153.8%, from UZS 186 billion to UZS 472 billion mainly due to the increase in the electricity price from 331 UZS/KWh to 379 UZS/KWh at 1 June 2019 and from 379 UZS/KWh to 450 UZS/KWh at 15 August 2019.

The increase in costs relating to utilities was partly offset by the decrease in transportation costs by UZS 80 billion, or 47.1%, from UZS 170 billion to UZS 90 billion, the decrease in costs relating to other by UZS 64 billion, 21.5% from UZS 297 billion to UZS 233 billion and the decrease in costs relating to payroll by UZS 61 billion, 3.9% from UZS 1,561 billion to UZS 1,500 billion during the period under review due to the Company's exit from the shareholding of 72 companies and the corresponding reduction in costs relating to such companies.

The increase in production expenses from the year ended 31 December 2018 to the year ended 31 December 2019 was also partly attributable to the increase in costs relating to repair and maintenance by UZS 174 billion, or 74%, from UZS 235 billion to UZS 409 billion, due to the increase in the amount of repair works required to maintain the volume of gas and other hydrocarbon production. The increase in costs relating to services by UZS 123 billion, 35.3% from UZS 348 billion to UZS 471 billion during the period under review is due to the increase in electricity prices from 331 UZS/KWh to 379 UZS/KWh at 1 June 2019 and from 379 UZS/KWh to 450 UZS/KWh at 15 August 2019.

The following table sets forth the total costs and expenses by segment for the periods indicated.

	For the year ended 31 December		Change
	2019	**2018***	**%**
	UZS billion		
Gas, gas condensate and oil production and sales	(8,769)	(6,568)	(33.51)
Oil refining and retail	(9,923)	(11,789)	15.83
Gas refining	(1,315)	(914)	(43.87)
Other	(1,930)	(19,754)	90.23
Adjustments and eliminations	2,404	3,352	(28.28)
Total	**(19,533)**	**(35,673)**	**45.24**

**Certain numbers shown here do not correspond to the consolidated statement of profit or loss for the year ended 31 December 2018. This is due to different presentation of amounts related to UTG, being discontinued operations. Amounts are presented in gross for segment disclosure purposes, but in net in the consolidated statement of profit or loss. Please refer to Note 6 of the Consolidated Financial Statements for the year ended 31 December 2020.*

Total costs and expenses for the gas, gas condensate and oil production and sales segment increased significantly by UZS 2,201 billion, or 33.5%, from UZS 6,568 billion for the year ended 31 December 2018, to UZS 8,769 billion for the year ended 31 December 2019 due to the commissioning of new wells and equipment as part of the Hydrocarbon Programme, an increase in depreciation by UZS 817 billion, an increase in subsoil tax by UZS 669 billion, and increases in payroll related to gas, gas condensate and oil production, services and utilities.

Total costs and expenses for the oil refining and retail segment decreased by UZS 1,866 billion, or 15.8%, from UZS 11,789 billion for the year ended 31 December 2018, to UZS 9,923 billion for the year ended 31 December 2019. This was mainly due to the fact that in 2018, certain subsidiaries were not VAT payers, therefore recognised VAT related to purchased oil products as expenses. Starting from 1 January 2019 those subsidiaries become VAT payers.

Total costs and expenses for the gas refining segment increased significantly by UZS 401 billion, or 43.9%, from UZS 914 billion for the year ended 31 December 2018, to UZS 1,315 billion for the year ended 31 December 2019 due to the increase of price for gas sold by the Shurtan Oil and Gas Production Unit to the Shurtan Gas Chemical Complex by 312% at August 2019.

Total costs and expenses for the other segment decreased dramatically by UZS 17,824 billion, or 90.2%, from UZS 19,754 billion for the year ended 31 December 2018, to UZS 1,930 billion for the year ended 31 December 2019 due to the Company's exit from the shareholding structure of the companies that were transferred to the State Assets Agency and the corresponding decrease in expenses (in accordance with law No.PP-4388).

Total costs and expenses for adjustments and eliminations decreased significantly by UZS 948 billion, or 28.3%, from UZS 3,352 billion for the year ended 31 December 2018, to UZS 2,404 billion for the year ended 31 December 2019 due to the Company's exit from the shareholding structure of the companies that were transferred to the State Assets Agency and the corresponding decrease in expenses (in accordance with law No.PP-4388).

Operating profit/(loss)

The Group's profitability measured by operating profit increased dramatically over the period under review. Operating profit increased dramatically by UZS 3,092 billion, or 193.3%, from UZS 1,600 billion for the year ended 31 December 2018, to UZS 4,692 billion for the year ended 31 December 2019 due to an increase in income from sales of products due to an increase in the prices for such products.

The following table sets forth the operating profit/(loss) by segment for the periods indicated.

	For the year ended 31 December		Change
	2019	2018*	%
	UZS billion		
Gas, gas condensate and oil production and sales	2,567	89	2,784.27
Oil refining and retail	1,712	936	82.91
Gas refining	1,741	265	556.98
Other	(1,328)	(1,333)	0.38
Adjustments and eliminations	—	24	(100)
Total	**4,692**	**(19)**	**n.m**

**Certain numbers shown here do not correspond to the consolidated statement of profit or loss for the year ended 31 December 2018. This is due to different presentation of amounts related to UTG, being discontinued operations. Amounts are presented in gross for segment disclosure purposes, but in net in the consolidated statement of profit or loss. Please refer to Note 6 of the Consolidated Financial Statements for the year ended 31 December 2020.*

Operating profit for the gas, gas condensate and oil production and sales segment increased dramatically by UZS 2,478 billion, or 2,784.3%, from UZS 89 billion for the year ended 31 December 2018, to UZS 2,567 billion for the year ended 31 December 2019 due to the increase in prices for the Group's main products in 2019, the increase in sales and other income surpassing the increase in costs and expenses.

Operating profit for the oil refining and retail segment increased significantly by UZS 776 billion, or 82.9%, from UZS 936 billion for the year ended 31 December 2018, to UZS 1,712 billion for the year ended 31 December 2019 mainly due to the increase in prices for certain oil products in 2019.

Operating profit for the gas refining segment increased dramatically by UZS 1,476 billion, or 557%, from UZS 265 billion for the year ended 31 December 2018, to UZS 1,741 billion for the year ended 31 December 2019.

Operating profit/(loss) for the other segment, including joint ventures, service assets and other non-core assets, stayed largely consistent throughout the period under review decreasing only by UZS 5 billion, or 0.4%, from UZS 1,333 billion for the year ended 31 December 2018, to UZS 1,328 billion for the year ended 31 December 2019.

Operating profit/(loss) for adjustments and eliminations decreased dramatically by UZS 24 billion, or 100%, from UZS 24 billion for the year ended 31 December 2018, to none for the year ended 31 December 2019. This was due to the fact there were no adjustments or eliminations of other expenses and other non-operating income in the period which were present in 2018.

Finance income

Finance income almost doubled by UZS 189 billion, or 99.5%, from UZS 190 billion for the year ended 31 December 2018, to UZS 379 billion for the year ended 31 December 2019 due to the unwinding of a discount attributable to accounts receivable for oil depots during the year ended 31 December 2019.

Other non-operating income

Other non-operating income increased dramatically by UZS 162 billion, or 152.8%, from UZS 106 billion for the year ended 31 December 2018, to UZS 268 billion for the year ended 31 December 2019 due to the write-off of payables related to taxes other than income tax, which occurred during 2019.

Foreign exchange loss, net

Foreign exchange loss, net increased dramatically by UZS 2,174 billion, or 650.9%, from a loss of UZS 334 billion for the year ended 31 December 2018, to a loss of UZS 2,508 billion for the year ended 31 December 2019 as a result of a number of loans for the GTL Project in 2019 totalling U.S.$1.205 billion, for which a loss was incurred due to an increase in the exchange rate difference.

Finance costs

Finance costs decreased by UZS 281 billion, or 16.1%, from UZS 1,748 billion for the year ended 31 December 2018, to UZS 1,467 billion for the year ended 31 December 2019 which is due to the decrease in the unwinding of discount on borrowings from UZS 615 billion to UZS 367 billion.

Profit/(loss) before income tax

Profit before income tax was UZS 1,364 billion for the year ended 31 December 2019, compared to loss before income tax of UZS 1,748 billion for the year ended 31 December 2018 due to the increase in total revenues and other income by UZS 2,732 billion due to increase in prices for petroleum, diesel fuel and natural gas, a number of times during the period.

The following table sets forth the profit/(loss) before income tax by segment for the periods indicated.

	For the year ended 31 December		**Change**
	2019	**2018***	**%**
	UZS billion		
Gas, gas condensate and oil production and sales	(436)	(289)	(50.87)
Oil refining and retail	1,580	648	143.83
Gas refining	1,604	262	512.21
Other	(1,384)	(2,369)	41.58
Total	**1,364**	**(1,748)**	**n.m**

**Certain numbers shown here do not correspond to the consolidated statement of profit or loss for the year ended 31 December 2018. This is due to different presentation of amounts related to UTG, being discontinued operations. Amounts are presented in gross for segment disclosure purposes, but in net in the consolidated statement of profit or loss. Please refer to Note 6 of the Consolidated Financial Statements for the year ended 31 December 2020.*

Loss before income tax for the gas, gas condensate and oil production and sales segment increased significantly by UZS 147 billion, or 50.9%, from UZS (289) billion for the year ended 31 December 2018, to UZS (436) billion for the year ended 31 December 2019 due to the increase in the foreign exchange loss, net from UZS 103 billion to UZS 2,266 billion, and finance expenses from UZS 322 billion to UZS 1,197 (related to gas, gas condensate and oil production) that were partly offset by the increase in total revenues and other income.

Profit before income tax for the oil refining and retail segment increased dramatically by UZS 932 billion, or 143.8%, from UZS 648 billion for the year ended 31 December 2018, to UZS 1,580 billion for the year ended 31 December 2019 due to a decrease in total costs and expenses related to oil refining from UZS 11 789 billion in 2018 to UZS 9,923 billion in 2019.

Profit before income tax for the gas refining segment increased dramatically by UZS 1,342 billion, or 512.2%, from UZS 262 billion for the year ended 31 December 2018, to UZS 1,604 billion for the year ended 31 December 2019 due to an increase in total revenues and other income related to gas refining by 159.2%.

Loss before income tax for the other segment decreased significantly by UZS 985 billion, or 41.6%, from UZS 2,369 billion for the year ended 31 December 2018, to UZS 1,384 billion for the year ended 31 December 2019 mainly due to the loss of control over UTG in 2018.

Income tax expense

Income tax expense decreased significantly by UZS 833 billion, or 51.8%, from UZS 1,608 billion for the year ended 31 December 2018, to UZS 775 billion for the year ended 31 December 2019 due to the structural change in the Group which took place between 2018 and 2019. In 2019, a number of companies left the structure of the Group, which influenced the change in the taxable amount for calculating income tax. In accordance with presidential decree No. 4338, all of the mining legal entities previously within the Group were merged into one company, and all non-core assets were transferred out of the Group or sold in 2019. As a result, the financial statements for 2019 were prepared based on the actual balances and the profit and loss statement of the combined enterprises. Therefore, the taxable amounts for 2019 and 2018 are not comparable. In addition, the corporate income tax rate of 14% was reduced in 2019 to 12%.

Net profit for the period from continuing operations

Net profit for the period from continuing operations was a profit of UZS 589 billion for the year ended 31 December 2019, compared to net loss for the period from continuing operations of a loss of UZS 1,794 billion for the year ended 31 December 2018. This is explained by above mentioned reasons, namely the increase in income and decrease in total costs for the period.

Loss after income tax for the period from discontinued operations

Loss after income tax for the period from discontinued operations decreased dramatically by UZS 796 billion, or 100%, from UZS 796 billion for the year ended 31 December 2018, to none for the year ended 31 December 2019 due to the Company's share in the UTG's losses. In the 2019 reporting period, UTG's financial results are included in the "Equity Share in profits of associated and joint ventures" line item in the Company's financial statements.

Loss after income tax for the period from discontinued operations

Group had no Loss after income tax for the period from discontinued operations for the year ended 31 December 2019, compared to UZS 796 billion for year ended 31 December 2018 due to the Company's share in UTG's losses. In the 2019 reporting period, UTG's financial results are included in the "Equity Share in profits of associated and joint ventures" line item in the Company's financial statements.

Net profit for the period

The Group's profitability measured by net profit for the period increased dramatically over the period under review. Net profit for the period was a profit of UZS 589 billion for the year ended 31 December 2019, compared to net loss for the period of a loss of UZS 2,590 billion for the year ended 31 December 2018 due to the increase in prices for the Group's main products in 2019 and the increase in sales and other income surpassing the increase in costs and expenses. In addition, in 2018 there was a post-tax loss for the year from discontinued operations.

Total revenues and other income increased by UZS 2,732 billion, or 12.7%, from UZS 21,493 billion to UZS 24,225 billion during the period under review. However, total expenses (total costs and expenses, finance costs, income tax expense, loss after income tax for the period from discontinued operations) decreased by UZS 2,270 billion, or 9%, from UZS 24,045 billion to UZS 21,775 billion during the period under review. This led to increased profitability during the period under review due to the increase in prices for the Group's main products in 2019 and the increase in sales and other income surpassing the increase in costs and expenses. In addition, in 2018 there was a post-tax loss for the year from discontinued operations.

The following table sets forth the net profit/(loss) for the period by segment for the periods indicated.

	For the year ended 31 December		**Change**
	2019	**2018***	**%**
	UZS billion		
Gas, gas condensate and oil production and sales	(744)	(1,261)	41

Oil refining and retail	1,259	(42)	n.m
Gas refining	1,489	259	474.9
Other	(1,415)	(1,546)	8.47
Total	**589**	**(2,590)**	**n.m**

**Certain numbers shown here do not correspond to the consolidated statement of profit or loss for the year ended 31 December 2018. This is due to different presentation of amounts related to UTG, being discontinued operations. Amounts are presented in gross for segment disclosure purposes, but in net in the consolidated statement of profit or loss. Please refer to Note 6 of the Consolidated Financial Statements for the year ended 31 December 2020.*

Net loss for the period for the gas, gas condensate and oil production and sales segment decreased significantly by UZS 517 billion, or 41%, from UZS 1,261 billion for the year ended 31 December 2018, to UZS 744 billion for the year ended 31 December 2019. This was due to a decrease in income tax in the period.

Net profit for the period for the oil refining and retail segment was UZS 1,259 billion for the year ended 31 December 2019, compared to a loss of UZS (42) billion for the year ended 31 December 2018 due to the decrease in total costs and expenses related to this segment, and the decrease in income tax had an impact on the decrease in net loss in the segment of production and sale of gas, gas condensate and oil.

Net profit for the period for the gas refining segment increased dramatically by UZS 1,230 billion, or 474.9%, from UZS 259 billion for the year ended 31 December 2018, to UZS 1,489 billion for the year ended 31 December 2019 due to higher growth rate of revenue from sales and other income relative to the growth rate of expenses in 2019 compared to 2018, which influenced the growth of net profit in the gas refining segment.

Net loss for the period for the other segment decreased by UZS 131 billion, or 8.5%, from UZS 1,546 billion for the year ended 31 December 2018, to UZS 1,415 billion for the year ended 31 December 2019 due to the disposal of non-core assets from the Group's structure and in particular:

- the Group's shares in 72 servicing companies were transferred to the State Assets Management Agency and the Group's shares in 13 auxiliary markets, trade centres and livestock companies to the local executive authorities pursuant to the Resolution of the President of the Republic of Uzbekistan No. PP-4388 dated 9 July 2019 "On Measures for the Stable Supply of Energy Resources to the Economy and Population, Financial Recovery and Improvement of the Management System in the Oil and Gas Industry"); and

- 83 non-core assets including immovable property were transferred to the State Assets Management Agency and 28 non-core assets including immovable property were transferred to the local executive authorities pursuant to the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. PCM-266 dated 04 May 2021 "On Measures for Effective Management of the State Assets".

This removed the losses attributable to the non-core assets.

Liquidity and capital resources

Cash flows

The following table sets out financial information extracted from the cash flow statements for the six months ended 30 June 2020 and 2021 and the years ended 31 December 2018, 2019 and 2020.

	For the six months ended 30 June		**For the year ended 31 December**		
	2021	**2020**	**2020**	**2019**	**2018**
	UZS billion (Unaudited)			*UZS billion*	
Net cash flows from operating activities	3,625	3,379	5,078	8,284	10,305
Net cash flows used in investing activities	(5,400)	(6,242)	(11,156)	(19,810)	(9,996)
Net cash inflow / (outflow) from financing activities	2,660	3,987	7,680	10,835	(1,650)
Net foreign exchange difference on cash and cash equivalents	11	46	103	91	49
Cash and cash equivalents, at the beginning of the year	2,534	829	829	1,429	2,721
Cash and cash equivalents, at the end of the year	3,430	1,999	2,534	829	1,429

Debt breakdown by type and currency

As of 31 December 2020, total consolidated debt included 90.3% of total consolidated debt attributed as long-term debt to be repaid in the period from 2022-2031 (UZS 30,852 billion or U.S.$2.9 billion) and 9.7% of total consolidated debt as short term to be repaid in the period from 2021-2022 (UZS 3,212 or U.S.$0.32 billion). In addition, 61% of the total consolidated debt attributed as long-term debt is obtained for the GTL Project from a consortium of six foreign banks. Out of the total consolidated debt amount, 81% of the Company's debt is guaranteed by the Government of Uzbekistan.

The weighted average rate for all borrowings for all currency denominations as at 31 December 2020 is 3.61%.

Debt breakdown by currency	**In billion in different currencies**	**In billion, U.S. $ equivalent**	**Share in total, %**	**Weighted average interest rate**
Total	—	**3.32**	**100%**	**3.61%**
UZS	316.27	0.03	0.91%	10.0%
USD	2.72	2.72	81.91%	3.40%
CHY	1.60	0.23	6.88%	2.97%
RUB	1.42	0.02	0.59%	7.60%
EUR	0.29	0.32	9.71%	4.97%

Outstanding Indebtedness

The following table provides a breakdown of the facilities that will remain outstanding after the proceeds of the Notes are used to repay certain existing indebtedness of the Company:

Breakdown as at 30 September 2021

Lender	**Borrowers**	**ST/LT**	**Ranking**	**Instrument Type**	**Guarantees**	**Financial Covenants**	**Cross-Default Threshold**	**Maturity Date**	**Base Rate**	**Cash Interest Margin (bps)**	**Original Currency**	**Amount Outstanding (in reporting currency), in billion soums**
Gazprombank (Russia)	Uzbekistan GTL LLC	LT	senior	Syndicate loan	Sovereign guarantee	N/A	USD 50m	02/06/2031	3m LIBOR	4.85%	USD	941
Roseximbank (Russia)	Uzbekistan GTL LLC	LT	senior	Syndicate loan	Sovereign guarantee	N/A	USD 50m	02/06/2031	3m LIBOR	1.85%	USD	874
China Development Bank	Uzbekistan GTL LLC	LT	senior	Syndicate loan	Sovereign guarantee	N/A	USD 50m	02/06/2031	3m LIBOR	3.50%	USD	12,167
Korean exim Direct	Uzbekistan GTL LLC	LT	senior	Syndicate loan	Sovereign guarantee	N/A	USD 50m	02/06/2031	3m LIBOR	3.61%	USD	5,124
Korean exim Covered	Uzbekistan GTL LLC	LT	senior	Syndicate loan	Sovereign guarantee	N/A	USD 50m	02/06/2031	3m LIBOR	1.15%	USD	1,026
K-Sure Covered	Uzbekistan GTL LLC	LT	senior	Syndicate loan	Sovereign guarantee	N/A	USD 50m	02/06/2031	3m LIBOR	1.15%	USD	2,880
						1.Total Net Debt / EBITDA < 6x; (< 4x after 1 half of 2022)		09/01/2032	6m LIBOR	3.25%	USD	3,635
Blue Amber Investment Limited (which is wholly owned by Silk Road Fund Co., Ltd.) and Industrial and Commercial Bank of China (Asia) Limited	JSC Uzbeknefteg az	LT	senior	Direct credit	Sovereign guarantee	2.Consolidated Total Net Debt shall not at any time exceed 100% of Tangible Net Worth; 3. Consolidated EBITDA in respect of any Relevant Period shall be or shall exceed 3.5 Times Consolidated Finance Charges for that Relevant Period. 4. Current Liabilities shall not at any time exceed 1.20 times Current Assets.	USD 100m	09/01/2030	6m SHIBOR	0.50%	RMB	2,227
VEB.RF	JSC Uzbeknefteg az	LT	senior	Direct loan		1.Net Debt/Ebitda Itm - more 6.0x; 2.Ebitda Itm/% - less 4.0x	N/A	03/11/2024		2.00%	EURO	242
UzPromStroyBank JSCB	JSC Uzbeknefteg az	LT	senior	Direct Loan	N/A	N/A	N/A	25/12/2024	2%	N/A	USD	0.0578
UzPromStroyBank JSCB	JSC Uzbeknefteg az	LT	senior	Direct Loan	N/A	N/A	N/A	21.09.2022	6%	N/A	USD	0.0170

Breakdown as at 30 September 2021

Lender	Borrowers	ST/LT	Ranking	Instrument Type	Guarantees	Financial Covenants	Cross-Default Threshold	Maturity Date	Base Rate	Cash Interest Margin (bps)	Original Currency	Amount Outstanding (in reporting currency), in billion soums
NBU	JSC Uzbeknefteg az	LT	senior	Direct Loan	N/A	N/A	N/A	21.01.2023	3,5%	N/A	USD	0.0258
NBU	JSC Uzbeknefteg az	LT	senior	Direct Loan	N/A	N/A	N/A	31.12.2021	5%	N/A	USD	0.0075
Asaka Bank	JSC Uzbeknefteg az	LT	senior	Direct Loan	N/A	N/A	N/A	15.08.2022	6,25%	N/A	USD	0.00068
Asaka Bank	JSC Uzbeknefteg az	LT	senior	Direct Loan	N/A	N/A	N/A	15.08.2022	6%	N/A	USD	0.00065
NBU	JSC Uzbeknefteg az	LT	senior	Direct Loan	N/A	N/A	N/A	16.08.2024	10%	N/A	UZS	316.26
UzPromStroyBank JSCB	JSC Uzbeknefteg az	LT	senior	Direct Loan	N/A	N/A	N/A	16.07.2024	14%	N/A	UZS	511.65
UzPromStroyBank JSCB	JSC Uzbeknefteg az	LT	senior	Direct Loan	N/A	N/A	N/A	16.07.2024	14%	N/A	UZS	464.87
UzPromStroyBank JSCB	JSC Uzbeknefteg az	LT	senior	Direct Loan	N/A	N/A	N/A	27.12.2022	19%	N/A	UZS	142

Summary of material facilities outstanding after the issue of the Notes

The Blue Amber (Silk Road) Facility

The Company entered into an English law facility agreement on 9 July 2019 between the Company as the Borrower, Blue Amber Investment Limited (which is wholly owned by Silk Road Fund Co., Ltd.) ("**Blue Amber**") as Original Lender and Lead Arranger and Industrial and Commercial Bank of China (Asia) Limited ("**ICBC**") as Facility Agent and Security Agent (the "**Blue Amber (Silk Road) Facility**") guaranteed by the Republic of Uzbekistan acting by and through the Ministry of Finance of the Republic of Uzbekistan. The Company entered into the facility to finance costs incurred for the construction, development and initial working capital requirements of the projects specified in Attachment No. 1 to the Decree of the President of Uzbekistan No.PP-2822 dated 9 March 2017 relating to the construction and development of oil and gas fields. The total commitments made available under the Blue Amber (Silk Road) Facility comprise U.S.$360,000,000 in respect of the USD Loan Facility and RMB1,600,000,000 in respect of the RMB Loan Facility. As at the date of this Prospectus, the Company has utilised UZS 3,635 billion under the USD Loan Facility and UZS 2,550 billion under the RMB Loan Facility. The maturity date of the USD Loan Facility is 9 July 2029 and the RMB Loan Facility is 9 January 2031.

The Blue Amber (Silk Road) Facility includes a number of financial covenants relating to gearing, interest cover and liquidity as summarised below:

(1) Gearing: The Company agrees to ensure that its consolidated total net debt (the aggregate amount of all obligations of the Group for borrowings, excluding intra-group arrangements, any obligations under any loans provided to the Group by the Fund for Reconstruction and Development of Uzbekistan up until 9 July 2022, and deduction of cash and cash equivalent investments) shall not at any time, (i) during the period up to 9 July 2022, exceed 6 times consolidated EBITDA, and (ii) on and following 9 July 2022, exceed 4 times consolidated EBITDA. The Company also covenants that consolidated total net debt shall not at any time exceed 100% of tangible net worth (the aggregate of the amounts paid up or credited as paid up on the issued ordinary share capital of the Company and the amount standing to the credit of the reserves of the Company, with some customary additions and deductions).

(2) Interest Cover: The Company agrees to ensure that its consolidated EBITDA in respect of any relevant period shall be or shall exceed 3.5 times consolidated finance charges (for any relevant period, the

aggregate amount of interest, commission, fees, prepayment penalties, and other finance payments in respect of borrowings with some customary deductions) for that relevant period.

(3) Liquidity: The Company agrees to ensure that its current liabilities (the aggregate of the obligations of the Group to pay money on demand or within one year from the date of computation (excluding intra-group obligations) and any other obligations of the Group which would, in accordance with generally accepted accounting standards in Uzbekistan, be considered as a current liability) shall not at any time exceed 1.20 times current assets.

The Blue Amber (Silk Road) Facility also includes the obligation for the Company to maintain certain debt service reserve amounts.

The VEB Facility

The Company entered into a Russian law facility agreement on 3 November between the Company as Borrower and Russian state development corporation VEB.RF as Lender (the "**VEB Facility**") to finance payment by the Company of costs of not more than 85% of the amount of supplied Russian high technology products, associated works and services under export contracts with six Russian suppliers. The total commitment made available under the VEB Facility comprise EUR 40,000,000. As at the date of this Prospectus, the Company has utilised UZS 242 billion. The maturity date of the VEB Facility is 15 July 2024.

The Lender has a right to demand early repayment of the outstanding amount under the VEB Facility if, amongst other things, the Group's consolidated net debt (aggregate long term and current debt, including guarantees and sureties, less cash) exceeds more than 6.0 times the Group's consolidated EBITDA or the Group's consolidated EBITDA ltm (profit/loss and amortization for the relevant period) is less than 4.0 times interests costs for the relevant period.

GTL Project Debt

GTL facility (the "**GTL Facility**") consists of five Facilities of Uzbekistan GTL LLC ("**UGTL**") with each of the GTL Lenders (each as defined below) entered to finance costs related to the development, design, engineering, procurement, construction, commissioning, operation and maintenance by UGTL of a gas-to-liquids processing and production plant, located close to the Shurtan Gas Chemical Complex in Kashkadarya region of the Republic of Uzbekistan (the "**GTL Project**") and the production, storage, marketing and sale of the products from such GTL Project, including all costs and expenses under the Uzbekistan gas-to-liquid project contract for all work relating to the engineering, procurement and construction of the GTL Facility dated 24 December 2013 (as amended) between UGTL, Hyundai Engineering & Construction Co., Ltd., Hyundai Engineering Co., Ltd. and Enter Engineering Pte. Ltd. (the "**EPC Contract**"). These Facilities are subject to the Common Terms Agreement and benefit from the Sponsor Support Undertaking (each as defined below) by the Company as further described below.

Common Terms Agreement

UGTL entered into an English law common terms agreement dated 3 November 2017, which was amended and restated on 26 December 2017, 28 February 2018, 27 July 2018 and 24 April 2019 (the "**Common Terms Agreement**") between, among others, UGTL as Borrower, Gazprombank (Joint Stock Company), State Specialized Russian Export-Import Bank (Joint-Stock Company), China Development Bank, Xinjiang Branch, The Export-Import Bank of Korea and certain other financial institutions as original lenders, and certain facility and intercreditor agents.

The Common Terms Agreement covers the GPB Facility, the Rosexim Facility, the CBD Facility, the KEXIM Facilities, and the K-SURE Facility, each as defined therein and summarised below (together, the "**Facilities**").

Under the Common Terms Agreement, UGTL shall repay the loans outstanding under the Facilities in repayment instalments on each relevant repayment date in accordance with the terms of each of the Facilities, provided that all outstanding loans under the Facilities shall be repaid in full by UGTL by the final maturity date of 15 December 2031.While the Common Terms Agreement does not include any financial covenants, it includes a number of mandatory prepayment events, including:

a) ECA Cover: the occurrence of a ECA Trigger Event, which means (i) it becomes unlawful in any applicable jurisdiction for any ECA (JSC "Russian Agency for Export Credit and Investment Insurance", the Export-Import Bank of Korea, the Korean Trade Insurance Corporation and any other export agency guaranteeing the financial indebtedness for the GTL Facility) to perform its obligations under the relevant guarantee issued by such ECA in respect of one of the Facilities or for the relevant lender to benefit from a guarantee, insurance or other credit support provided by an ECA in respect of one of the Facilities; or (b) a guarantee issued by an ECA is terminated, ceases to be effective, becomes invalid, cancelled, unenforceable, suspended, rescinded, repudiated or otherwise ceases to provide the full benefit of cover to the relevant lender.

b) Project Documents: if there is a suspension, cancellation, or repudiation of the EPC Contract, the product offtake agreement dated 22 November 2018 (as amended) or the gas sale and purchase agreement dated 22 November 2018 (as amended) or any material obligation becomes unlawful or ceases to be legal valid and binding or any party disclaims a material liability thereunder.

Sponsor Support Undertaking

The Company (as the Sponsor), UGTL (as the Borrower) and MUFG Bank, Ltd. (as the Intercreditor Agent) entered into a sponsor support undertaking dated 24 April 2019 (the "**Sponsor Support Undertaking**") as a condition precedent to the Facilities being made available to UGTL. In the Sponsor Support Undertaking, the Company agrees to pay for any shortfall of funds needed to pay for costs relating to the GTL Project of UGTL, guarantees any amounts under a shortfall of funds to service the debt under the Facilities and indemnifies the parties to the Facilities and Common Terms Agreement.

The GBP Facility

UGTL entered into an English law facility agreement dated 3 November 2017 as amended on 26 December 2017 and as amended and restated on 24 April 2019 with UGTL as the Borrower, Gazprombank (Joint Stock Company) as GPB facility agent and original GPB lender (the "**GPB Facility**"). The GPB Facility comprises a U.S. dollar denominated loan not exceeding U.S.$120 million to finance goods and services rendered by Cryogenmash PJSC and OOO Nadymstroigazdobycha under certain export contracts. To date, UGTL has borrowed UZS 941 billion under the GPB Facility. The lenders under the GPB Facility have the benefit of certain support arrangements by JSC "Russian Agency for Export Credit and Investment Insurance", including a political and commercial risk policy in respect of the GPB Facility.

The Rosexim Facility

UGTL entered into an English law facility agreement dated 26 December 2017 as amended on 18 May 2018 and as amended and restated on 24 April 2019 with UGTL as the Borrower, State Specialised Russian Export-Import Bank (Joint Stock Company) as Rosexim facility agent and original Rosexim lender and Gazprombank (Joint Stock Company) as payment agent (the "**Rosexim Facility**"). The Rosexim Facility comprises a U.S. dollar denominated loan not exceeding U.S.$100 million to finance goods and services rendered by Cryogenmash PJSC and OOO Nadymstroigazdobycha under certain export contracts. To date, UGTL has borrowed UZS 874 billion under the Rosexim Facility. The lenders under the Rosexim Facility have the benefit of certain support arrangements by JSC "Russian Agency for Export Credit and Investment Insurance", including a political and commercial risk policy in respect of the Rosexim Facility.

The KEXIM Facilities

UGTL entered into an English law facilities agreement dated 24 April 2019 between, amongst others, UGTL as the Borrower, the Export Import Bank of Korea as the KEXIM guarantor and KEXIM direct lender, a number of financial institutions (including Credit Suisse AG, MUFG Bank, Ltd. and Mizuho Bank, Ltd., amongst others) as the original KEXIM covered lenders and MUFG Bank, Ltd. as KEXIM facilities agent (the "**KEXIM Facilities**"). The KEXIM Facilities comprise a U.S. dollar denominated loan not exceeding U.S.$500 million from the KEXIM direct lender and a U.S. dollar denominated loan not exceeding U.S.$100 million from the KEXIM covered lenders to finance certain equipment, machinery, goods and/or services of Korean manufacture or origin. To date, UGTL has borrowed UZS 5,124 billion under the loan from the KEXIM direct lender and USZ 1,026 billion under the loan from the KEXIM covered lenders. The Export Import Bank of Korea provides a guarantee in favour of the KEXIM covered lenders in relation to the KEXIM Facilities.

The K-SURE Facility Agreement

UGTL entered into an English law facility agreement dated 24 April 2019 between, amongst others, UGTL as the Borrower, Credit Suisse AG, MUFG Bank, Ltd., Sumimoto Mitsui Banking Corporation, Brussels Branch and Mizuho Bank, Ltd. as the original K-SURE covered lenders and mandated lead arrangers and MUFG Bank, Ltd. as K-SURE Facility Agent (the "**K-SURE Facility**"). The K-SURE Facility comprises a U.S. dollar denominated loan not exceeding U.S.$280 million to finance certain equipment, machinery, goods and/or services of Korean manufacture or origin. To date, UGTL has borrowed UZS 2,880 billion under the K-SURE Facility. The K-SURE covered lenders have the benefit of an insurance policy provided by the Korean Trade Insurance Corporation in respect of the K-SURE Facility in favour of the K-SURE covered lenders.

The China Development Bank Facility

UGTL entered into an English law facility agreement on 24 April 2019 between UGTL as the Borrower, China Development Bank, Xinjiang Branch ("**CDB**") as CDB facility agent and as original lender. The CDB Facility comprises a U.S. dollar denominated loan not exceeding U.S.$1,200 million to finance certain costs relating to the GTL Facility. To date, UGTL has borrowed UZS 12,167 billion under the CBD Facility.

Facility agreements with local banks

The Company also has four facility agreements with Asaka Bank, three facility agreements with National Bank of Uzbekistan and nineteen facility agreements with UzPromStroyBank, all of which are governed by Uzbek law. These facility agreement have standard information, affirmative and negative covenants and each of them has outstanding amount as of the date of this Prospectus below U.S.$60 million. The aggregate outstanding amount of all these facilities as at the date of this Prospectus is approximately U.S.$256 million.

The below is the Company's debt repayment profile from 2021 – 2031 as at 30 October 2021:

Year	**Amount payable (in U.S.$ billions)**	**Amount payable (in UZS billions)**	**Borrower entity**	**Lender**
2021	0.52	5,625.1	UNG, GTL	All lenders
2022	0.98	11,374.9	UNG, GTL	All lenders
2023	0.38	4,599.0	UNG, GTL	All lenders
2024	0.38	4,890.8	UNG, GTL	All lenders
2025	0.30	3,998.5	UNG, GTL	All lenders
2026	0.30	4,197.3	UNG, GTL	All lenders
2027	0.30	4,406.2	UNG, GTL	All lenders
2028	0.29	4,508.5	UNG, GTL	All lenders
2029	0.31	5,059.0	UNG, GTL	All lenders
2030	0.25	4,284.8	UNG, GTL	All lenders
2031	0.15	2,620.5	UNG, GTL	All lenders

Compliance under the GPB Loan

The Annual Financial Statements, in Note 19, include a statement that the Company did not comply with certain covenants in its loan agreement with Gazprombank JSC. This statement related to the debt/EBITDA ratio covenant under the GPB Loan which the Company initially calculated incorrectly and some non-financial covenants. However, Gazprombank JSC, in a letter dated 14 July 2021, confirmed that the ratio was subsequently recalculated by the Company and, based on the revised calculations, the Company was in compliance with this covenant as at 31 December 2019. The letter also included a confirmation that Gazprombank JSC did not consider the Company to be in breach of any financial covenants under the GPB Loan as at 31 December 2019. In relation to the non-financial covenants, those were remedied by the Company, and Gazprombank JSC, in a letter dated 1 February 2021, confirmed that there were no continuing breaches under the GPB Loan as at 1 February 2021.

Net cash flows used in investing activities

The following table provides a breakdown of net cash flows used in investing activities for the periods indicated.

	For the six months ended 30 June		For the year ended 31 December		
	2021	2020	2020	2019	2018
	UZS billion (Unaudited)			*UZS billion*	
Purchase of property, plant and equipment	(5,602)	(6,347)	(11,368)	(20,831)	(9,218)
Loans given to related parties	0	0	—	(264)	(1,654)
Proceeds from loans given to related parties	0	0	20	1,529	-
Change in restricted cash	202	105	192	(244)	876
Net cash flows used in investing activities	**(5,400)**	**(6,242)**	**(11,156)**	**(19,810)**	**(9,996)**

Net cash flows used in investing activities decreased significantly by UZS 8,654 billion, or 43.7%, from an outflow of UZS 19,810 billion for the year ended 31 December 2019, to an outflow of UZS 11,156 billion for the year ended 31 December 2020 due to the decrease in the purchase of property, plant and equipment in 2020 compared to 2019 given the fact that in 2019 the majority of the construction work was completed and most of the equipment required by Company had already been purchased.

Net cash flows used in investing activities increased dramatically by UZS 9,814 billion, or 98.2%, from an outflow of UZS 9,996 billion for the year ended 31 December 2018 to an outflow of UZS 19,810 billion for the year ended 31 December 2019 due to the increase in the purchase of property, plant and equipment. The increase in purchase of property, plant and equipment was partly offset by the increase in proceeds from loans given to related parties by UZS 1,529 billion in 2019 and decrease in loans given to related parties by UZS 1,390 billion, from an outflow of UZS 1,654 billion in 2018 to UZS 264 billion in 2019. During 2019, the Natural Gas Stream JV repaid an outstanding loan to the Company that was provided in 2018.

Net cash inflow / (outflow) from financing activities

The following table provides a breakdown of net cash inflow / (outflow) from financing activities for the periods indicated.

	For the six months ended 30 June		For the year ended 31 December		
	2021	2020	2020	2019	2018
	UZS billion (Unaudited)			*UZS billion*	
Proceeds from borrowings	5,236	5,844	10,459	16,195	3,214
Repayment of borrowings	(1,747)	(866)	(1,228)	(3,377)	(4,137)
Interest paid	(760)	(615)	(1,214)	(1,909)	(232)
Dividends paid	(69)	(336)	(337)	—	—
Transactions with the shareholder	—	(40)	—	(74)	(495)
Net cash inflow / (outflow) from financing activities	**2,660**	**3,987**	**7,680**	**10,835**	**(1,650)**

Net cash inflow from financing activities decreased significantly by UZS 3,155 billion, or 29.1%, from an inflow of UZS 10,835 billion for the year ended 31 December 2019, to an inflow of UZS 7,680 billion for the year ended 31 December 2020. This was mainly attributable to the decrease in proceeds from borrowings by UZS 5,736 billion or 35.4%, from UZS 16,195 billion to UZS 10,459 billion. As the majority of the construction of the GTL plant was performed during 2019, this required a large number of loan facilities to be taken out by Uzbekistan GTL LLC for the purchase of equipment and for payment of EPC contracts.

The decrease in proceeds from borrowings was partly offset by the decrease in repayment of borrowings by UZS 2,149 billion, or 63.6%, from an outflow of UZS 3,377 billion to an outflow of UZS 1,228 billion and the decrease in interest paid by UZS 695 billion, or 36.4% from an outflow of UZS 1,909 billion to an outflow of UZS 1,214 billion during the period under review. This was mainly due to contributions towards repaying a portion of loans from the Ministry of Finance in 2019, which were taken out in 2018 to finance imports of crude oil and for financing the Hydrocarbon Programme. In addition, the Government capitalised U.S.$1.7 billion of the Company's outstanding debt in the form of UFRD loans to the share capital of the Company in 2020.

Net cash inflow / (outflow) from financing activities was an inflow of UZS 10,835 billion for the year ended 31 December 2019, compared to an outflow of UZS 1,650 billion for the year ended 31 December 2018 due to the increase in proceeds from borrowings by UZS 12,981 billion, or 403.9%, from UZS 3,214 billion to UZS 16,195 billion attributable to loans taken out by Uzbekistan GTL LLC during 2019 for the bulk of the construction work for the GTL Project.

INDUSTRY OVERVIEW

The market information presented below in this section is taken or derived from the publicly available resources. The Group believes that this publicly available data is reliable; however, the Group cannot assure the accuracy and completeness of such information and has not verified such industry and market data. In addition, certain statements below are based on the Group's proprietary information, insights, subjective opinions or unsubstantiated estimates, and not on any third party or independent source; these statements contain words such as "we estimate," "we expect," "we believe" or "in our view," and as such do not purport to cite to or summarise any third-party or independent source and should not be so read. Some market data is inherently forward-looking and subject to uncertainty and does not necessarily reflect actual market conditions. Please read the following discussion together with the sections entitled "Risk Factors" and "Forward-Looking Statements."

Uzbekistan's economic outlook

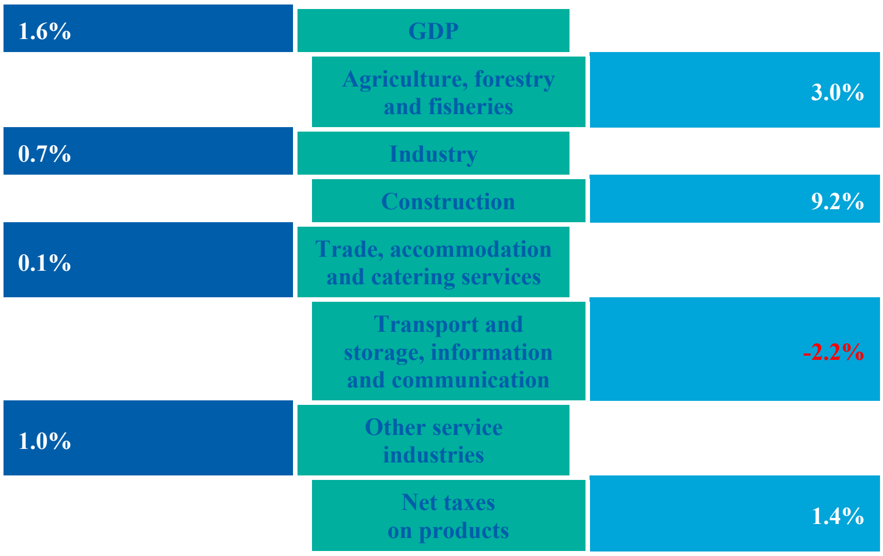
The COVID-19 pandemic has severely affected all countries globally. Notwithstanding its impact, Uzbekistan maintained positive economic growth rate in 2020 and 2021. The Central Bank of the Republic of Uzbekistan reported a 1.6% growth in the GDP for Uzbekistan in 2020 and 6.2% for the first half of 2021. Uzbekistan has significantly higher figures in comparison to Uzbekistan's neighbouring countries, such as Kazakhstan and the Kyrgyz Republic, both of which had a negative real GDP in 2020 and lower GDP in the first half of 2021 in comparison with Uzbekistan. The ADB forecasted a 5.0% GDP growth in Uzbekistan in 2021 and 5.5% in 2022. For 2021 and 2022, the International Monetary Fund (the "**IMF**") has estimated a GDP growth of 6.1 and 5.4 per cent for Uzbekistan respectively.

GDP growth rate, % per year

	2020	2021		2022	
		April ADO 2021	*September Update*	*April ADO 2021*	*September Update*
Developing Asia	-0.1	7.3	7.1	5.3	5.4
Central Asia	-1.9	3.4	4.1	4.0	4.2
Armenia	-7.4	1.8	5.2	3.0	3.5
Azerbaijan	-4.3	1.9	2.2	2.5	2.5
Georgia	-6.2	3.5	8.5	6.0	6.5
Kazakhstan	-2.6	3.2	3.4	3.5	3.7
Kyrgyz Republic	-8.6	3.5	3.5	5.0	5.0
Tajikistan	4.5	5.0	5.0	5.5	5.5
Turkmenistan	1.6	4.8	4.8	4.9	4.9
Uzbekistan	1.6	4.0	5.0	5.0	5.5

Uzbekistan's economic progress is mainly driven by growth in its construction industry (by 7.3%) and agricultural sector (by 2.8%). Both the IMF and the EBRD have projected a stronger growth rate of 6.5% for Uzbekistan in 2021, which is expected to result in the recovery of exports and domestic demand.

As an emerging economy, Uzbekistan is undergoing structural, economic and political transformation. Various laws and regulations are relatively new and untested, which naturally affects the business climate of the country. The Government continuously works on refining the business and investment climate of Uzbekistan through major reforms, including (i) simplification of licensing procedures (since 2017 more than 60 licensing procedures were abolished), (ii) privatisation of various state owned companies (by 2026, Uzbekistan plans to privatise approximately 603 state companies per the Strategy for 2021-2025 endorsed by the Cabinet of Ministers Decree No. 166 and separate Presidential Decrees (No. 6167 and No. 6096)) and (iii) introduction of new legal concepts (for example, there are now legal mechanisms allowing to perform initial public offerings, secondary public offerings, issue of bonds, creation of venture funds and others).



GDP growth rates by type of economic activity for January – December 2020

(in % to the corresponding period of the previous year)

Source: The State Committee of the Republic of Uzbekistan on Statistics

Uzbekistan's oil and gas industry

The oil and gas industry makes up more than 10% of Uzbekistan's GDP. As per the Commodity Trade Statistics for January to May 2020, released by the Ministry of Investments and Foreign Trade of Uzbekistan, approximately 14% of the total export of goods and services of Uzbekistan comprise of energy and oil products. Uzbekistan has rich reserves of natural gas of around 1.9 trillion cubic metres, allowing it to significantly develop this industry and attract major foreign oil and gas corporations.

The eight main production fields are: Shurtan, Zavardy, Kokdumalak, Alan, Adamtash, Boysun, Kandym and Gissar. The exploration fields, processing plants and export points are all connected by a large pipeline network system. Currently, there are 13,200 kilometres of operating gas pipelines and 87,000 kilometres of gas distribution networks as per Analytical Agency Neftegaz.Ru. The Company estimates that about 85% of gas produced in Uzbekistan is used for domestic consumption, making it one of the countries with a high level of per capita consumption. Uzbekistan's annual natural gas production is approximately 60 billion cubic metres, of which consumption is expected to be 52 billion cubic metres in 2020. The Government of Uzbekistan is securing the supply of gas to ordinary consumers and for social needs by introducing renewable energy sources for industries and using electricity for oil and gas production purposes.

According to Fitch, large gas reserves and significant production volumes are the key strengths of Uzbekistan in the upstream sector. However, the country ranks below regional and global averages in Fitch's Upstream Oil & Gas Risk/Reward Index owing to the role of state in the sector, undeveloped infrastructure and the requirement for some economic and governance reforms. Uzbekistan performs less well in Fitch's Downstream Risk/Reward Index due to some outdated refining facilities operating significantly below their capacity levels, while the role of the state in the downstream sector deters foreign investment. However, economic reforms, led by the government, could improve investor confidence in the market over the medium-to-long term.[1]

[1] Uzbekistan Oil Gas Report – Fitch Solutions – August 2021

Uzbekistan Gas Infrastructure

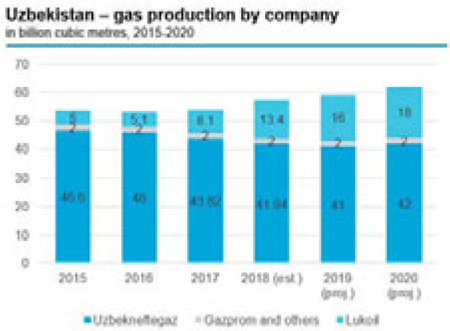
Source: Central Asian Gas (prospects for the 2020s), Oxford Institute for Energy Studies

The oil reserves of the country, which are mainly located in the Kashkadarya, Bukhara and Fergana regions, are less abundant than the natural gas reserves and amount to around 82 million tonnes. As per the BP Statistical Review of World Energy 2019, total crude oil and condensate production in Uzbekistan was about 64,000 barrels per day while its consumption reached 147,000 barrels per day in 2021. The domestic oil demand has decreased from 6 to 7 million tonnes per year during 1996 through 2007 to 3.1 million tonnes in 2017. However, due to the falling domestic output of crude oil, Uzbekistan became a net importer of crude oil in 2017 with oil imports estimated at 27,400b/d for 2021. Oil consumption is expected to increase amid a decline in domestic fuel production due to low utilisation rates at outdated refineries. This increase is intended to be achieved through development of new oil wells, application of modern extraction methods and construction of advanced oil refineries. By 2027, oil consumption is projected to grow to 4.7 % per year according to the Uzbekistan State Committee on Statistics. A recent Fitch report[2] predicts that as a result of the modernisation and expansion of the country's refining sector, demand for oil in Uzbekistan will rise to around 129,500b/d in 2027, falling to around 108,900b/d by 2030.

CRUDE OIL NET EXPORTS (UZBEKISTAN 2019-2024)

Indicator	2019e	2020e	2021f	2022f	2023f	2024f
Crude & other liquids net export. 000b/d............	-7.8	-5.6	-27.4	-33.0	-36.4	-38.8
Crude & other liquids net export. % y-o-y	5.0	-28.9	390.6	20.6	10.1	6.8

e/f = Fitch Solutions estimate/forecast. Source: EIA Fitch Solutions



Uzbekistan – gas production by company in billion cubic metres, 2015-2020

Source: Central Asian Gas (prospects for the 2020s). Oxford Institute for Energy Studies

Uzbekistan exported around 11,400b/d of refined products in 2020 and volumes are expected to jump notably in 2021 to 31,700b/d as output rises with the modernisation of the Fergana and Bukhara refining facilities. The

[2] Uzbekistan Oil Gas Report – Fitch Solutions – August 2021

exports of refined fuels are expected to rise to 103,500b/d by 2025 with the aid of a refinery in the Jizzakh region.[3]

REFINED FUELS NET EXPORTS (UZBEKISTAN 2019-2024)						
Indicator	**2019e**	**2020e**	**2021f**	**2022f**	**2023f**	**2024f**
Refined products net exports. 000b/d	11.4	12.1	31.7	35.3	36.7	37.3
Refined products net exports. % y-o-y	-7.1	6.1	163.1	11.4	3.9	1.6
Refined products net exports. USDbn	0.3	0.2	0.9	0.9	1.0	1.0

e/f = Fitch Solutions estimate/forecast. Source: EIA Fitch Solutions

For the purpose of satisfying the existing demand in oil consumption, there are currently two main operating refineries, the Bukhara and Fergana oil refineries, with a total available production capacity of up to 5.2 million tonnes per year of oil products (and actual production volumes up to 2.4 million tonnes per year). Analytical Agency Neftegaz.Ru has confirmed there are plans in place to modernise the Bukhara and Fergana oil refineries by 2023 to increase the processing of hydrocarbon raw materials and the quality indicators of products.

The main players in the oil and gas industry are the Company, the state-owned company UzTransGas, Gazprom, Lukoil, Korea National Oil Corporation ("KNOC"), China National Petroleum Corporation ("CNPC"), Uz-Kor Gas Chemical, Surhan Gas Chemical, Jizzakh Petroleum and NGS.

REFINED IN UZBEKISTAN						
Location	**Name**	**Capacity (b/d)**	**Capacity (tpa)**	**Status**	**Start-Up Date**	**Main Owner**
Karaulbazar	Bukhara	50,000	2,488,800	Active	1997	Uzbekneftegaz
Fergana Province	Fergana (joint facility with Alty-Aryk)	110,495	5,500,000	Active	1959	Uzbekneftegaz
Fergana Province	Alty-Aryk (joint facility with Fergana)	66,000	3,286,800	Active	1906	Uzbekneftegaz
Kashkardaya	Oltin Yo'l GTL	37,000	1,842,600	Proposed	na	Uzbekneftegaz
Surkhandarya	Jarkurganneftepererabotka	2,612	130,000	Active	2005	Jarkurganneftepererabotka
Jizzakh	N/A	100,450	5,000,000	Proposed	2025 (proposed)	Uzbekneftegaz

N/A = not available/applicable. Source: Uzbekneftegaz. Sasol. Fitch Solutions

Natural Gas

Natural gas consumption in Uzbekistan is forecasted to reach 47.5 billion cubic metres, a 3.3% increase compared to 2020. Fitch estimates Uzbekistan's natural gas exports will reach 11.5 billion cubic metres in 2021, an increase of 187.1% compared to 2020, when gas exports fell to just 4.0 billion cubic metres due to disruption from Covid-19[4].

The pandemic disrupted gas exports with exports to China falling to 3 billion cubic metres in 2020, around 70% lower than 2019. Shipments to Russia were suspended entirely due to COVID-19 related disruptions. Uncertainty over exports continues in 2021, which could provide upside risk to Uzbekistan's gas consumption levels[5]. Uzbekistan sold only 20 million cubic metres of gas to Russia's Gazprom and was forced to cut gas exports in December 2020 by at least 7-8 million cubic metres per day after local supply shortages were reported during winter. Uzbekistan plans to minimise exports of gas according the Uzbekistan Gas Development Master Plan announced by the Government in order to develop key domestic gas-consuming industries outlined in several presidential decrees, for example No.PP-4265 and No.PP-4335. At present, approximately 90% of the natural gas produced by the Company is sold to UTG, 6% to JV Uz-Kor Gas Chemical LLC and 2% to Natural Gas-Stream LLC, with the remaining 2% distributed between Hududgaztaminot JSC, LUKOIL Uzbekistan Operating Company LLC and JV Jizzakh Petroleum LLC.

[3] Uzbekistan Oil Gas Report – Fitch Solutions – August 2021
[4] Uzbekistan Oil Gas Report – Fitch Solutions – August 2021
[5] Uzbekistan Oil Gas Report – Fitch Solutions – August 2021

Regulatory Structure

The main legislation governing the oil and gas industry in Uzbekistan includes the Foreign Investments Law, the Subsoil Law, the Investment Activity Law, the Production Sharing Agreements Law and the Law on Guarantees and Measures on Protection of Foreign Investors.

Oversight of the industry is within the remit of certain government ministries including the Special Commission of the Cabinet of Ministers, the Ministry of Economy, and the Ministry of Finance. There is also a regulatory body called the Uzbekistan State Inspection on Monitoring the Use of Oil Products and Gas.

The government has been implementing a licensing regime to effect further reforms in the industry and further improve the business environment.

Licensing Regime

Under the laws of Uzbekistan, oil, condensate and gas production are all viewed as natural monopolies, and therefore fall outside of the monopoly legislation. This allows the Company to effectively have a monopoly of sorts in the country's oil and gas industry, and most exploration and production plans involve international oil companies and take the form of joint ventures.

Licensing Rounds

Uzbekistan does not carry out licensing rounds. It awards licenses on a project-by-project basis to multiple companies as a way to spread risk. The Company is involved in virtually all projects connected to oil and gas.

Within the framework of the resolutions of the President of the Republic of Uzbekistan of 3 November 2017 (No.PP-3372) and of 18 November 2019 (No.PP-4522) and the resolution of the Cabinet of Ministers of the Republic of Uzbekistan of 30 April 2020 (No.265), oil and gas exploration activities were carried out in Uzbekistan during the period between 2018-2020 and for the first half of 2021 at the Company's expense. In addition, annual programs for the development and reproduction of mineral and raw materials were developed and approved.

Tariffs

Currently, the price of natural gas supplied by the Company is approved by the Interdepartmental Tariff Commission under the Cabinet of Ministers of the Republic of Uzbekistan. According to the decisions of the President and the Government of the Republic of Uzbekistan, the prices for petroleum products are formed through exchange trading on the basis of supply and demand, however prices are not permitted to be less than cost. The Decree of the President of the Republic of Uzbekistan No. PD-6155 of 3 February 2021 envisages a move towards the sale of natural gas to legal entities based on market principles as part of a general set of liberalisation measures being implemented in Uzbekistan at present.

Reforms in the oil and gas industry

The oil and gas industry is undergoing a reform based on the Presidential Resolution No.PP-4388 dated 9 July 2019 ("**Resolution No. 4388**"). The Resolution No.PP-4388 approves road maps for the execution of the Concept of development of the oil and gas industry of the Republic of Uzbekistan by 2030 (the "**Concept**") in Uzbekistan until 2030. The main goals of the Concept are (i) the increase of hydrocarbon production (up to 42.3 billion cubic metres of natural gas and 1.5 million tonnes of liquefied gas in 2024), (ii) the modernisation of the gas transmission system, (iii) the improvement of accounting and control of production, processing, transportation and sale of natural gas, (iv) the critical study and optimisation of investment projects, together with improvement of their implementation and (v) the strengthening financial discipline and improving of pricing in the oil and gas industry. For the Concept's implementation, a working group acting as a consulting platform and consisting of international and government financial institutions and organisations will be created.

Various initiatives have already been approved and are in progress. Since January 2019, the newly established State Assets Management Agency has been responsible for restructuring, corporatisation and optimisation of the Company's shares and assets. Public-private partnership terms have been approved to allow phased transfer of management of gas distribution facilities to private operators. Large oil and gas companies will participate in the extraction of hydrocarbons in fields with hard-to-recover reserves and foreign oilfield service companies will take part in international tenders for carrying out oil and gas projects from 2020 through to 2022.

Average of 75+% of state-owned enterprises shares are up for sale to investors

Industry	State-owned enterprise	Location	Shares up for sale (%)
Construction	Kvarts	Fergana region	74.98
Construction	Kizilkumtsement	Navoi region	35.9
Electric power	Novo-Angren TES	Tashkent region	99.59
Electric power	Angren TES	Tashkent region	99
Oil & gas	Andijanneftegazkuduktamirlash	Andijan region	100
Oil & gas	Fergana neftebaza	Fergana region	100
Oil & gas	Gulistan Neftebaza	Syrdarya region	100
Oil & gas	Uzneftegazkuduktamirlash	Bukhara region	74
Oil & gas	Neft va gaz kuduklarini sinash	Kashkadarya region	73.87
Oil & gas	Bukhoroneftegazparmalash	Bukhara region	51.24
Oil & gas	Kashkadaryaparmalashishlari’	Kashkadarya region	51
Oil & gas	Surkhan parmalash ishlari	Surkhandarya region	51
		Average:	**75.9**

Source: *IJGlobal*

Other initiatives that are in progress include the introduction of an improved tariff methodology for oil products, natural and liquefied gas, providing full coverage of reasonable operating, operating and investment costs during production, processing, transportation and sale and developing laws regarding production sharing agreements and subsoil agreements, in particular, transparent mechanisms for conducting competitive tenders for the allocation of subsoil plots to foreign investors.

The restructuring of the Company has been developed with ADB under Resolution No.PP-4388 and includes:

- the transfer of shares in JSC Uzburneftgas, JSC Uzneftgasdobicha, JSC Uznefteproduct and JSC Uzneftegasmash from the Government to the Company, followed by the establishment of relevant departments within the Company’s corporate structure that will perform the functions of such companies, as well as the acquisitions of Neftegasexport LLC, O`zneftegasgeologiya LLC, Neftegasdobicha-Inginiring LLC, UE Usturt GMK direktsiyasi, JSC Jarkurganneft, Geoburneftgasservis LLC, Neftegasinvest LLC and Interdepartmental Training Centre LLC;

- the separation of UTG from the corporate structure of the Company, with assignment of its shares to the State Assets Management Agency, and entrusting UTG with various midstream functions such as the purchase of natural gas from the extracting companies (including from joint ventures and foreign enterprises) for onward transportation, the sale of the natural gas under direct agreements with consumers that are connected to the gas pipelines, and the sale of natural gas under commission agent agreements concluded with JSC Hududgastaminot with consumers connected to gas distribution networks;

- the incorporation of JSC Hududgastaminot from certain territorial branches of UTG that were responsible for gas distribution, the shares of which will be held by the State Assets Management Agency. JSC Hududgastaminot will operate gas distribution networks and related equipment in compliance with regulatory requirements as well as the purchase, supply, storage and sale of liquefied gas to the public and social facilities; and

- The reorganisation of six oil extracting and gas processing companies (Mubarekneftegas LLC, ShurtanneftegasLLC, UsturtgasLLC, GaslinneftgasdobichaLLC, JSC AndijanneftandMubarekskiy GPZ LLC) into corporate departments of the Company.

- the transfer of certain upstream functions to Goskomgeologiya in November 2019.

As part of the initiative, international accounting and reporting standards and definitions have been introduced into the working processes of the Company and UTG to meet global standards, with Ernst & Young LLC being appointed in 2018 and the Company using IFRS reporting for the period from 2016 to 2021. The Company published its first audited consolidated financial report under IFRS for 2016-2017 in June 2020. The Company’s 2017 financial report is when IFRS was considered to be fully adopted for the first time. In the meantime, KPMG was hired to estimate the fair value of the Company’s non-current assets as of 1 January 2016 and in

2020 for impairment testing and evaluation of investment in UTG shares under IFRS. It is expected that any initial public offerings and secondary public offerings for the reorganisation will take place by 2024, with the government of Uzbekistan reserving 51% of the total shares.

Further, on 6 October 2021, the President of the Republic of Uzbekistan signed Decree No.PP-6319 “On measures for further stimulation of geological exploration and improvement of taxation for subsoil users” (the “**Subsoil Decree**”), which provides for legislative changes affecting a wide range of issues in the mining and natural resources sector. As a result of the Subsoil Decree, from 1 October 2021, in connection with imports and exports of natural gas, the excise rate is set at 0% for exports and legal entities will be exempt from customs duties on imports of natural gas. From 1 January 2022, a new special procedure for bidding on the right to use subsoil areas for geological exploration or production will come into effect (covering hydrocarbons among other geological products), commercial discovery and subscription bonuses will be cancelled, bidders will be granted the right to propose increased tax rates for certain types of extraction taxes, land plots allotted for geological exploration and/or survey works will no longer be subject to land tax, and an annual licence fee will be introduced for subsoil use in geological exploration (which will depend on the specific area and type of subsoil mineral being investigated). The Subsoil Decree also states that a draft law “On amendments and additions to the Tax Code of the Republic of Uzbekistan” must be submitted to the Cabinet of Ministers by 1 December 2021, which will provide that, from 1 January 2022, (i) subsoil use tax rates for oil and natural gas will be reduced to 10 percent, (ii) a tax on rental income will be introduced for subsoil users at new discoveries; (iii) new oil and gas wells will be exempt from corporate property tax for the first two years, starting from the month of their exploitation, and for the following three years they will see a 50% reduction from the established corporate property tax rate, (iv) from 1 January to 31 December 2021, the taxable base for the subsoil use tax for the production of oil, natural gas and certain kinds of minerals will be reduced by expenses associated with transportation and refining, (v) the tax rates for subsoil use for non-metallic minerals will be unified, and (vi) enterprises with foreign investment (payers of tax on rental income) will be granted the right to carry out tax accounting in U.S. dollars. In addition, exploration companies and their contractors and subcontractors are exempt from periodic customs fees for temporary importation of special equipment and customs duties on certain imports of equipment, special facilities and material and technical resources not produced in Uzbekistan. Although the Subsoil Decree considers several preferences for the companies in the oil and gas sector, the final exemptions and reductions in taxes will be confirmed once the amendments will be made to the tax code of Uzbekistan. Furthermore, there is a clause in the Subsoil Decree which implies that these preferences may not be applicable to SOEs if the government makes such decision. The Company’s expectation is that it will be determined as the government approves the budget for the 2022 in December

BUSINESS DESCRIPTION

Overview

The Company was incorporated under the laws of the Republic of Uzbekistan on 15 December 1992 as the state-owned national holding company for the oil and gas industry in the Republic of Uzbekistan. It has 29 subsidiaries incorporated in the Republic of Uzbekistan. The registered office and principal place of business of the Company is located at 21 Istikbol Street, Yashnabod district, Tashkent, 100047, Republic of Uzbekistan, and the Company's Registration Number is 523. The Company's phone number is + (99871) 207 2772. Its aim is to significantly increase hydrocarbon production in the country by supplying natural gas to the domestic market, producing high value-added oil products, oil and gas processing, and exporting refined oil products. The Company's strategic goal is to attract foreign direct investment into the oil and gas industry in Uzbekistan.

The Group is organised into business units and subsidiaries based on its products and services and has three reportable operating segments: (i) gas, gas condensate and oil production and sales, which covers the extraction of gas, gas condensate and oil; (ii) oil refining and retail, which covers refining crude oil and sales of oil products; and (iii) gas refining, which covers producing value-added products from gas, including the GTL Project. The Company derives its revenues from (i) exploration and production activities ("**upstream**") and (ii) refining, marketing and trading activities ("**downstream**") in the oil and gas sector.

The principal business activities of the Group comprise the development and operation of oil and gas fields, the exploration, production and refining of oil and gas, the preparation, processing, compression and sale of oil, natural gas, liquefied gas and refined oil products, and the transportation and marketing of hydrocarbons and hydrocarbon compounds. Substantially all of the Group's operations and assets are located in the Republic of Uzbekistan.

As at the date of this Prospectus the number of authorised and issued shares of the Company is 43,072,931,192 shares, comprised of 43,048,493,329 common shares issued at USZ 500 par value and 24,437,863 preferred non-voting shares. The Company's main shareholder is the Ministry of Finance of the Republic of Uzbekistan, owning 99.94% of the shares in issue, with 0.01% held by legal entities and 0.05% held by other shareholders. For more information, see "*Shareholders*".

History and Organisation

History

JSC Uzbekneftegaz was established in May 1992 under the Decree of the President of the Republic of Uzbekistan "On Establishment of the Uzbek State Concern of the Oil and Gas Industry Uzbekneftegaz" as the state-owned entity for the oil and gas industry in the Republic of Uzbekistan. On 23 December 1992, the Company was transformed into the National Corporation of the Oil and Gas Industry Uzbekneftegaz pursuant to the Decree of the President of the Republic of Uzbekistan "On the transformation of the Uzbek State Concern of the Oil and Gas Industry into the National Corporation of the Oil and Gas Industry Uzbekneftegaz". On 11 December 1998, the Company was transformed into National Holding Company Uzbekneftegaz pursuant to the Decree of the President of the Republic of Uzbekistan No.UP-2154 "On Transformation of the National Corporation of the Oil and Gas Industry Uzbekneftegaz into the National Holding Company Uzbekneftegaz" and the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 523 "On Organisation of Activity of the National Holding Company Uzbekneftegaz".

The Company's facilities include oil and gas production units, oil refineries, gas processing plants, a gas chemical complex, a synthetic liquid fuel plant, fifteen oil bases, a gas station network, and organisations carrying out research and design and survey works, as well as structural units and educational institutions engaged in the training and retraining of personnel. The Company's aim is to significantly increase hydrocarbon production in Uzbekistan by supplying to the domestic market, producing high value-added products, oil and gas processing, exporting technological products and marketing these effectively. In doing so, the Company intends to create favourable conditions for attracting foreign direct investment into the gas industry.

The Government of Uzbekistan (the "**Government**") has passed certain laws on subsoil and production sharing agreements in order to attract foreign direct investment in the exploration and production of oil and gas in Uzbekistan. In the first few years of the Company's growth, Kokdumalakskoye, Alanskoye, Urginskoye, Yuzhny Tandyrchskoye and other fields were established rapidly and were ready for development. The move towards foreign direct investment is intended to supplement the limited level of investment into the Company by the Government.

The main focus for the Company going forward is to increase its industrial reserves of hydrocarbons beyond the amount it is currently producing to meet demand. In order to do so, the Company has begun to use new and advanced methods and technologies in the exploration of oil and gas fields. The Bukhara-Khiva and Surkhandarya regions of the country have potential in this regard. In particular, a number of reserves were discovered on Ustyurt, and large deposits of natural gas were discovered in areas such as Surgil, East Berdakh and Uchsai.

Timeline

- **1992** - JSC Uzbekneftegaz was established as the state-owned concern for the oil and gas industry in the Republic of Uzbekistan.

- **1997** - the Bukhara Oil Refinery was put into operation, built jointly with a consortium consisting of Technip (France), Marubeni and JGC (Japan).

- **2001** - the construction of the Shurtan Gas Chemical Complex was carried out jointly with a consortium headed by ABB Lummus Global (USA), which included Mitsui, Toyo Engineering and Nisho Iwai (Japan) and ABB Soimi (Italy).

- **2004** - the Republic of Uzbekistan and a consortium of investors consisting of the Russian oil company Lukoil and the Company signed a production sharing agreement for the Kandym group of fields (the Khauzak and Shady sections, as well as the Kungrad section) for a period of 35 years.

- **2006** - in accordance with the Decree of the President of the Republic of Uzbekistan dated 30 August 2006 No. PP-457 "On conducting a geological study of the Uzbek part of the Aral Sea with the subsequent development of newly discovered hydrocarbon deposits under the terms of a Production Sharing Agreement", on 30 August 2006, a "Production sharing agreement for the Uzbek part of the Aral Sea" was signed between the Republic of Uzbekistan and a consortium of investors consisting of CNPC (PRC), KNOC (Korea), Lukoil Overseas Holding Ltd. (Russia), Petronas Carigali Overseas SDNBHD (Malaysia) and the Company.

- **2007** - Uzbekistan joined a large-scale project for the construction of the Turkmenistan – Uzbekistan – Kazakhstan – China transnational gas pipeline, which is the longest in the world (7000 km). The joint venture ATG was created between the Company and CNPC for the design, construction and operation of the Uzbekistan section of the gas pipeline (530 km).

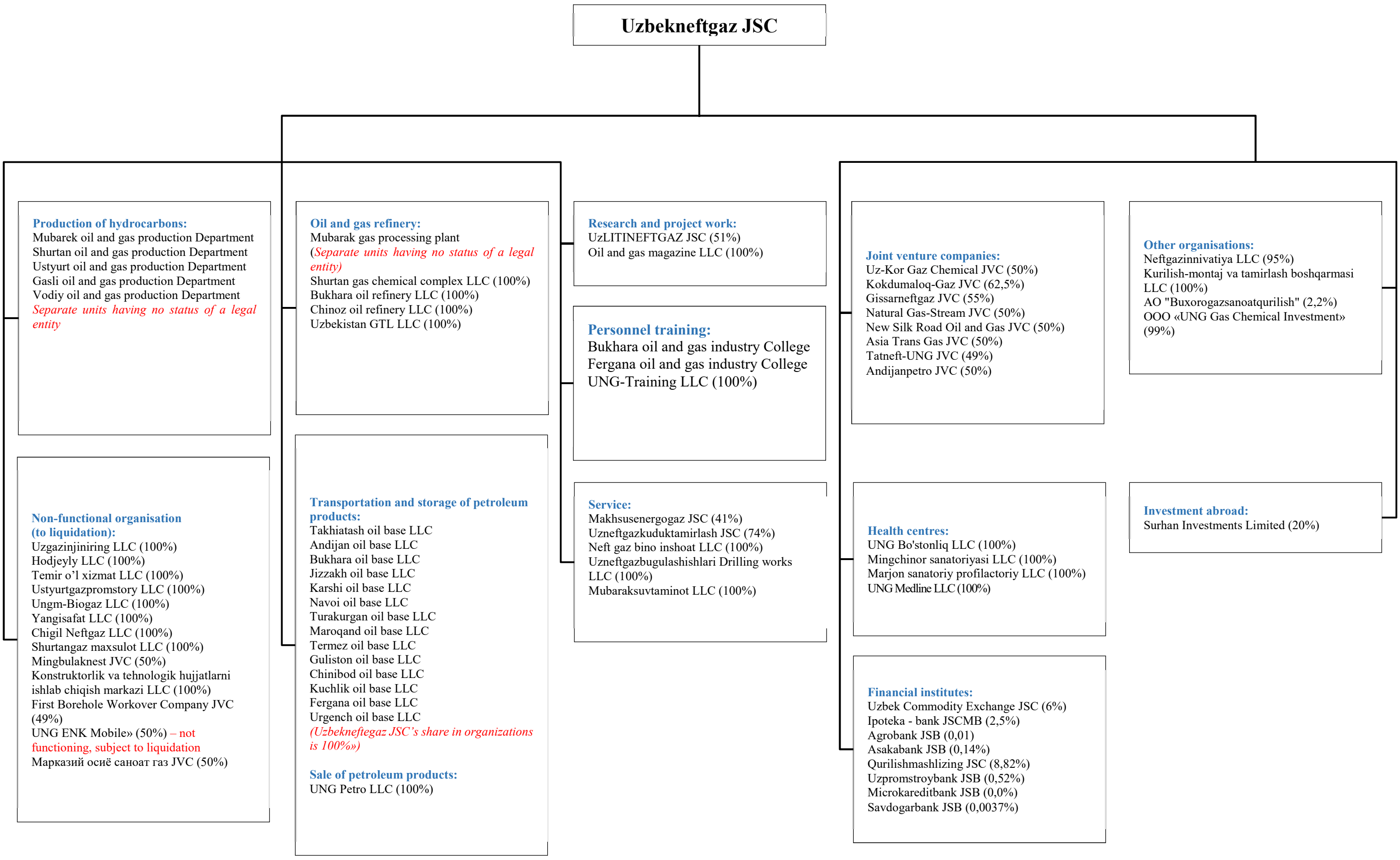
- **2011** - the construction of the Uzbekistan part of the first, second and third lines of the Uzbekistan-China gas pipeline was carried out jointly with CNPC.

- **2015** - the Ustyurt gas chemical complex was launched, built on the basis of the Surgil field in Karakalpakstan.

- **2019** - in accordance with the decree of the President of the Republic of Uzbekistan dated 9 July 2019 "On measures for stable provision of the economy and population with energy resources, financial recovery and improvement of the oil and gas industry management system", certain entities including Mubarekneftegaz LLC, Shurtanneftegaz LLC, Ustyurt Gas LLC, Gazlineftegazdobycha LLC and Mubarek GPP LLC were merged into the Company. In mid-2019, on the basis of the Decree of the President of the Republic of Uzbekistan No.PP-4388, the process of reforming the oil and gas industry was launched. A new organisational structure for the Company was put in place, including the joint-stock companies Uzburneftegaz, Uzneftegazdobycha, Uznefteprodukt and Uzneftegazmash. As a result of the reforms, unnecessary levels of intermediate management have been reduced. Certain oil and gas producing and gas processing organisations have also been transformed into structural divisions of the Company. UTG was separated from Company, and it now functions as a single operator for the purchase of natural gas from gas-producing organisations for further transportation, including export and import, as well as sale to consumers connected to main gas pipelines.

Organisation

The table below sets out the subdivisions of the Company and the subsidiaries owned, directly or indirectly, by the Company. The Company is the parent company of the Group.



Oil and Gas

The Company is the national oil company of the Republic of Uzbekistan, engaged in the search, exploration and production of natural gas, gas condensate and oil, the processing and sale of processed products and construction of production and social development facilities.

The main products of the Company are natural gas, gas condensate, liquefied gas, oil, as well as products derived from such materials, and gas chemical products (including polyethylene and polypropylene).

The main production facilities of the Company are the Bukhara Oil Refinery, the Mubarek Gas Processing Plant, and the Shurtan Gas Processing Plant.

Upstream

The Company’s upstream portfolio includes five oil and gas processing units (“**OGPUs**”): the Mubarek Oil and Gas Production Unit, the Shurtan Oil and Gas Production Unit, the Ustyurt Gas Production Unit, the Gasli Oil and Gas Unit, and the Vodiy Oil and Gas Production Unit. These five oil and gas processing units are operate in Uzbekistan, and are located in Karakalpakstan, Kashkadarya, Bukhara, Surkhandarya and Andijan.

Production amounts for the five facilities from 2018 – 2021 are as follows:

Natural gas	2018	2019	2020	2021*
		(in million cubic metres)		
Mubarek OGPU	18,436.4	16,668.5	16,504.3	16,554.6
Shurtan OGPU	10,075.7	10,103.8	9,105.0	9,035.5
Ustyurt GPU	4,714.1	2,339.3	3,116.0	3,873.9
Gazli OGPU	2,177.2	4,354.7	4,281.6	4,589.3
Vodiy OGPU	37.0	49.7	97.1	50.8

**Forecast*

Crude oil	2018	2019	2020	2021*
		(in thousand tonnes)		
Mubarek OGPU	360.2	327.1	125.1	109.0
Shurtan OGPU	178.0	180.0		
Gazli OGPU	69.3	16.7		
Vodiy OGPU	20.4	64.7		
Jakurganneft JSC	85.2	82.1	79.8	

**Forecast*

Condensate	2018	2019	2020	2021*
		(in thousand tonnes)		
Mubarek OGPU	369.7	369,7	333.5	310.7
Shurtan OGPU	426.0	426,0	386.3	345.5
Mubarek GPP	380.0	380,0	378.3	388.4
Ustyurt GPU	49.6	49,6	52.9	55.6
Gazli OGPU	45.2	45,2	40.9	69.2
Shurtan GCC	219.9	219,9	221.9	212.5
Vodiy OGPU	0.4	0,4	1.0	0.5

**Forecast*

In 2020, production figures amounted to 33.1 billion cubic metres of natural gas and 1.6 million tonnes of liquid hydrocarbons. The following table sets out a further breakdown of production figures for natural gas, hydrocarbons, crude oil and condensate from 2017-2020:

Product	Unit of Measurement	2017	2018	2019	2020
Natural gas	bcm	39,341.2	35,440.5	33,515.9	33,104.1
Hydrocarbons	thousand tonnes	2,268.9	2,203.8	2,143.4	1,619.6
Crude oil	thousand tonnes	776.9	712.9	671.3	204.9
Condensate	thousand tonnes	1,492.0	1,490.9	1,472.0	1,414.7

To date, a number of works are being carried out, such as the launch of booster compression stations, in order to increase production, as well as geological and technical measures, which is expected to increase the volume of production to 34.5 billion cubic metres by 2026.

Downstream

The Company's downstream portfolio consists of the Mubarek Gas Processing Plant, the Shurtan Gas Chemical Complex, the Bukhara oil refinery, the Chinoz oil refinery, Makhsusenergogz JSC, JV Uz-Kor Gas Chemical LLC and the new GTL Project, all located in Uzbekistan:

- The Mubarek Gas Processing Plant is located in Mubarek city of Kashkadar region, has been operating since 1971 and has a processing capacity of 30 billion cubic metres of natural gas per year.
- The Shurtan Gas Chemical Complex is located in the Shurtan village of Guzar district of Kashkadar region, has been operating since 2001 and has a processing capacity of 4 billion cubic metres of natural gas per year. The Company is currently implementing a project of expansion of capacity of Shurtan Gas Chemical Complex continuing until 2023. This complex carries out the separation of ethane,

propane and butane components from the raw natural gas and the production of high added value polymer products, namely, polyethylene and polypropylene.

- The Bukhara Oil Refinery is located in the Karaulbazar city of Bukhara region and has been operating since 1997. It has a processing capacity of 2.5 million tonnes of oil and gas condensate per year and produces highly liquid products including gasoline, jet fuel, diesel fuel, fuel oil, liquefied gas and sulphur. The Bukhara oil refinery was built with the assistance of the French company, Technip. The French Oil Institute, the American company, Merikem and the Dutch company, Komprimo, each used their licences and contributed to the technological processes used in the plant. The plant possesses the technology to produce the high-octane brands “AI-91” and “AI-95” which are environmentally friendly diesel fuels that are resistant to low temperatures, as well as Jet-A-1 aviation fuel, which is intended for use in Boeing and Airbus aeroplanes. The plant is designed to have processing capacity of 2.5 million tonnes with subsequent production of 641 thousand tonnes of gasoline, 300 thousand tonnes of aviation kerosene, 1027 thousand tonnes of diesel fuel, 480 thousand tonnes of fuel, 33 thousand tonnes of liquefied gas, 8 thousand tonnes of petroleum solvent and 12 thousand tonnes of sulphur. The Bukhara Oil Refinery sells its own products directly to consumers (in bulk volumes of at least 60 tonnes) through exchange trading. Oil depots also acquire petroleum from the Bukhara Oil Refinery for on-selling to enterprises and organisations (including private gas stations) on a contractual basis.

- The Chinoz Oil Refinery is located in the Chinoz city of the Tashkent region, has been operating since 2016 and has a processing capacity of 117 thousand tonnes of gas condensate, gas-oil and straight-run gasoline per year. Chinoz also produces 43 thousand tonnes of AI-80 gasoline, 6.5 thousand tonnes of hydrocarbon solvents, 40.4 thousand tonnes of diesel fuel, and 27.3 thousand tonnes of fuel oil.

- The Ustyurt Gas Chemical Complex is located in the Kyrgkyz village of Kungrad district in Karakalpakstan, has been operating since 2014 and has a processing capacity of 4.5 billion cubic metres of natural gas per year. This complex also carries out the separation of ethane, propane and butane components from the raw natural gas and the production of high added value polymer products, namely, polyethylene and polypropylene.

In addition to the above, the Company is engaged in construction of the GTL Project, which is located in Kashkadarya region. The construction started in 2017 with estimated processing capacity of 3.6 billion cubic meters of natural gas per year. The commissioning of the plant was planned for August 2021 but was postponed due to Covid-19 pandemic. Purified natural gas from the Shurtan Gas Chemical Complex will be directed here for the production of liquid synthetic fuel.

The Company also works with UNG Petro LLC, which sells gasoline and diesel fuel to the population and enterprises through a network of gas stations owned by the Company.

The Company accounts for at least 67% of the total natural gas produced in Uzbekistan and sells 60% of the natural gas consumed by the main strategic industrial sectors of the economy. The Company has a significant contribution to the development of industrial sector and is the second largest taxpayer in the budget of Uzbekistan. JSC “TPP” is the main consumer of gas, which generates 85% of electricity in Uzbekistan. At the same time, to generate all the electricity, JSC “TPP” uses 94% natural gas.

Strengths

The key strengths of the Group are the following:

Leading position in a fundamentally attractive Uzbekistan market with strong support from the Government

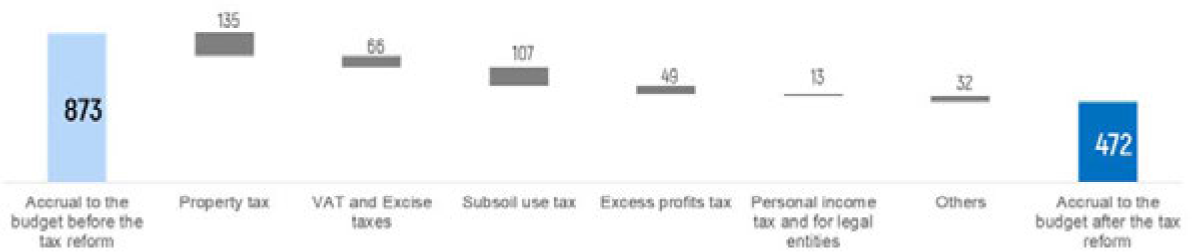
The Company is the national state-owned holding company for the Republic of Uzbekistan’s oil and gas industry, with significant experience in the construction of facilities of various complexity. The Company is a strategically important company for the Republic of Uzbekistan, which makes a significant contribution to the development of the industrial sector and is the second largest taxpayer in the budget of the Republic of Uzbekistan. In 2020, the Company provided 5.4% of total revenues to the state budget and 3.5% of GDP, and accounted for at least 67% of the total hydrocarbon raw materials produced in Uzbekistan. The oil and gas industry in Uzbekistan accounted for up to 40 % of all foreign direct investment in the country over the past 10 years (according to the Investment Promotion Agency of Uzbekistan, Ministry of Investment and Foreign Trade of Uzbekistan). The envisaged infrastructure growth in the country, and increases in the number of power and infrastructure projects in the country provide a number of growth opportunities for the Group, in line with the Group's development strategy.

In order to expand its raw materials base and deepen its processing, increase the production volumes of competitive products with high added value, attract broad foreign direct investments and advanced technologies in the sector, ensure the socio-economic efficiency of investment projects and create high-paying jobs as well as accelerated socio-economic development of the regions of Uzbekistan, every year the President approves the Investment Program of the Republic of Uzbekistan, within the framework of which investment projects of the Company are implemented. The main strategy of the Government of the Republic of Uzbekistan in this aspect is to ensure fuel and energy security by bringing the parameters of production of oil and gas products within the Republic to the level of at least 80% of the needs of the country.

As a company that is 99.94% owned by the state, the Company benefits from the strong support of the Government. The Government of the Republic of Uzbekistan is actively involved in the management process of the Company. The Company's operational activities are regulated by such departments as the Ministry of Finance, the Ministry of Energy, the Ministry of Economy and Poverty Reduction of the Republic of Uzbekistan.

Certain key decisions, including the determination of priority directions of the activities of the Company, approval of the investment program (establishment of the subsidiaries), the strategies for managing the debt portfolio and risk management are made upon the approval of the Supervisory Board of the Company, which is made up of seven higher ranking representatives of Uzbekistan state authorities and agencies, with two vacancies for the independent Supervisory Board members who are to be appointed in due course. The members of the Supervisory Board are appointed by the Ministry of Finance of the Republic of Uzbekistan.

To date, the Republic has provided financial support by issuing guarantees for loans for the implementation of investment projects in the oil and gas industry in the amount of U.S.$2.88 billion, which is 85% of the total debt portfolio of the Company. The Government of the Republic of Uzbekistan also regularly provides additional support in the form of loans. As a result of certain tax reforms, the Company also saved U.S.$290 million in taxes in 2019 (the Company was expected to pay U.S.$851 million initially), and U.S.$400 million in 2020 (the Company was expected to initially pay U.S.$873 million).



The coronavirus pandemic has demonstrated the comprehensive readiness of the Government of the Republic of Uzbekistan to provide emergency support to all affected sectors of the country's economy. Despite the fact that the pandemic did not have a significant negative impact on the Company, the government provided support in the form of capitalisation of the debt on the UFRD loans in the amount of U.S.$1.7 billion to the authorised capital of the Company in 2020, in order to increase its financial stability and investment attractiveness and to mitigate the high debt burden on the Company related to such loans.

The Company is the largest representative of the corporate sector of the Republic of Uzbekistan and implements significant investment projects for the Republic. As a result, the Government of the Republic of Uzbekistan seeks to preserve the financial stability of the Company to maintain the investment attractiveness of both the Company and other companies of the Republic of Uzbekistan and the country itself.

The Company has a resilient business model as it is a vertically integrated oil and gas company

The Company is vertically-integrated across the energy value chain and conducts prospecting, exploration and development, preparation, refining and retail activities, principally in Uzbekistan. Its exploration and development are conducted onshore. The Company's value chain currently benefits from control over upstream and downstream infrastructure, which supports earnings and financial performance throughout the oil price cycle, and allows to maximise the incremental margin captured by the Company.

The Company also has a 50% or greater stake in the following joint ventures:

- JV Kokdumaloq-Gaz LLC for the utilisation of low-pressure associated gases from five fields together with the company Gas Project Development;
- JV Uz-Kor Gaz Chemical LLC for the production and processing of hydrocarbon raw materials together with the Korean company "KOGAS";
- JV Asia Trans Gas LLC, a public pipeline transport together with the Chinese company CNPC;
- JV Gissarneftgaz LLC for conducting geological exploration work on oil and gas fields and their development, together with the Russian company Gazprom;
- JV Natural Gas-Stream LLC for the exploration, development, production, processing and marketing of hydrocarbons together with the company Gas Project Development;
- JV New Silk Road Oil And Gas LLC for the exploration, development, production, processing, transportation and marketing of hydrocarbons together with the Chinese company CNPC; and
- JV Andijan Petro LLC for oil and gas production, together with the Russian company Zarubezhneft.

The Company is the Largest Producer of Natural Gas in Uzbekistan

The Company is the largest producer of natural gas in Uzbekistan. In 2020, the Company produced 33.1 billion cubic metres of gas (gas production in Uzbekistan amounted to 49.7 billion cubic metres). Its market share in Uzbekistan was 58.2% and 67.6% of oil and gas condensate and gas production volumes, respectively, in the year ended 31 December 2020. Oil and gas condensate production by the Company in 2020 and the first half of 2021 amounted to 1,619.6 and 772.4 thousand tonnes, respectively. For the first half of 2021, the Company's gas production amounted to 16.7 billion cubic metres, which is 64% of the total production in the Republic. The Company is planning to increase gas output in 2021 to produce 33.9 billion cubic metres of natural gas, 1.4 tonnes of gas condensate and 109,000 tonnes of oil.

Strong and experienced management team

According to the Law of the Republic of Uzbekistan "On Joint-Stock Companies and protection of Shareholders 'Rights", and the Company's Charter, the Company is managed by the General Meeting of Shareholders, the Supervisory Board and the Management Board.

The supreme management body of the Company is the General Meeting of Shareholders. The General Meeting of Shareholders of the Company is convened at least once a year, but not later than six months after the end of the financial year. During the period between meetings, the general management of the Company's activities is carried out by the Supervisory Board and the Management Board.

The management of the Company's day-to-day activities is carried out by the Company's executive body, the Management Board, which consists of eleven members (currently there are 5 vacant positions), the Chairman of the Management Board, two First Deputies, five Deputies, and three members from the heads of key structural departments of the Company.

The members of the Supervisory Board of the Company were approved by the decision of the Sole (voting) Shareholder of the Company on 13 September 2021. The election of the members of the Supervisory Board is carried out by the General Meeting of Shareholders by cumulative voting (in case there are more than one shareholder in the Company). In the cumulative voting process, the number of votes belonging to each shareholder is multiplied by the number of persons to be elected to the Supervisory Board of the company, and the shareholder has the right to cast the votes received in this way in full for one candidate or distribute them among two or more candidates.

The Supervisory Board of the Company is formed of representatives of key ministries and departments relevant to the Company's activities who have recognised qualifications and substantial experience in their fields. The Supervisory Board of the Company holds meetings in person on average at least once a quarter which increases efficiency in terms of decision-making. The Supervisory Board is responsible for (i) monitoring the Company's strategy by regularly listening to the report of the Company's Management Board on the measures taken to achieve the Company's development strategy and evaluating the work of the Management Board, (ii) approval of the Company's business plan and monitoring of its execution; (iii) internal control of the Company's activities, including through the internal audit service and quarterly hearing of reports; (iv) compliance with the Corporate Governance Code and other documents regulating the Company's activities; and (v) monitoring the execution of decisions by the Company's Management Board.

Strategies

2020 – 2030 Strategy Overview

The Group's strategic vision is to facilitate the dynamic development of the fuel and energy industry of the Republic of Uzbekistan in a sustainable manner, taking into account the strategic interests of the state and providing for further economic growth while improving the quality of life of the population and strengthening the country's energy security. This includes: (i) meeting the growing needs of consumers in the fuel and energy industry at affordable competitive prices that ensure a return on investment, (ii) providing for the modernisation and reconstruction of existing enterprises in the fuel and energy industry, (iii) the construction of new facilities based on highly efficient technologies for the production and processing of energy resources, improving and automating the system of accounting and control of electricity and natural gas at all stages of gas supply, (iv) diversification of fuel and energy resources with the development of the use of renewable energy sources, and (v) implementation of appropriate geological and technical measures (aimed at increasing the reserves of hydrocarbons in the subsurface and increasing their production), (vi) providing the growing domestic market with modern types of motor fuels at competitive market prices, (vii) providing the market with deeply processed hydrocarbon raw materials with a higher added value; (viii) achieving a high level of transparency, profitability and international corporate business standards; and (ix) ensuring uniform and transparent conditions for all potential investors.

The Company has engaged and is working with the Boston Consulting Group to assist in developing its strategy in the longer term, up to 2040.

Dynamic development of the fuel and energy industry

The Group intends to expand its raw material base by further geological exploration in the oil and gas regions of the country (Bukhara-Khiva, Ustyurt and Gissar, Surkhandarya and Fergana), which will increase in the resource base of the Company.

The Company also intends to undertake (i) regular calculation and audits of the hydrocarbon reserves in accordance with the international standards of the Hydrocarbon Reserves Management System (PRMS); (ii) intensive interaction with international oil and gas companies using various mechanisms for building relationships (concessions, joint ventures, risk-service contracts, etc.) and concluding contracts based on the results of transparent tenders and auctions; (iii) projects relating to the medium- and long-term development programme of the Company; (iv) the update and digitisation of geological and geophysical data on deposits and new promising territories for comprehensive timely monitoring of the company's activities; and (v) implementation of the "digital field" concept.

Investment

The Group is undertaking investment programs for ongoing projects in 2022-2026 with an estimated value of U.S.$2,719.1 million (broken into investments of U.S.$1,079.8 million in 2022, U.S.$604.3 million in 2023, U.S.$345 million in 2024, U.S.$345 million in 2025 and U.S.$345 million in 2026). The projects include:

- Synthetic fuel production based on refined methane by the Shurtan GCC with completion planned for the fourth quarter of 2021. The goal of the project is to produce 3.6 billion cubic metres per year. Gas will be processed with the receipt of 1.5 million tonnes of synthetic liquid fuel, including 307.3 thousand tonnes of aviakerosin, 724.6 thousand tonnes of diesel fuel, 437.3 thousand tonnes of naphtha, and 53.4 thousand tonnes of liquefied gas. This project will also create 1,321 new jobs.

- Expansion of production capacity of Shurtan GCC, worth U.S.$1.8 billion. By commissioning this project in 2023, additional production of 100 thousand tonnes of polypropylene and 280 thousand tonnes of polyethylene will be possible. This project will also create 800 new jobs.

- The Hydrocarbon Programme, which aims to further maintain and increase hydrocarbon production by accelerating the construction of wells and facilities on prospective areas and fields, as well as their development through the attraction of modern technologies.

The capital expenditures for the Company, based on segment information in the notes to the Financial Statements, was U.S.$1,690 million, U.S.$1,674 million and U.S.$1,440 million in 2018, 2019 and 2020, respectively. The Company's capital expenditures planned for 2021 is U.S.$1,616.7 million of which U.S.$290.8 million is allocated to the maintenance of production levels, U.S.$501 million is allocated to the GTL Project, U.S.$400.5 million is allocated to the Shurtan Project and U.S.$424.4 million is allocated to the next stage of the Hydrocarbon Programme. In 2022 and 2023 the capital expenditure for the Shurtan project is expected to be U.S.$734.8 million and U.S.$259.3 million, respectively.

Uzbekistan has recently opened to the outside world, and investment opportunities in the country are growing. The oil and gas industry has traditionally been the largest industry destination of foreign direct investment in Uzbekistan, with the industry accounting for up to 40% of all foreign direct investment in the country over the past 10 years, according to the Investment Promotion Agency of Uzbekistan, Ministry of Investment and Foreign Trade of Uzbekistan.

The Group has identified a number of conservative financial policy goals as part of its development strategy, to maintain a comfortable liquidity position and sustain the Group's profitability.

Taking into account the growth trend of ROACE, Net margin, Adjusted EBITDA and Net Profit over the past four years, the Company plans to set a target value for both ROACE at 15% and Net margin at 30% until 2026. The Company is targeting an increase in Adjusted EBITDA by at least 15%.

Taking into account all the covenants of the Company, as well as historical indicators, in order to maintain a comfortable level of debt burden, the Company decided to set the target debt-to-Adjusted EBITDA ratio at a level not higher than 4, and the target Adjusted EBITDA-to-interest ratio at a level not lower than 5. Free cash flows will be directed primarily to payments on obligations and investment projects, and after that dividend payments will be made in accordance with the Company's dividend policy. Dividends are not paid if the Net Debt/Adjusted EBITDA ratio exceeds 5. Dividends are paid after deduction from net profit for financial needs under the investment program and obligations. The limit on the size of dividend payments is no more than 50% of net profit.

The Company aims to maintain an irreducible cash balance at the level of at least U.S.$240 million, which is considered a sufficient amount of unselected credit lines.

Digitalisation and process optimisation

The Company has been exploring a number of digitalisation initiatives and projects to optimise processes, enable research and increase efficiency. For example, geological models are being developed under the "Digital Field" programme, which began in 2005 and has continued until 2021. The Digital Field programme involves information being transmitted from the oil and gas processing units on site to a central database. The information is transferred to oil and gas production units for study and eventually collated in a central state database.

In terms of the development of the digital economy, a memorandum was signed in December 2020 between the Ministry of Energy of the Republic of Uzbekistan and the Russian company X-Holding, to develop a corporate information system. The agreement is for the development of a concept and a roadmap for digitalisation of the Fuel and Energy industry of the Republic of Uzbekistan for the period 2021-2025. To date, work has been completed on two out of three stages of the project, as a result of which the current level of automation of business processes at the enterprises of the Company has been analysed and a target model of the Company has been developed. X-Holding has also presented a preliminary roadmap for digitalisation of the Company with the initiatives for the implementation in priority areas for the period 2021-2027.

Business Operations

Project Portfolio

A key component of Uzbekistan's oil and gas policy is the stabilisation of oil and gas production from existing oil and gas fields and the exploration of new oil and gas fields. Consequently, a number of projects are executed in Uzbekistan to reconstruct already exploited fields in order to maintain production as well as to develop new fields in order to meet a growing domestic demand for hydrocarbons. Additionally, new facilities are required to process raw hydrocarbon materials in order to foster the production of in demand high value products that will aid in the development of related industries. For a more detailed description of key trends and outlooks in the oil and gas industry in Uzbekistan, please see "*Industry Overview*".

As of 31 August 2021, the Company has shares in thirteen joint ventures. Below is a description of some partnerships and joint ventures ("**JV**") the Company is engaging in:

- In 2004, a Production Sharing Agreement (PSA) was signed between the Republic of Uzbekistan and a consortium of investors in the Russian oil company Lukoil and the Company with respect to the section of the Kandym group of oil deposits, the sections of Khauzak and Shada, as well as the Kungrad section for a period of 35 years.
- The Company and UOP Limited, a subsidiary of Honeywell International, are in discussions to upgrade the Bukhara Oil Refinery.
- The Company, Sibur and Gazprom Neft have agreed to explore opportunities for potential projects in Uzbekistan. An area of interest is expanding the production capacity of the Shurtan Gas Chemical Complex and construction of a gas chemical complex based on natural gas resources with a capacity of 3 billion cubic metres.
- The Company and Lukoil are forming a joint venture for exploration. The Company is also interesting in learning from Lukoil's corporate management solutions such as enterprise resource planning and their application of digitalising production.
- The Company and Tatneft have agreed terms to produce oil in the Gergana Valley alongside prospecting, exploration and development of hydrocarbon fields in Uzbekistan.
- The Company and Zarubezhneft are implementing a project for hydrocarbon production in Khartoum, East Khartoum and South Alamyshik.
- The Company, SOCAR and UzChemProm JV intend to export chemical and petrochemical products from Uzbekistan to Europe.

The Company previously had a joint venture with Jizzakh Petroleum JV, however it excluded the specified equity shares in such joint venture from its total shareholders' equity as of 10 October 2021.

Key completed projects

The Group completed construction of the Ustyurt Gas Chemical Complex in September 2012 with Uz-Kor and a number of Korean companies - the Korean consortium included Korea Gas Corporation (KOGAS), Lotte Chemical Corporation, and GS Exploration and Research. The production capacity of the Ustyurt Gas Chemical

Complex is 4.5 billion cubic metres per year, and the facility manufactures processed gas, polyethylene 387 KTA, polypropylene 83 KTA, pyrolysis distillate 102 KTA, and andpyrolysis oil 8 KTA.

Key ongoing projects

The Company has a number of on-going projects, including the implementation of its largest investment project (U.S.$3.7 billion), a gas-to-liquids plant (the GTL Project) aimed at expanding Uzbekistan's capacity for deep processing of natural gas, thereby reducing the requirement for the import of oil products and strengthening the energy independence of the Republic. The plant is expected to process 3.6 billion cubic metres of gas and produce 1.5 million tonnes of Euro-5 standard synthetic liquid fuel, including 311,000 tonnes of jet fuel, 743,000 tonnes of diesel fuel, 431,000 tonnes of naphtha and 53,000 tonnes of liquefied gas.

A further project of note for the Company is upgrading the existing Shurtan Gas Chemical Complex (U.S.$1.8 billion) which is to be commissioned in 2023, as a result of which the volume of polymer production will be increased, the range of materials able to be produced will be expanded and the export capacity of the Republic will be increased. The expected outcomes of the project are the production of polyethylene (up to 280,000 tonnes), polypropylene (up to 100,000 tonnes) and pyrolysis distillate (up to 50,000 tonnes).

The Company has also developed the Hydrocarbon Programme, a programme to increase hydrocarbon production between 2017-2021 (U.S.$3 billion). The aim of the project is to increase hydrocarbon production through the accelerated construction of wells and facilities in promising fields and attracting foreign investment to make use of modern technologies (including booster compression stations). In 2021, a booster compressor station will be commissioned in Dengizkul. To date, construction and installation works are at the completion stage and to maintain stable production of hydrocarbon raw materials, further enhanced measures are being taken to expand geological exploration activities in order to develop potential new territories and sites that are aimed at increasing the reserves of hydrocarbons. Production is expected to amount to approximately 1 million cubic meters per day.

The Company also continues to seek international partners to collaborate with. The majority of the joint ventures in place are focused on hydrocarbon production including:

1. *Andijanpetro JV LLC* - oil production enhancement in three fields located in the Andijan region. The foreign partner is the Russian Zarubezhneft PJSC.

2. *New Silk Road Oil And Gas JV LLC* – gas and gas condensate fields development in Bukhara region in partnership with CNPC (China).

3. *Natural Gas-Stream JV LLC* - an operating company that is responsible for the hydrocarbon production programme for 2017-2021, licenced for gas/gas condensate fields development and geological exploration. The foreign partners for the project are Gas Project Development Central Asia AG (Switzerland) and Altmax Holding Ltd.

Key upcoming projects

Below is a brief description of the Group's key upcoming projects in the oil and gas sector.

The Group is planning to implement three prospective investment projects. Those projects include:

- Compensation of retired capacities of sulphur recovery plants of Mubarek Gas Processing Plant during the period 2021-2023;

- Production of industrial oil for compressor cleaning during the period 2022-2023; and

- Organisation of production of linear alkyl benzene during the period 2022-2025.

The projects are expected to total U.S.$354 million of which U.S.$135.8 million is to compensate for the outgoing capacities of the sulphur production unit at the Mubarek gas processing plant, U.S.$18 million is for compressor cleaning, and U.S.$200 million is for organising the production of linear alkyl benzene.

Exploration and Production

In 1997, the construction and commissioning of a compressor station with units of the Dresser-Rend company (USA) at the Kokdumalak field was carried out by the Company and foreign investors. The construction of the Kokdumalak compressor station was an important step for Uzbekistan in the development of the oil and gas industry, and the implementation of this project together with Kellogg (USA) and Nisho Iwai (Japan) was the beginning of attraction of foreign investment in the industry.

The construction of the Shurtan Gas Chemical Complex was carried out in 2001 together with a consortium led by ABB Lummus Global (USA), which included Mitsui, Toyo Engineering and Nisho Iwai (Japan) and ABB Soimi (Italy).

In 2002, the agreement on strategic cooperation in the gas industry was signed between Gazprom PJSC and the Company, the purpose of which was to establish and increase cooperation between the parties. The implementation of a pilot project of decommissioning and development of residual gas reserves at the Shakhpakhty field enabled Gazprom PJSC to start further development of its activities in the oil and gas sector of Uzbekistan. On 14 April 2014, a production sharing agreement was signed between the Company and a consortium comprising Zarubezhneftegaz CJSC, Gazprom PJSC and Gas Project Development Central Asia AG (Switzerland) for the project related to further development of the Shakhpakhty field.

In 2004, a production sharing agreement was signed between the Republic of Uzbekistan and a consortium of investors comprising the Russian oil company Lukoil and the Company in relation to the site of the Kandym group of fields, the Khauzak and Shady areas, and the Kungrad area for a period of 35 years.

On 30 August 2006, a production sharing agreement in relation to the Uzbek part of the Aral sea was signed between the Republic of Uzbekistan and a consortium of investors comprising CNPC (China), KNOC (Korea), Lukoil Overseas Holding Ltd. (Russia), Petronas Carigali Overseas SDNBHD (Malaysia) and the Company, which entered into force on 30 January 2007.

Under the Hydrocarbon Programme, hydrocarbon production volumes are increased by accelerating the construction of wells and facilities on prospective areas and fields, as well as their development by attracting foreign investments and modern technologies. The total cost of the project is U.S.$3.0 billion dollars, to be paid back over a period of 9 years and 3,000 jobs are expected to be created. The project is expected to increase capacity for production of natural gas by 100 billion cubic metres and for gas condensate by 1.5 megatonnes. The sources of funding for this project are U.S.$1,015 million of the Company's own funds and U.S.$1,985 million of foreign loans. In accordance with the resolutions of the President of the Republic of Uzbekistan of 18 November 2019 (No.PP-4522) and of 21 April 2021 (No.PP-5083), between 2022 to 2026 the Hydrocarbon Programme is expected to cover: (i) 3D seismic exploration, (ii) the introduction of new areas, (iii) exploratory and parametric drilling, and (iv) completion of exploration and parametric wells.

Main Gas Condensate Fields (Megafields)

The following is a summary of the Company's main gas condensate fields:

Alan field: The Alan field was discovered in 1977 and began pilot production in 1979. The field is considered approximately 84% depleted when compared to the material-balance estimate of original gas-in-place. The field is considered developed and no additional drilling is planned. Its total current well inventory consists of 90 active producers and 45 wells that are shut in or abandoned. Cumulative production through 30 September 2021 was 196,840 million cubic metres of gas and 7,293 thousand metric tonnes of condensate.

Dengizkul Field: The Dengizkul field was discovered in 1967 and began production in June 1981. The field is considered approximately 76% depleted when compared to the volumetric estimate of original gas-in-place. The field is considered to be developed, but additional acceleration wells may be drilled. Its total well inventory consists of 35 active producers and 65 wells that are shut in or abandoned. Cumulative production through 30 September 2021, was 121,403 cubic metres of gas and 1,732 metric tonnes of condensate.

Pamuk Field: The Pamuk field began production in 1979. The field is considered approximately 90% depleted when compared to the material-balance estimate of original gas-in-place. The field is considered developed and no additional drilling is planned. Its total well inventory consists of 29 active producers and 33 wells that are shut in or abandoned. Cumulative production through 30 September 2021, was 115,985 cubic metres of gas and 6,236 metric tonnes of condensate.

Semantepe Field: The Semantepe field was discovered in 1964 with development and production beginning in 1986. The structure of the field extends into Turkmenistan. Only those volumes located in Uzbekistan have been included herein. No data have been provided for the portion of the field located in Turkmenistan; therefore, no information regarding production is known. Within the borders of Uzbekistan, the field is considered approximately 62% depleted when compared to the material-balance estimate of original gas-in-place. The field is not fully developed, and facilities upgrades along with additional drilling are planned. Its total well inventory consists of 45 active producers and 12 wells that are shut in or abandoned. Cumulative production through 30 September 2021, was 44,149 cubic metres of gas and 575 metric tonnes of condensate.

Southern Kemachi: This field was discovered in 1979 and began production in 1980. The field is considered approximately 72% depleted when compared to the volumetric estimate of original gas-in-place. A portion of the remaining volumes in the field will require additional drilling to be recovered; therefore, the field is not considered fully developed. Its total well inventory consists of 77 active producers and 29 wells that are shut in or abandoned. Cumulative production through September 30, 2021, was 57,866 cubic metres of gas and 1,929 metric tonnes of condensate.

Urtabulak Field: The Urtabulak field began production in 1973. The field is considered approximately 73% depleted when compared to the volumetric estimate of original gas-in-place. A portion of the remaining volumes in the field will require additional drilling to be recovered; therefore, the field is not considered fully developed. Its total well inventory consists of 32 active producers and 71 wells that are shut in or abandoned. Cumulative production through 30 September 2021, was 75,444 cubic metres of gas and 726 metric tonnes of condensate.

Zevardy Field: The Zevardy field began production in 1978. The field is considered approximately 89% depleted when compared to the material-balance estimate of original gas-in-place. The field is considered developed and no additional drilling is planned. Its total well inventory consists of 86 active producers and 53 wells that are shut in or abandoned. Cumulative production through 30 September 2021, was 271,341 cubic metres of gas and 12,589 metric tonnes of condensate.

Shurtan field: The Shurtan field was discovered in 1958. The gas condensate reservoir of the Shurtan field is massive. The Shurtan field began production in 1980 and is considered approximately 82% depleted when compared to the volumetric estimate of original gas-in-place. Its total well inventory consists of 176 active producers and 95 wells that are shut in or abandoned. Cumulative production through 30 September 2021, was 519,912 cubic metres of gas and 21,739 metric tonnes of condensate.

Transportation of Gas

UTG is the state-owned entity that is responsible for the purchase of natural gas from gas producing organisations for further transportation, for both export and import purposes, as well as the sale of such natural gas to consumers connected to main gas pipelines. UTG was created by JSC Hududgaztaminot for the operation of gas distribution networks and the supply of natural and liquefied gas to the population and social facilities.

In 2007, Uzbekistan joined the large-scale project of construction of the transnational gas pipeline Turkmenistan-Uzbekistan-Kazakhstan-China, which is the longest in the world (7000 km). ATG was established between the Company and Chinese company, Trans-Asia Gas Pipeline Company Limited ("**TAPLine**"), which is a structural division of China National Petroleum Corporation ("**CNPC**") for the design, construction and operation of the Uzbek section of the gas pipeline (530 kilometres). ATG has an authorised capital of U.S.$3 million and each participant has an equal share of 50% in the charter capital of ATG. ATG is controlled by the Company and TAPLine (which is fully controlled by the Government of the PRC through state-owned company CNPC).

ATG transits an average of 40 billion cubic metres of natural gas annually. In 2011, the Uzbekistan-China gas pipeline (Uzbek section) (1-2 lines) were built and in 2014, the Uzbekistan-China gas pipeline (Uzbek section) (3 lines) were built.

Refining and Trading

Refining Facilities

The Group operates five major oil and gas refineries in Uzbekistan: the Mubarek Gas Processing Plant with processing capacity of 30 billion cubic metres of natural gas per year, the Shurtan Gas Chemical Complex with processing capacity of four billion cubic metres of natural gas per year, the Bukhara Oil Refinery with processing capacity of 2.5 million tonnes of oil and gas condensate per year, the Chinaz Oil Refinery with processing capacity of 117 thousand tonnes of gas condensate, gas-oil and straight-run gasoline per year the and Ustyurt Gas Chemical Complex with processing capacity of 4.5 billion cubic metres of natural gas per year. The Company has 2,600 thousand tonnes of oil refinery capacity (of which the Bukhara Refinery accounts for 2,500 thousand tonnes).

The Bukhara Oil Refinery was built in conjunction with the French company Technip. The French Oil Institute, the American company, Merikem and the Dutch company, Komprimo each used their licences and contributed to the technological processes used in the plant. The plant has a processing capacity of 2.5 million tonnes of oil and gas condensate per year with the production of highly liquid products including gasoline, jet fuel, diesel fuel, fuel oil, liquefied gas, and sulphur. The plant also has capacity to produce the high-octane brands AI-91 and AI-95, environmentally friendly diesel fuels that are resistant to low temperatures, and Jet-A-1 aviation fuel intended for Boeing and Airbus airliners. The design capacity of the plant is 2.5 million tonnes with subsequent production of 641 thousand tonnes of gasoline; 300 thousand tonnes of aviation kerosene; 1027 thousand tonnes of diesel fuel; 480 thousand tonnes of fuel; 33 thousand tonnes of liquefied gas; 8 thousand tonnes of petroleum solvent; and 12 thousand tonnes of sulphur.

The design capacity of the Chinoz Refinery is 117 thousand tonnes of raw materials with the production capacity of 43 thousand tonnes of AI-80 gasoline, 6.5 thousand tonnes of hydrocarbon solvents, 40.4 thousand tonnes of diesel fuel, and 27.3 thousand tonnes of fuel oil.

The Company also operates three downstream facilities. In the Shurtan Gas Chemical Complex and Ustyurt Gas Chemical Complexes, separation of ethane, propane and butane components from the primary composition of natural gas is carried out and high added value polymer products are produced, namely, polyethylene and polypropylene, by applying deep processing procedures. As a result, purified natural gas is transferred from the Shurtan Gas Chemical Complex to the GTL Uzbekistan plant for the production of liquid synthetic fuel products. The majority (60%) of the raw materials come from local producers and through imports.

The Company is also expanding the capacity of the Shurtan Gas Chemical Complex, which is expected to be completed by 2023, and is engaged in construction of the GTL Project, which is located in the Kashkadar region. Construction commenced in 2017 and it is expected to have an estimated processing capacity 3.6 billion cubic metres of natural gas per year. The plant was meant to be completed by August 2021 but was delayed due to COVID-19 pandemic.

The table below illustrates the amount of feedstock utilised by the Company in its refineries between 2017 and 2020 and the output produced from the refining process:

Name	2017	2018	2019	2020
Raw materials processed (in thousand tonnes)	**2,825.8**	**3,078.3**	**2,707.3**	**1,844.6**
Local crude oil (which can be split into the sub-categories below)	1,715.1	1,878.4	1,790.5	1,062.1
local oil	694.4	655.7	597.8	161.9
gas condensate	1,020.7	1,222.7	1,192.7	900.2
Crude oil from the reserve	—	106.6	25.1	—
Crude oil for import (which can be split into the sub-categories below)	1,022.9	1,015.6	807.6	708.5
oil	252.2	411.8	183.5	249.7
gas condensate	17.8	—	—	107.3
petrol	225.1	102.7	25.1	9.7
gasoil	527.8	501.1	599.0	341.8
Crude oil for tolling (which can be split into the sub-categories below)	49.3	25.4	15.0	4.7
oil	9.0	23.7	3.0	—
gas condensate	—	—	4.2	1.4
petrol	38.0	1.7	7.8	3.3
gasoil	2.3		—	
Semi-finished local petrol	—	11.9	—	3.7
Toll-free oil	—	25.1	27.8	—
Pyrolysis distillate and oil	8.6	1.0	41.1	49.4
Semi-finished petrol toll-free	28.8	9.1	—	2.6
Semi-finished diesel fuel toll-free	—	4.9	—	13.6
Heating oil toll-free	0.4	—	—	—
Additives	0.7	0.3	0.2	—
Output produced (total in thousand tonnes)	**2,627.4**	**2,865.4**	**2,585.9**	**1,761.1**
Petrol	1,106.1	1,146.9	1,016.2	843.9
Diesel fuel	949.2	1,069.0	1,020.2	616.0
Jet fuel	185.9	192.5	157.1	89.3
Heating oil flux	89.5	122.9	97.0	118.4
Petroleum oil	84.0	89.7	60.2	—
Oil bitumen	85.8	93.4	62.3	—
Technical kerosene	9.0	9.0	5.7	—
Furnace fuel	23.1	16.8	17.1	—
Extracted petrol	12.0	10.3	8.2	—
Petroleum coke	29.0	39.3	31.8	—
Other petroleum products	53.8	75.6	110.1	93.5

Trading

In the past, the financial burden resulting from the difference in natural gas prices on domestic and international markets was challenging for the Company. However, this has been addressed by the 'Master Plan for the Gas Transmission System Development Program to the Year 2030' instigated by the Government pursuant to the Resolution of the President of Uzbekistan dated 4 November 2020 (No.PP-4664), which provides for a wholesale natural gas market to be created for the transportation and sale of natural gas based on exchange trading which will allow the Company and its upstream companies the right to sell natural gas at market prices. This follows the pricing deregulation of certain petroleum products pursuant to the Resolutions of the President of Uzbekistan dated 14 November 2017 (No.PP-3386), 8 October 2019 (No.PP-4484), and 17 March 2021 (No.PP-5031), in which it was determined that the sale of petroleum products to consumers by refineries shall be determined exclusively through exchange trading. This showed that selling such petroleum products at market prices generated a positive cash flow from sales.

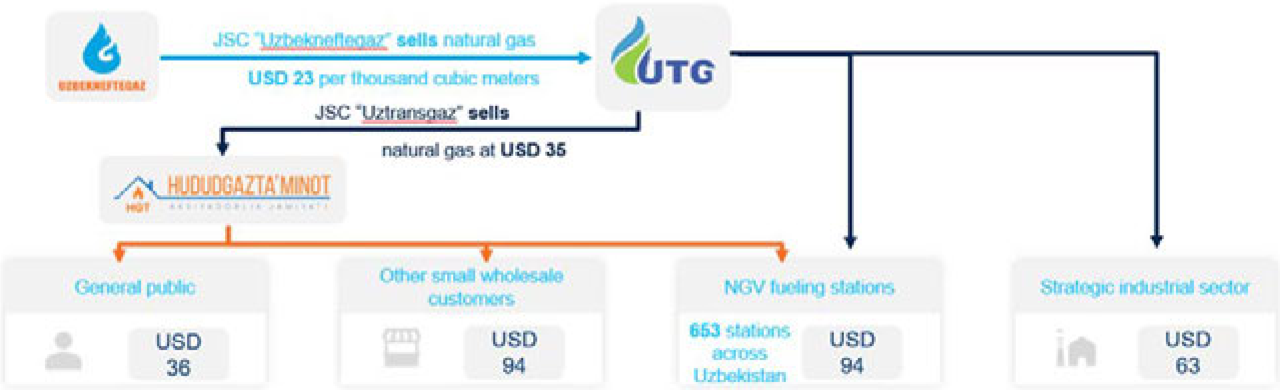
Exchange trading is based on daily/weekly quotations from international price agencies for oil and gas products, which the Company uses to set the starting prices for its products. This data is then transferred to the Uzbek Republican Commodity and Raw Materials Exchange and trades take place on the principle of price increase. The final price is the highest bid price at the close of the auction.

The Company typically trades its products using exchange-traded contracts and offtake contracts. Exchange traded contracts are derivatives used for speculation, industrial production planning and risk hedging which stipulate a specific set of volumes, grades and quality specifications, definitions, durations, delivery points and dates, and trading and credit procedures for the available products. The Company's products which are subject of these exchange-traded contracts are sulphur, liquefied gas, petroleum products and polyethylene (from the Shurtan GCC). The Company's standard contract terms require 100% advance payment in USD or UZS, with the delivery of the goods taking place 'free carrier' (FCA) when it is delivered to a named place and/or 'delivered at place' (DAP) when it is placed at the disposal of the buyer at the Uzbekistan borders. The Company is required to deliver the goods within 30 to 90 days from the date of payment for the goods and provide the relevant specifications, quality certificates and other required documents to the buyer. As described above, exchange trading is carried out based on the principle of price increase. The contract incorporates INCOTERMS-2010, which are pre-defined commercial terms published by the International Chamber of Commerce relating to trade and delivery of goods ("**INCOTERMS-2010**").

The Company also uses offtake contracts, which are arrangements between the Company and a buyer to purchase an amount of products that are soon to be produced. Polyethylene from Uz-Kor is typically the product traded under offtake contracts. The Company's standard terms include 100% advance payment for the product to be delivered and payment in U.S. dollars. Delivery is typically 'free carrier' (FCA) at the Ustyurt Gas Chemical Complex. The Company is required to deliver the goods within 30 to 90 days from the date of payment for the goods and provide the relevant specifications, quality certificates and other required documents to the buyer. The contract term is typically one month. Again, the contract incorporates the INCOTERMS-2010.

Tariffs

The Company sells natural gas at a price of $23 per thousand cubic metres to UTG, which in turn sells natural gas to the general population at $36 per thousand cubic metres, to other small wholesale consumers at $94 per thousand cubic metres, to the 653 natural gas stations throughout the Republic of Uzbekistan at $94 per thousand cubic metres, and to strategic partners in the industrial sector (such as JSC TPP, JSC Uzkimesanoat, JSC Uzpromstroymaterialy and GP Navoi MMC), and others at $63 per thousand cubic metres.



The mechanism for determining prices for petroleum products is to establish the benchmark price from the S&P Global Platts service (a provider of energy and commodities information and a source of benchmark price assessments in the physical commodity markets), take into account any premiums or discounts and multiply it by the U.S. dollar exchange rate. Prices are determined on a daily basis, based on the Platt quotes and the U.S. dollar exchange rate from the previous day. In this regard, in the event of a devaluation, the prices of petroleum products will react directly the next day.

The cost of gas purchased by the Mubarek gas processing plant is determined based on the cost of production and preparation at the Mubarek oil and gas processing unit (both divisions are part of the Company). The gas is transferred from the oil and gas processing unit to the gas processing plant and there is no actual purchase and sale. This transaction is reflected in the financial model as a purchase to account for all of the operating costs incurred by the oil and gas processing unit.

The price of liquefied gas sold to special entities who supply liquefied gas to the general population for household needs, and for natural gas sold by the Company is regulated by the state and does not reflect global market prices.

Due to the fact that the domestic resources of liquid hydrocarbon raw materials are insufficient to meet the domestic demand for petroleum products, the Company imports certain amounts of liquid hydrocarbon raw materials (such as crude oil, gas condensate, and gas oil) and finished petroleum products to the domestic market, the prices of which, in turn, depend on their quotations on global market pricing.

Customers

Internationally, the Company's main active customers over the past five years are the CIS countries (Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan and Ukraine), South Asia, Turkey, China and the countries of Eastern Europe. For the period ended 31 August 2021, most of the oil and gas products produced by the Company were sold to 7 companies from Russia, 2 companies from China, 5 companies from Kazakhstan and 2 companies from Turkey. Sales were also made in Latvia, Tajikistan, Ukraine, and Afghanistan.

The following table sets out the breakdown of exports by country:

Country	2017	%	Country	2018	%	Country	2019	%	Country	2020	%
Russia........	116,984	25%	Russia	152,046	30%	Russia	134,962	35%	China	71,182	22%
Turkey.......	114,212	24%	Turkey	99,124	20%	Kazakhstan	74,057	19%	Russia	67,622	21%
China.........	98,966	21%	China	82,416	16%	China	59,530	15%	Turkey	59,214	18%
Kazakhstan	47,753	10%	Kazakhstan	70,013	14%	Turkey	45,549	12%	Kazakhstan	37,840	12%
Latvia........	42,462	9%	Tajikistan	39,714	8%	Afghanistan	24,396	6%	Afghanistan	26,539	8%
Afghanistan...............	35,169	7%	Latvia	25,363	5%	Tajikistan	18,950	5%	Tajikistan	22,254	7%
Kyrgyzstan	3,973	1%	Kyrgyzstan	10,481	2%	Latvia	16,441	4%	Latvia	20,642	6%
Poland	3,440	1%	Afghanistan	7,327	1%	Kyrgyzstan	3,773	1%	Ukraine	10,596	3%
Ukraine	2,952	1%	Ukraine	4,544	1%	Iran	3,177	1%	Kyrgyzstan	4,005	1%
Tajikistan ..	2,003	0%	UAE	4,051	1%	Poland	2,695	1%	Estonia	2,933	1%
Others........	7,600	2%	Others	13,055	3%	Others	4,393	1%	Others	2,672	1%
Total (the Company and Joint Ventures) ..	475,515	100%	—	508,132	100%	—	387,924	100%	—	325,499	100%

Total exports of petroleum products and gas chemical products for the period 2017 – 2020 are as follows:

	2017	2018	2019	2020
Total export (in thousand tonnes) (covering the Company and Joint Ventures).................	**605.8**	**696.2**	**547.2**	**574,6**
Polyethylene..	401.5	375.6	368.1	371.7
Polypropylene	49.9	23.0	0.7	12.8
Liquefied gas...	22.3	81.5	59.2	68.6
Oil refinery products	123.7	138.0	62.1	113.7
Sulphur..	8.4	78.1	57.0	7.8

The Company does not export natural gas and crude oil products internationally, only petroleum and gas chemical products.

Domestic sales of natural gas and crude oil for the period 2017 – 2020 are as follows*:*

Total amount	2017	2018	2019	2020
Natural gas (in million cubic metres)	47,598.4	51,084.5	50,094.5	42,312.9
Crude oil (in thousand tonnes)	813.59	746.68	700.28	743.58

The breakdown of the sale of natural gas resources and distribution for 2017 to 2020 is as follows:

	million cubic meters			
	2017	**2018**	**2019**	**2020**
Natural gas production	**53,055.9**	**56,877.7**	**55,967.3**	**48,055.5**
Uzbekneftegaz JSC...	**39,341.2**	**35,440.5**	**33,515.9**	**33,600.7**
Mubarek OGPU	21,977.4	18,436.5	16,668.5	16,504.3
Shurtan OGPU	10,542.5	10,075.7	10,103.7	9,105.0
Gazli OGPU	5,028.9	4,714.1	4,354.7	4,281.6
Ustyurt GPU..	1,773.2	2,177.2	2,339.3	3,116.0
Vodiy OGPU..	19.2	37.0	49.7	97.1
JV “Jizzakh Petroleum”				496.5
Joint ventures	**13,714.7**	**21,437.2**	**22,451.3**	**14,454.9**
среднесуточная	37.6	58.7	61.5	39.5
JV “Kokdumalakgaz”..	603.2	807.9	787.1	517.4
JV “Natural Gaz Stream”	227.6	1,305.5	1,483.1	1,310.5
JV Lukoil	9,092.5	15,003.1	16,107.8	9,047.9
JV “New Silk Road Oil and Gas”	11.5	485.9	619.1	487.8
JV Gazprom	312.1	272.1	202.4	231.3
JV “Gisarneftegaz”..	450.0	365.9	294.4	248.5
JV “Uz-Kor Gas Chemical”	3,017.8	3,196.8	2,957.5	2,611.5
JV “Jizzakh Petroleum”				
Distributions - total	**53,055.9**	**56,877.7**	**55,967.3**	**48,055.5**
Intra-industry consumption	**5,457.4**	**5,793.2**	**5,872.7**	**5,742.6**
Domestic sale	**47,598.4**	**51,084.5**	**50,094.5**	**42,312.9**

The breakdown of the sale of crude oil for 2017 to 2020 is as follows:

	Crude oil production			
	2017	**2018**	**2019**	**2020**
	thousand tonnes			
Crude oil production.......................................	**813.59**	**746.68**	**700.28**	**743.58**
Uzbekneftegaz JSC...	**776.86**	**712.95**	**670.58**	**185.36**
Mubarker OGPU	388.05	360.16	327.11	125.10
Shurtan OGPU	205.35	178.00	179.95	
Vodiy OGPU..	76.89	69.25	64.73	0.01
Gazli OGPU	21.40	20.35	16.74	
Jakurganneft JSC...	85.18	85.18	82.05	60.25
JV+PSA..	**36.72**	**33.74**	**29.71**	**558.22**
JV Gissarneftegaz	29.11	26.81	22.73	21.32
JV Uzmaloil	7.62	6.93	6.21	6.30
JV Andijonpetro..	0.77	12.60		
JV Petromaruz Uzbeкistan			19.53	
JV Jizzakh Petroleum..			498.47	
Processing, total...	**784.14**	**727.22**	**681.84**	**740.82**
including Uzbekneftegaz JSC	758.33	704.53	661.03	184.93
Bukhara refinery	183.77	186.39	164.94	156.24
Fergana refinery	522.86	463.31	442.15	508.25
JV "Jarkurganneftepererabotka"........................	77.51	77.51	74.75	76.33

Domestic sales of petroleum products for the period 2017 – 2020 are as follows:

	2017	**2018**	**2019**	**2020**
Total amount (in thousand tonnes)	**1,767.2**	**1,862.5**	**1,618.8**	**1,718.0**
Polyethylene...	105.7	113.2	92.9	108.2
Polypropylene	43.6	62.4	82.3	98.8
Liquefied gas..	617.0	596.0	579.6	606.0
Sulphur...	138.6	299.1	114.3	153.3
Condensate...	862.3	791.7	749.9	751.7

Reserves

There are 283 hydrocarbon deposits on the territory of the Republic of Uzbekistan, of which 111 (50.2% of the reserves) belong to the Company. The Company enlisted DeGolyer and MacNaughton (“**D&M**”), independent petroleum engineers, to estimate the oil and gas reserves in its 54 main fields in line with the Petroleum Resources Management System rules approved in March 2007 and revised in June 2018 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts and the European Association of Geoscientists and Engineers ("**PRMS rules**"). The oil fields covered by the D&M report are the oil fields which the Company holds 100% working interest in.

According to D&M, as of 31 December 2020, the proven plus probable plus possible hydrocarbon reserves of the Company (according to international PRMS standards, see definitions below) for the main 54 fields of the Company amounted to 612.23 billion cubic metres of natural gas and 24.78 million tonnes of gas condensate and oil. If the production volume remains at the level it was in 2020, the availability of the Company's proven, probable and possible reserves is 18 years and of proved reserves is 11 years.

PRMS

According to PRMS international standards, as at 31 December 2020, the Company had in its 54 main fields:

- *Proved reserves* of 105,808 thousand barrels (12,826 thousand metric tonnes) of oil and condensate and 13,347,690 million cubic feet (377,966 million cubic metres) of sales gas;
- *Proved plus probable reserves* of 150,928 thousand barrels (18,419 thousand metric tonnes) of oil and condensate and 18,172,390 million cubic feet (514,583 million cubic metres) of sales gas; and
- *Proved plus probable plus possible reserves* of 199,466 thousand barrels (24,780 thousand metric tonnes) of oil and condensate and 21,620,571 million cubic feet (612,225 million cubic metres) of sales gas.

The following table sets forth the PRMS net reserves for the Company reflecting the 54 main fields as at 31 December 2020:

	Net Reserves			
	English Units		**Metric Units**	
Reserve Category	**Oil and Condensate (10^3bbl)**	**Sale Gas (10^6ft^3)**	**Oil and Condensate (10^3mt)**	**Sale Gas (10^6m^3)**
Proved Developed Producing	72,850	9,597,384	8,823	271,768
Proved Developed Non-Producing	8,181	857,075	978	24,271
Proved Development	**81031**	**10,454,459**	**9,801**	**296,039**
Proved Undeveloped	24,777	2,893,231	3,025	81,927
Total Proved	**105,808**	**13,347,690**	**12,826**	**377,966**
Probable	45,120	4,824,700	5,593	136,617
Proved plus Probable	**150,928**	**18,172,390**	**18,419**	**514,583**
Possible	48,538	3,448,181	6,361	97,642
Proved plus Probable plus Possible	**199,466**	**21,620,571**	**24,780**	**612,225**

Notes:

1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.

2. UNG has represented that its net interest is 100 percent in the evaluated fields; therefore, gross reserves are equal to net reserves and are expressed herein as net reserves.

3. "**Proved Reserves**" are those quantities of sales gas that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the estimate.

4. “**Probable Reserves**” are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability (P50) that the actual quantities recovered will equal or exceed the 2P estimate.

5. “**Possible Reserves**” are those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability (Pl0) that the actual quantities recovered will equal or exceed the 3P estimate.

6. “**Sales gas**” is defined as the total gas to be produced from the reservoirs, measured at the point of delivery, after reduction for fuel usage, flare, and shrinkage resulting from field separation and processing.

Oil and gas reserves are a material factor in the Group’s computation of depreciation, depletion and amortisation expenses and impairment losses. In estimating its reserves under PRMS rules, the Group uses long-term planning prices. Using planning prices for estimating proved reserves removes the impact of the volatility inherent in using year-end spot prices. Management believes that long-term planning price assumptions, which are also used by management for their business planning and investment decisions are more consistent with the long-term nature of the upstream business and provide the most appropriate basis for estimating oil and gas reserves. The Group has included in proved reserves only those quantities that are expected to be produced during the initial subsoil use contract period.

All reserve estimates involve some degree of uncertainty. The uncertainty depends mainly on the amount of reliable geological and engineering data available at the time of the estimate and the interpretation of this data. The relative degree of uncertainty can be conveyed by placing reserves into one of two principal classifications, either proved or unproved. Proved reserves are more certain to be recovered than unproved reserves and may be further sub-classified as developed and undeveloped to denote progressively increasing uncertainty in their recoverability.

Estimates are reviewed and revised annually. Revisions occur due to the evaluation or re-evaluation of already available geological, reservoir or production data, availability of new data, or changes to underlying price assumptions. Reserve estimates may also be revised due to improved recovery projects, changes in production capacity or changes in development strategy. Proved developed reserves are used to calculate the unit of production rates for Depreciation Depletion & Amortisation (“**DD&A**”) in relation to oil and gas production assets. The Group has included in proved reserves only those quantities that are expected to be produced during the initial subsoil use contract period. This is due to the uncertainties surrounding the outcome of such renewal procedures, since the renewal is ultimately at the discretion of the Government. An increase in the Group’s subsoil use contract periods and corresponding increase in reported reserves would generally lead to lower DD&A expense and could materially affect earnings. A reduction in proved developed reserves will increase DD&A expense (assuming constant production), reduce income and could also result in an immediate write-down of the property’s book value. Given the relatively small number of producing fields, it is possible that any changes in reserve estimates year on year could significantly affect prospective charges for DD&A.

For certain assets, proved reserves are based on certain estimations by internal engineers. For example, reserves are those quantities of sales gas anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining (as of the evaluation’s effective date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by development and production status.

Subcontractors and Suppliers

The Company's main subcontractors and suppliers include the following:

TMK is one of the world's leading producers of tubular products for the oil and gas industry. The Company has been working with TMK for many years. In 2020, TMK supplied more than 10,000 tonnes of pipes to the Company. The Company purchases longitudinal electric welded steel pipes, casing pipes and corrosion resistant pipes from TMK.

KMPO JSC is one of the largest machine-building enterprises in Russia. The main activity of KMPO is the serial production of gas turbine engines and related equipment for the transportation and distribution of natural gas. To date, more than 35 NK-16STD and NK-16-18STD engines produced by KMPO JSC are operated at the Company's booster stations. In 2021, the Company has concluded a number of contracts with KPMO JSC for the supply of new gas turbine engines, as well as their installation.

The **Enter Engineering Group** specialises in the construction of industrial and technological facilities of varying complexity. Using its extensive experience in the oil and gas industry, Enter Engineering implements EPC contracts and performs the whole range of complex construction on a turnkey basis. In June 2021, a new contract was signed by the Company with Enter Engineering for the design, supply of equipment and construction of a booster compressor stations at the Yuzhnaya Tandyrcha field in turnkey mode (Shurtan oil and gas production unit). The commissioning of the facility is scheduled for the end of this year.

The **Sintez OKA JSC** group of companies is a leader in the production of ethanolamines and alkylethanolamines in Russian and the CIS, and supplies its products to the international market. The Company purchases large quantities of MDEA for purification of natural and process gas from acidic impurities from Sintez OKA JSC.

SIBUR is the largest integrated petrochemicals company in Russia and one of the fastest-growing companies in the global petrochemicals industry. SIBUR JSC has supplied Diethylene Glycol to the Company since 2015.

Joint Stock Company ZLITINEFTGAZ is the research and design institute of Uzbekistan, which provides comprehensive scientific and design support for the development and construction of hydrocarbon deposits and the construction of oil and gas facilities in Uzbekistan. It provides the Company with research and assists with obtaining patents.

JSC Uzneftgazkuduktamirlash has been operating for more than 30 years. It is the main organisation that the Company enlists to maintain and repairs its oil and gas wells. JSC Uzneftgazkuduktamirlash's main task is the overhaul and maintenance of oil and gas wells, maintenance of gas and water injection wells in order to maintain reservoir pressure, and maintenance of water wells to provide drinking water to the population of the regions.

LLC Uzneftgaz Burgulash Ishlari provides the Company with a competitively capable structural service that meets all the requirements of world standards for turnkey well construction using modern equipment.

Property, Plant and Equipment

The main facilities of the Company are the following:

The Shurtan Gas Chemical Complex was founded in 2001 by consortium of several international companies led by ABB, Lummus (ABB Solari (Italy), Toyo Engineering). The complex has gas separation unit with capacity of 4 billion cubic metres per year, ethylene production unit of Lummus with 140 thousand megatonnes per year capacity, a Buten-1 production unit which uses Axens technology, a polyethylene production unit of Nova Chemicals with 125 thousand megatonnes per year capacity and two packaging lines of Windmuller & Holscher. The polyethylene refinery line conducts processing by using Ermafa equipment.

The Ustyurt Gas Chemical Complex was built by Korean consortium of companies (including: Samsung, and Hyundai) and began operating in 2016. The complex has gas separation unit with capacity of 4.5 billion cubic metres per year, the ethylene and propylene production units using KBR technology, two polyethylene production units with a total of 386 thousand megatonnes per year capacity, and and a polypropylene production unit with 90 thousand megatonnes per year capacity (each unit is made by Japan's Mitsui Chemical and Honam Petrochemical Corp). The facility also has three packaging lines and bag production equipment by Starlinger.

The Bukhara Refinery was commissioned in 1997. The plant's production facilities allow it to process 2.5 million tonnes of hydrocarbon raw materials per year and produce various brands of motor gasolines (including AI 91, 92, 95, 80), aviation fuel JET A-1, EKO L (summer) diesel fuel, EKO Z (winter) diesel fuel, Euro K4 and K5 grade diesel fuel, TDL grade (summer) diesel fuel, M100 and M40 fuel oil, pyrolysis gasoline, propane refrigerant, liquefied petroleum gas, hydrocarbon solvent C4-135 / 220, and technical sulphur. Work is underway to modernise and refurbish the Bukhara Oil Refinery in order to increase the refining depth of existing facilities to 95%, the yield of light oil products to 91% and the transition to the production of gasoline and diesel fuel that meet the requirements of the Euro 5 standard.

UNG Petro LLC was established as the management company for a network of gas stations on the basis of Resolution No. 143 of the Cabinet of Ministers of the Republic of Uzbekistan dated 19 February 2019 "On priority measures to improve the efficiency of the Company". More than 200 thousand tonnes of automobile fuel are sold annually throughout the Republic in UNG Petro's filling stations. UNG Petro is the largest network of gas stations in the Republic of Uzbekistan, which sells oil and gas products under the Company's national brand. Currently, UNG Petro produces engine oils, antifreeze and other necessary liquids for cars. The Company has a total of 114 petrol stations, of which 111 petrol stations belong to UNG Petro. In terms of end users, the Company also has 15 tank farms.

JSC Maxsusenergogaz provides services in the oil and gas and petrochemical industries (production, pipeline transport, oil and gas refining), including maintenance, operation, maintenance and overhaul, modernisation, commissioning, testing, diagnostics of technological equipment and facilities, as well as software development and production automation.

In accordance with the Decree of President of Republic of Uzbekistan No. 4275 dated 10 April 2019, the Company's ownership in the Fergana Refinery was transferred to the State Asset Management Agency in March 2020.

Employees

As at September 2021, the Company had 38,073 employees. The majority of employees are production personnel (61%, or 23,204 people) and administration staff (18%, or 7,070 people). Technical staff comprise 7% (2,619 people) and service staff comprise 13% (5,108 people) of the Company's employees. The average age of employees is between 25-45 years (7,940 employees up to age 30, 13,103 employees between the ages of 31 to 39, 10,180 employees aged between 40 to 49, and 6,850 employees aged 50 years or over). By gender, there are 33,968 males and 4,105 females. The top four manufacturing employers in the Group are Shurtan Oil & Gas Production unit (3,844 employees), Shurtan Gas Chemical Complex LLC (3,832 employees), Mubarek Oil & Gas Production unit (3,764 employees) and Bukhara oil refinery factory LLC (3,359 employees).

Health and Safety

The Group has implemented strong health and safety procedures within the organisation. The Group is focused on integrating risk prevention by systematic analysis and management of risks, with a view to improving working conditions as well as the health and safety of the Group's employees. The Company has a comprehensive system of medical care, which covers prevention of occupational injuries and occupational diseases.

Industrial and fatal injury rates for 2017-2020 and January to September 2021 are as follows:

(a) In 2018, there were 8 accidents, of which 6 employees died and 2 employees were injured.

(b) In 2019, there were 7 accidents, of which 4 employees died, 3 employees were injured.

(c) In 2020, there were 4 accidents, of which 3 employees died and 1 employee was injured.

(d) For the first 9 months of 2021, 2 accidents occurred, of which 2 employees died.

The Company's Health and Safety department is responsible for strict health and safety procedures within the Group. The division develops and implements industrial and environmental safety policies and employee protection plans to create safe and healthy working conditions in production, with the aim of reducing industrial injuries and occupational diseases. The department organises and conducts step-by-step departmental reviews over the state of health and safety at work, monitors the conduct of medical examinations of personnel in the field, participates in the investigation of industrial accidents and occupational diseases, as well as keeping records of them, monitors the provision of high-quality protective equipment and collective protective equipment, and organises the certification of working conditions at the Company's facilities.

The Group has developed and implemented a policy in the field of industrial and environmental safety and occupational health and safety. The main production facilities have implemented a management system for occupational health and safety in accordance with the requirements of the international standard ISO 45001:2018, OHSAS 18001 and ISO 14001. The Group is also developing an industrial safety and labour protection action plan to prevent injuries, reduce risk, accidents and unplanned losses for 2020-2021

Corporate Governance and Social Responsibility

Overview

The Company's corporate governance policies are based on the principle of sustainable development and increasing the value of equity in the Company in the long term. The company implements this principle through a system of responsible interactions and building trusting relationships with employees, suppliers, customers, and residents of Uzbekistan.

The Company has one major shareholder, the State of the Republic of Uzbekistan, who owns 99.94% of its shares. The remaining block of preferred shares is distributed among minority shareholders including individuals and legal entities. The shareholding arrangement determines the distribution of the balance of power between the various participants in terms of corporate relations.

The Supervisory Board reviews the corporate governance practices of the Company every year. In general, the Company follows Uzbekistan legal requirements and standards of best corporate governance practices. The Supervisory Board is required to oversee these given that independent members are elected to the Supervisory Board; the composition of the Supervisory Board is balanced in terms of the key skills and experience of its members necessary for the effective work of the Supervisory Board; and meetings of the Supervisory Board are held regularly, in sufficient number and in accordance with a pre-approved work plan.

The Company has internal policies in place stipulating its mission, values and principles and standards of business ethics. The Company implements corporate social responsibility projects for employees, customers and counterparties, as well assisting with charitable and sponsorship projects in Uzbekistan. The Company has developed a regulatory and methodological framework for risk management and created an internal division responsible for key risk management functions. This includes comprehensive regulation of conflicts of interest for members of the executive bodies. It also includes an anti-corruption policy that covers anti-bribery and sanctions.

The activities of the main production facilities within the Company are certified to the ISO 14001 environmental protection standard and to the ISO 9001 standard in the field of quality management.

Outreach Initiatives

The Company supports a number of Corporate Social Responsibility (CSR) programmes or social projects in the Republic of Uzbekistan including the following:

- The Company is sponsoring institutions which serve society in Uzbekistan, such as the Institute of Microbiology of the Academy of Sciences of the Republic of Uzbekistan, to assist with renovation, the purchase of laboratory equipment, computers and furniture within the building.
- The Company has completed construction of a medical complex in Khatlon region of the Republic of Tajikistan.
- The Company is considered as a sponsor for development of Fundamental and Applied Research and Innovative Work in the Field of Immunology and Human Genomics.
- The Company has been strongly supporting football and other games for further development in the Republic of Uzbekistan. The Company has organised various gaming competitions among employees for the development of teamwork and supporting healthcare of employees among its relevant companies and subsidiaries.

- The Company participates in the "Neighborhood Charitable Foundation" programme in the Republic.
- The Company sponsors the branch of the Gubkin Russian State University of Oil and Gas (National Research University) that is responsible for the further development and improvement of the training of highly qualified personnel for the oil and gas and petrochemical industry of the Republic and the expansion of international cooperation in the field of higher education. The main task of this institution is to train highly qualified specialists for the oil and gas industry of the Republic in accordance with the educational programs adopted at the Gubkin Russian State University of Oil and Gas and generally recognised international requirements for the quality of higher education.
- The Company has been supporting talented young people with development and innovation programmes based on the instructions of the meeting of the Board of Trustees of the Talented Youth Support Fund under the Agency of the President of the Republic of Uzbekistan for Educational Institutions.
- The Company has sponsored the development of the Guzar district of Kashkadarya region.
- The Company carried out the construction of an irrigation system along the highway passing through the Zamin district of the Jizzakh region.

The Corporate Governance Code

In order to create favourable conditions to attract foreign direct investment, increase the efficiency of the Company's activities, ensure openness and attractiveness for potential investors, introduce modern methods of corporate governance, and strengthen the role of shareholders in the strategic management of the Company, the decision of the General Meeting of shareholders of the Company dated 4 November 2016 committed to follow the recommendations of the Corporate Governance Code, approved by the Protocol of the Commission on Improving the Efficiency of Joint-Stock Companies and Improving the Corporate Governance System No. 9 dated 31 December 2015.

The implementation of these recommendations was carried out with a preliminary study of the specifics of the Company, prepared by working groups of qualified specialists.

Following the implementation of the recommendations of the Corporate Governance Code, the Company instructs an independent organisation to be involved in assessing the state of the corporate governance system in the Company. The results of the assessment of the corporate governance system are reviewed by the Company's management bodies and published publicly on the Unified Portal of Corporate Information and the corporate website.

The Company also approved the following policies and regulations: "On the General Meeting of Shareholders of Uzbekneftegaz JSC", "On the Supervisory Board of Uzbekneftegaz JSC, "On the Management Board of Uzbekneftegaz JSC", "On the Audit Commission of Uzbekneftegaz JSC", "On the Dividend Policy of Uzbekneftegaz JSC", "On the procedure for Actions in Case of a Conflict of Interests of Uzbekneftegaz JSC", "On Internal Control of Uzbekneftegaz JSC", "On the Corporate Consultant of Uzbekneftegaz JSC", "On the Information Policy of Uzbekneftegaz JSC", "On the Internal Audit Service of Uzbekneftegaz JSC", "On the Ethics Commission of Uzbekneftegaz JSC" and the Code of Corporate Ethics of Uzbekneftegaz JSC".

The Company ensures it maintains transparency by disclosing information on the Unified Portal of Corporate Information, the Company's corporate website in three languages (Uzbek, Russian and English) and in the media, in particular, through the publication of the Company's financial statements prepared in accordance with International Financial Reporting Standards, the publication of any material information and the publication of annual reports in accordance with the requirements of the Law of the Republic of Uzbekistan "On the Securities Market".

Environmental Policies

General

In accordance with the law of Uzbekistan "On environmental control", all enterprises must have established environmental controls and processes in place, and such processes must be carried out or monitored periodically.

In accordance with Uzbek law, these environmental regulations or controls must cover emissions, wastewater, and production and consumption waste. All of the Group's facilities are monitored in accordance with such requirements. Periodic monitoring is also carried out at all levels, including within all divisions of the Company. As a result, all facilities comply with regulatory requirements covering industrial and environmental safety and occupational health and safety. Compliance with all applicable environmental and labor standards is monitored at all times. As of the date of this Prospectus, there have been no environmental or safety fines or penalties imposed by regulatory authorities.

In accordance with the Decree of the Cabinet of Ministers dated 7 September 2019 No.PP-541 "On approval of the State Environmental Expertise" at the initial stage of design of any project or facility, the Company must assess the environmental impact to determine the compliance of such project or facility with environmental requirements and must determine the feasibility by conducting an environmental impact assessment.

For all existing projects or facilities that have an environmental impact, including through emissions, wastewater discharges, and waste generation and disposal, permitted allowances are established for each individual project or facility, including the MAE (maximum allowable emissions), the MAD (maximum allowable discharge), and the MAW (maximum allowable waste (generation and disposal)). These allowances are submitted to the Government for approval.

Waste

The company carries out a number of environmentally sustainable processes, including the utilisation of waste oil gases for power generation using mini power plants at the Shurtan OGPU, utilisation of low pressure and waste gases at the Mubarek OGPU using mini power plants, construction of new sulphur production facilities at Mubarek OGPU, and removal of waste gases during the construction relating to the Shurtan Project. As part of plans to modernise the Bukhara Refinery, the Company also plans to introduce new facilities for the production of motor fuel (of an environmental class not lower than Euro-4 and Euro-5) in order to transition to the production of motor fuel such standards. The Group has also established a policy on waste production in accordance with Decree of the Cabinet of Ministers No.PP 14 of 21 January 2014 "Procedure for Developing and Harmonising Draft Environmental Standards". In the production process, generated waste typically includes filter elements, absorbents, catalysts and liquid waste. Production waste is recorded and either recycled or reused as secondary resources.

Water

The main sources of water at production sites are surface natural water bodies, artificial water bodies and underground water sources, and they are used in accordance with Decree No.PP-255 of 31 March 2018 "On approval of some administrative regulations of public services in the field of nature management", which outlines the system for obtaining special permits for water consumption. In addition, according to Decree No PP-14 of 21 January 2014 "Procedure for the development and approval of draft environmental regulations", all enterprises must develop environmental standards for wastewater discharges and obtain approvals from environmental experts. The use of water resources and wastewater discharges are recorded, and environmental monitoring for compliance with regulatory requirements for wastewater is carried out.

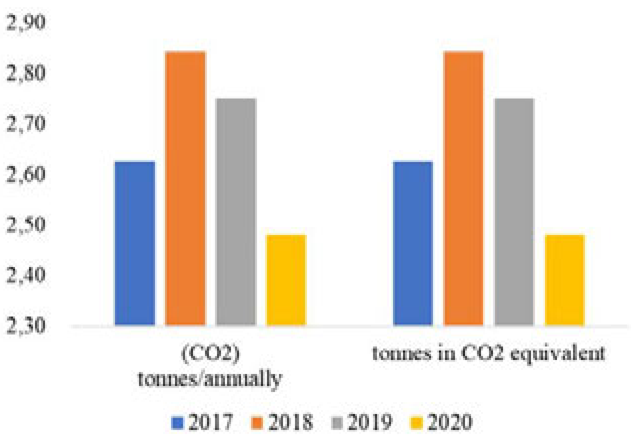
Greenhouse gas emissions

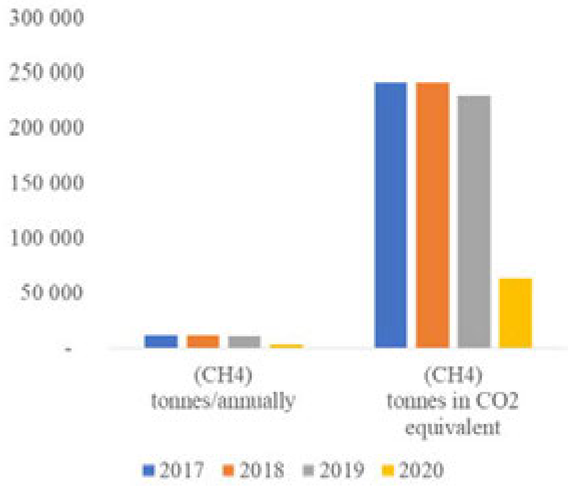
In accordance with the established and approved sampling rules, each production facility monitors and records greenhouse gas emissions. Greenhouse gas emissions for 2018 were 11.49 kt of methane (tH2-eq - 241.4 kt), for 2019 were 10.95 kt of methane (tH2-eq - 230.02 kt), and for 2020 were 3.03 kt of methane (tH2-eq - 63.61 kt). The Company is undertaking measures to reduce such greenhouse gas emissions, including the installation of energy-efficient equipment and additional waste recycling. During the period from 2017 to 2020, the Group's direct carbon dioxide emissions decreased from 2.7 thousand tonnes to 2.5 thousand tonnes.

The Company measures emissions in tonnes per year, and the total is derived from the total amount of emissions from each facility and from all sources of emissions into the atmosphere. All facilities conduct an inventory of the sources of emissions into the atmosphere and set their standards according to the environmental standards approved by State Environmental Experts. Control measures are carried out based on the characteristics of the emission source, including relating to calculation and balance, instruments and measuring. Emissions are accounted for and at the end of the quarterly period, when the total amount of emissions into the atmosphere is calculated.

As a result of measures taken by both the Government and the Group, the amount of emissions reduced over the last 3 years as shown in the graph below:

Name	Units measured	2017	2018	2019	2020
CO_2	tonnes/annually	2,6272	2,8421	2,7511	2,481
	tonnes in CO2 equivalent	2,6272	2,8421	2,7511	2,481
Methane CH_4	tonnes/annually	11,516,245	1,1496,007	10953,437	3,029,112
	tonnes in CO2 equivalent	241,841,145	241,416,147	230,022,177	63,611,352





The Company prepared a report on measures to reduce greenhouse gas emissions in conjunction with UzLITIneftegaz JSC. The paper presents data on the environmental component of sustainable development, which covers the impact associated with consumed resources and created waste (emissions, discharges and waste) and the impact related to biodiversity, transport, products and services, compliance with environmental legislation and environmental costs. The report also includes calculations of direct greenhouse gases and gases with an indirect greenhouse effect in accordance with the requirements of the GRI Guidelines. The report has been prepared as a base for preparing a sustainable development plan for the Company.

The methodologies used by the Company to calculate greenhouse gas emissions are the Methodology for Calculating Emissions of Pollutants for Oil and Gas Production and Refining Facilities (RH 39.0-140:2012), the Greenhouse gas emissions inventory (STO Gazprom 102-2011) and State statistical reporting (Form 1 - Eco).

Indirect emissions from Natural gas

	Timeline			
	2017	2018	2019	2020
Nitrogen dioxide (NO_2).....................................	925,53	818,49	814,51	-

Gas Flaring Volumes

	Timeline			
	2017	2018	2019	2020
Gas flaring volumes (in billion cubic metres)	1,233	1.023	1.003	0.955

Legal Proceedings

As at the date of this Prospectus, the Company and the legal entities included in its structure have no governmental or judicial proceedings that could have a significant impact on its financial position or production activities.

Insurance

The Group maintains insurance policies that are consistent with industry practices in Uzbekistan in terms of limits of indemnity and in scope of coverage. The Group maintains the following types of insurance: (i) construction (all risks), (ii) third party insurance, (iii) employer's liability insurance and (iv) plant and equipment insurance. The Group's insurance coverage is reviewed on a periodic basis in order to adapt to changing conditions and to ensure appropriate coverage.

In accordance with the decree of the Cabinet of Ministers of the Republic of Uzbekistan "On measures to implement the law of the Republic of Uzbekistan - on compulsory insurance of civil liability of the employer No. 177" dated 24 June 2009, all divisions of the Company are insured for the breach of employer's liability, which covers compensation for harm caused to the life or health of any employee in connection with a work injury, occupational disease or health-related issue associated with the performance of their duties.

In addition, the Group maintains insurance policies covering its assets, operations and certain employees in line with Article 20 of the Law of the Republic of Uzbekistan "On industrial safety of hazardous production facilities No. ZRU-57" dated 28 September 2006, the Regulations "On the procedure of compulsory civil liability insurance for damage to life, health and/or property of other persons and the environment in case of an accident at a hazardous production facility" and the decree of the Cabinet of Ministers of the Republic of Uzbekistan "On additional measures to implement the Law of the Republic of Uzbekistan - on industrial safety of hazardous production facilities". The Group seeks to protect against a range of key insurable risks, including industrial accidents (including labour accidents), fire, earthquakes, lightning, flooding, acts of terrorism and other natural and man-made disasters and vandalism.

Information Technology

Information technology is important to the Group's ability to operate efficiently, and its information technology systems infrastructure supports the Group's various business operations with advanced operational and security levels. The Group has an information technology model with full coverage for its business processes, from purchase to pay, order to cash, employee records, planning, accounting and consolidation. The Group's software package supports the needs of its business and has been tailored to match its business processes. The internal team ensures continuity of expertise and the swift alignment to the changing needs of the Group. The Group uses modern technologies to analyse available data and understand how it can improve total performance.

Within the Company, the Information and Communications Technology Department (the "**ICT Department**") performs the following duties:

(i) Provision of all-round technical and information support for all areas of the Company's operations, including development, modernisation, and maintenance of the performance and efficiency of unique information systems;

(ii) Development of a unique base of regulatory documents regulating the information sphere of the Company's activity to ensure efficiency of operations and reduce costs in production activities; and

(iii) Ensuring monitoring and counteraction to any attempts to spoil, delete, distort or substitute production and business information of the Company by internal or external forces, interaction with authorised bodies in the sphere of ensuring information security of the Company as a strategic state asset of Uzbekistan.

The ICT department has three divisions in order to perform its duties effectively: the user support department, the information systems implementation department and the network administration department.

In addition, the ICT Department is tasked with implementing the following initiatives within the Company:

- the programme of digital transformation of the Company for 2020-2022, included in the state strategy "Digital Uzbekistan-2030";
- the State Unitary Enterprise Centre of Cyber Security Action Plan to ensure information and cybersecurity in the structure of the Company for 2020 and 2021;
- the decree of the President of the Republic of Uzbekistan PP-4024 of 21 November 2018 "On measures to improve the system of control over the implementation of information technologies and communications, and the organisation of their protection";
- the decree of the President of the Republic of Uzbekistan UP-6007 of 15 June 2020 "On Measures on Implementation of the State System of Protection of Information Systems and Resources of Uzbekistan"; and
- the decree of the President of the Republic of Uzbekistan PP-4751 of 15 June 2020 "On measures to further improve the cyber security system in the Republic of Uzbekistan".

The main systems utilised by the Group are:

- Microsoft Active Directory Corporate Domain UNG.UZ (based on Microsoft Windows Server) and all network services associated with it (DNS, DHCP, WSUS, SMB, Domain Group Policies and others);
- Security gateways based on the Kerio Control solution, which combines the networks of the Company's various divisions into a single system filters unwanted content (they are also used to monitor the network activity of the entire fleet of user and server equipment);
- Corporate mail server based on the freely distributed HMAIL solution (the mail server also uses the freely distributed ClamAV antivirus and the spam filtering system SpamAssassin with regular updates of the definition databases);
- Kaspersky Endpoint Security antivirus system server, which is used for remote deployment, updating, maintenance of employees' end jobs, as well as for monitoring any virus activity and for tracking the presence of vulnerable software that could compromise the Company's systems;
- ERP system ONLYOFFICE 11, which currently allows collaboration between the Company's employees and employees of any external organisations or companies while fully complying with all the information security policies of the Company;
- Basic accounting and payroll calculation systems; and
- The Company's VPN server with a back-up to ensure the employees can continue to work even during epidemiological situations such as the COVID-19 pandemic.

Intellectual Property

The Group believes that its patents, trademarks, trade secrets, licences and other intellectual property rights are crucial to its continued success. The Group is committed to the development and protection of its intellectual property portfolio.

The Group has registered its Bukhara Oil Refinery LLC trademark and service mark as well as the trademark of Shurtan Gas Chemical Complex. The Group monitors the use of its intellectual property by third parties. As at the date of this Prospectus, no member of the Group is involved in any litigation or arbitration proceedings relating to the Group's intellectual property rights, which could have a material adverse effect on the Group's businesses, results of operations and financial condition.

Risk Management and Compliance

Pursuant to the Resolution of the Board of the Company dated 24 March 2018 No. 73 "On the implementation of a unified risk management system in joint stock companies and organisations of Uzbekneftegaz JSC", the

Company established the Risk Management Division which is responsible for monitoring the financial and non-financial related risks involved in the Company’s structure as well as in future business development. The Risk Management Division assigns risk coordinators for each business unit, department and division within the Company's structure. It is responsible for monitoring risks related to production, finances, assets, reputation and personnel.

Furthermore, in accordance with Resolution of the Board of the Company dated 24 May 2021 No. 30, the Department of Financial and Compliance Control was created within the head office of the Company, the main tasks of which are to implement measures to prevent, identify and eliminate corruption, financial or other risks that negatively affect efficiency, loss of reputation, protection of the interests of employees and violations of current legislation.

It should be noted that in fulfilment of the requirements of legislative and by-laws of the Republic of Uzbekistan in the field of combating corruption and legalisation of proceeds from criminal activity, a compliance control system has been introduced by the Company and continues to be improved. Since November 2019, the Company has been cooperating with KPMG and a number of measures have been taken to introduce a compliance control system in the Company and develop relevant internal regulations.

In addition, the Company produced 13 internal regulatory documents with KPMG, which were introduced to minimise and prevent corruption risks associated with the business processes of the Company, in particular, the Anti-Corruption Policy, the Code of Ethics, the Regulations on the Ethics Commission, on the Management of Conflict of Interests, Business Gifts and Business Hospitality, Provision of Charitable and Sponsored Aid, Business Events and Hospitality Expenses, Instructions on Hiring Candidates and Appointing Contractors, Regulations on Conducting Official Investigations, and Organising Anti-Corruption training for Employees.

MANAGEMENT

The following is a summary of certain information concerning the management of the Company and of certain provisions of the Charter of the Company and of Uzbekistan law regarding corporate governance. This summary is qualified in its entirety by reference to such Charter and the laws of the Republic of Uzbekistan.

The Company has three tiers of management operating pursuant to the Charter and the laws of the Republic of Uzbekistan:

1. General Meeting of Shareholders;

2. Supervisory Board; and

3. Management Board.

The Company has also issued 24,437,863 preferred non-voting shares allotted amongst 33 legal entities and 57 729 individuals ("**Non-Voting Shareholders**") and thus, these shareholders do not represent the management of the Company.

General Meeting of Shareholders

The General Meeting of Shareholders, attended by the Ministry of Finance of the Republic of Uzbekistan which is the sole shareholder of the Company (exclusively holding all of the common voting shares), is responsible for issues which are beyond the competence of the Supervisory Board and the Management Board, as determined by law and by the Company's charter, being the supreme management body of the Company.

The sole shareholder of the Company approves the Company's annual report, the report of the auditors and the report of the Supervisory Board. Additionally, the Sole Shareholder confirms the distribution of the Company's net profit, selects the service provider for conducting the external audit and approves the early termination of powers of the Chairman and members of the Management Board.

On the matters of liquidation and reorganisation of the Company, the General Meeting of the Shareholders includes the votes of the Non-Voting Shareholders.

Supervisory Board

The Supervisory Board is a key body in the Company's management structure and is formed of nine members elected by the sole shareholder (currently there are two vacant positions for independent members), including the Minister of Energy and six other members including those representing the Government. The Supervisory Board carries out general overseeing functions of the Company's activities, with the exception of matters which are attributed by law and by the Company's charter to be within the competence of the General Meeting of Shareholders. It is accountable to the General Meeting of Shareholders. Candidates to the Supervisory Board of the Company are nominated and elected by the shareholder holding the voting shares (Ministry of Finance of the Republic of Uzbekistan). As of 13 September 2021, only seven candidates have been elected to the Supervisory Board with two vacant seats for independent members, the selection of which is currently being carried out by the Ministry of Finance.

The members of the Supervisory Board of JSC Uzbekneftegaz were approved by the decision of the sole (voting) shareholder of JSC Uzbekneftegaz dated 13 September 2021.

Composition

The following table sets forth the names and positions of the current members of the Supervisory Board.

Name	Position	Date of Birth
Gulyamov, Ravshan Ayubovich	Advisor to the President of the Republic of Uzbekistan, chairman of the supervisory board	5 June 1968
Sultanov, Alisher Saidabbasovich	Minister of Energy of the Republic of Uzbekistan, Deputy Chairman of the Supervisory Board	29 November 1969
Davletov, Ruslanbek Kuroltayevich	Minister of Justice of the Republic of Uzbekistan, member of the Supervisory Board	1 June 1980

Nasritdinxodjaev, Omonullo Zabixullaevich	First Deputy Finance Minister of the Republic of Uzbekistan, member of the Supervisory Board	4 October 1971
Abdinazarov, Bobur Kalandarovich	Deputy Minister of Economic Development and Poverty Reduction of the Republic of Uzbekistan, member of the Supervisory Board	8 June 1983
Mirzaev, Mubin Muxiddinovich	First Deputy Chairman of the State Tax Committee of the Republic of Uzbekistan, member of the Supervisory Board	20 January 1969
Ortikov, Akmalxon Jurakhonovich	Director of the State Assets Management Agency, member of the Supervisory Board	4 March 1980

Ravshan Ayubovich Gulyamov was appointed as advisor to the President of the Republic of Uzbekistan on the development of economic sectors, implementation of investment and foreign trade policy in 2019. Ravshan Gulyamov is a graduate of Tashkent State University (1992) and Australian National University (1998). In 1992-2004 he worked at the Central Bank of the Republic of Uzbekistan. In 2001 he became the Deputy Chairman of the Central Bank of the Republic of Uzbekistan. In 2004-2007, he served as the First Deputy Chairman of the National Bank of the Republic of Uzbekistan and Chairman of the Board of Asaka Bank JSB. During 2007-2016 he worked as First Deputy Minister of Finance of the Republic of Uzbekistan, Minister of Economy of the Republic of Uzbekistan, Minister of Foreign Economic Relations of the Republic of Uzbekistan, Investments and Trade and Executive Director of the Fund for Reconstruction and Development of the Republic of Uzbekistan. From 2017 to 2018, he worked as Chairman of the State Committee of the Republic of Uzbekistan for the promotion of privatised enterprises and the development of competition, after which he headed the projects on: Consolidated Information and Analytical Department on Macroeconomic Analysis and Forecasting, Reforming the Financial and Banking Systems and Development of Private Entrepreneurship and Small Business of the Cabinet Ministers of the Republic of Uzbekistan.

Sultanov Alisher Saidabbasovich is the appointed advisor to the Prime Minister of the Republic of Uzbekistan and the Minister of Energy of the Republic of Uzbekistan. In 1989 he graduated from the Leningrad Military Engineering Red Banner Institute in Technical Sciences. During 1991-1993 he started as the leading engineer in the Institute of Laser Physics of the Academy of Sciences of the Republic of Uzbekistan. From 1993-1996 he was Head of the Organisational Department of the Tashkent Trade Union of Entrepreneurs. In 1996 he was appointed Chief Specialist of the Construction Directorate of the Bukhara oil refinery, JSC Uzneftepererabotka. In 1998 he was the Chief Specialist of the Construction Department of Shurtan Gas Chemical Complex of the Company. Between 1999-2002, he was Head of the Construction Department at Shurtan Gas Chemical Complex of the Company. In 2002 to 2013 he was the Director of "Shurtan Gas Chemical Complex" LTD. In 2013, he was promoted to the First Deputy Chairman of the Board for the Company. In 2015 to 2018 he was Chairman of the Board for the Company. In 2017-2019 he was Deputy Prime Minister of the Republic of Uzbekistan. In 2019-2020 he was advisor to the Prime Minister of the Republic of Uzbekistan and Minister of Energy of the Republic of Uzbekistan. Currently he is the Minister of Energy of the Republic of Uzbekistan.

Davletov Ruslanbek Kuroltayevich is the current Minister of Justice of the Republic of Uzbekistan. He has a higher education and was a lawyer and economist. He graduated from University in Great Britain in 2001, the University of World Economy and Diplomacy (completing a Masters) in 2003, the Tashkent State Economic University in 2007 and the Academy of State and Social Construction under the President of the Republic of Uzbekistan in 2010. He began his career in 2001 as a leading specialist of the State Committee for Demonopolisation and Development of Competition. Later he worked in the positions of chief specialist of this committee, acting head of the department. In 2004-2012, he worked as the chief specialist of the Information and Analytical Department, Department of Legal Expertise and International Treaties of the Cabinet of Ministers of the Republic of Uzbekistan. In 2012–2014 he was the Deputy Director, Acting Director of the Research Center for Democratization and Liberalization of Judicial Legislation and responsible for ensuring the independence of the judiciary to the Supreme Court of the Republic of Uzbekistan. In 2014–2016 he was the head of the Office of the President of the Republic of Uzbekistan on cooperation with the Oliy Majlis, political and public organisations. In 2016-2017 he was the First Deputy Minister of Justice and from 4 January 2017 he became the First Deputy of the State Advisor to the President of the Republic of Uzbekistan on monitoring and coordinating the work with appeals of individuals and legal entities.

Nasritdinxodjaev Omonullo Zabixullaevich - First Deputy Finance Minister of the Republic of Uzbekistan. Nasritdinxodjaev attended the following institutions, Tashkent State University in 1994, SDA Bocconi

Business School in 2002 and Harvard Business School in 2016, during which his specialty was International Economics and Finance. .He began his career as an intern at the World Bank office in Tashkent as a researcher during 1993 to 1995. He became the Deputy Head of Credit Suisse representative office in Tashkent during 1995 to 2000. Later, during 2004 to 2005 he became the Head of the Public Administration programs department of the UNDP project in Uzbekistan. During 2005 to 2007, he became the Deputy Director, as the expert on economic issues, for the International Finance Corporation for the mortgages development in Central Asia. He was later employed in Moscow where between 2007-2009 he was the Financial and Economic Director of LLC South Ural Mining and Processing Company, 2009-2011 he was the Director for Economic Affairs of OJSC Metalloinvest Holding Company, 2011-2013 he was the Director for Strategy and Investment of Baikal Mining Company and 2013-2014 he was the First Deputy General Director of Baikal Mining Company. He later returned to positions in Uzbekistan where he was advisor to the President of the Republic of Uzbekistan on issues of development of economic sector, implementation of investment and foreign trade policies between 2019-2020 and First Deputy Minister of Finance of the Republic of Uzbekistan since 24 February 2020.

Mirzaev Mubin Muxiddinovich is the First Deputy Chairman of the State Tax Committee of the Republic of Uzbekistan since 2018. In 1993 he graduated from the Tashkent State University with a degree in mathematics, in 2001 from the Tashkent Financial Institute with a degree in finance, and in 2002 he graduated from the magistracy in economics from the Japanese National Institute of Political Sciences. Mirzaev M.M. began his career in 1993 at the Tashkent State University. From 1994-1996 he was an intern-researcher and post-graduate student in the Institute of Mathematics of the Academy of Sciences of the Republic of Uzbekistan. During 1996-2008, he was a specialist, head and then director of a department at the Central Bank of the Republic of Uzbekistan. From 2008-2017 he was Deputy Minister of Finance of the Republic of Uzbekistan and then from 2017-2018 he became the First Deputy Minister of Economy of the Republic of Uzbekistan on macroeconomic policy, development of major industries and international financial organisations.

Ortikov Akmalxon Jurakhonovich is the Director of the State Assets Management Agency. Akmalkhon Ortikov graduated from the Tashkent State Economic Institute. He worked in various positions in the structure of the Ministry of Finance between 2001-2013, and headed the financial department of the Khokimiyats of Namangan and Fergana regions during 2013-2015 and 2015-2017. He held the posts of Deputy Minister of Economy for Demography, Development of the Social Sphere and Improving the Living Standard of the Population in 2017-2018 and First Deputy Khokim of the Namangan Region during 2018-2019.

Powers and responsibilities

As set out in the Company's Charter, the Supervisory Board's responsibilities include:

- determination of the Company's strategic priorities having considered the reports of the Company's Board on measures taken to achieve the Company's development strategy;
- convocation of the annual and extraordinary general meeting of shareholders;
- preparation of the agenda of the general meeting of shareholders;
- setting the date, time and place of the general meeting of shareholders;
- setting the date of formation of the register of shareholders of the Company for notification of the general meeting of shareholders;
- introducing the issues stipulated by the second paragraph of the first part of Article 59 of the Law on Joint-Stock Companies and Shareholders' Rights of the Republic of Uzbekistan (as amended) 2014 (the "**Law on Joint-Stock Companies**") for the decision of the general meeting of shareholders;
- determining the market value of property;
- early termination of powers of members and the chairman of the Board, in cases as prescribed by law and the charter of the Company;
- approval of the Company's annual business plan;

- the organisation of the internal audit service and the appointment of its employees, as well as the quarterly hearing of its reports;
- receipt of any documents relating to the activities of the Company's executive body for the duties entrusted to the Board of the Company. Documents received may be used by the Board of the Company and its members for official purposes only;
- conducting an audit (with the exception of a mandatory audit), determining the audit organisation, deciding on the amount of the maximum fee for its services and concluding an agreement with it (including termination of the agreement);
- providing recommendations on remuneration of the members of the Company's Audit Commission;
- providing recommendations on the dividend amounts to be paid, the form and procedure for their payment;
- establishment of branches and opening representative offices of the Company;
- creation of business entities and subordination of the Company;
- decision-making on the conclusion of transactions in cases provided for by chapters 8 and 9 of the law on Joint-Stock Companies;
- conclusion in the manner prescribed by law of transactions with the participation of the Company in commercial and non-profit organisations;
- making a decision on the redemption of corporate bonds of the Company;
- resolving issues of increasing the charter capital of the Company, as well as making amendments and additions to the charter of the Company related to an increase in the charter capital of the Company and a decrease in the number of charter shares of the Company;
- approval of the decision on the issue of securities (shares, bonds) and the prospectus;
- making amendments and (or) addendums to decision on the issue of securities (shares, bonds) and emission prospect and text approval;
- setting the price of the placement of shares (the issue of securities on the stock market and the organised OTC market) in accordance with Article 34 of the Law on Joint-Stock Companies;
- making decisions on the issue by the company of corporate bonds, including bonds convertible into shares;
- making decisions on the issue of derivative securities;
- making a decision on the redemption of corporate bonds of the Company;
- creation of the executive body of the company, election (appointment) of its head, early termination of powers of the head;
- determination of the amount of remuneration and compensation paid to the member and the chair of the Board of the Company within the limits set by the resolution of the general meeting of the shareholders;
- appointment of a corporate advisor and approval of the Regulation governing the activities of a corporate advisor;
- approval of the regulation on information policy;
- creation of committees under the Board and approval of the Regulation governing the activities of these committees; and

- approval of voting procedures on behalf of the Company by its representatives in the management bodies of enterprises and organisations, whose shares and participatory interest are held by the Company.

The Management Board of the Company

The Company is managed by the Management Board (the "**Board**") which, within the limits prescribed by Uzbekistan law, is responsible for the overall direction and supervision of the Company on a daily basis.

Pursuant to the Company's Charter, the Board is comprised of eleven members, including the Chairman of the Management Board, two First Deputy Chairmen, five Deputy Chairmen and three Heads of key business departments of the Company, all being appointed by the General Meeting of Shareholders (Sole Shareholder) for a one year term.

As of the date of this Prospectus, there is a vacancy for the First Deputy of the Board for long-term development and investment, the Deputy Chairman of the Board for processing (for which a competitive selection is also being conducted by the Ministry of Finance and it is planned to attract foreign managers, with resumes to be submitted to the Ministry of Finance) and three vacant positions in the Heads of key business departments. The issue of their appointment will be initiated at the next regular meeting of the Supervisory Board and, if approved, will be submitted for approval to the Company Sole Shareholder.

Composition

The following table sets forth the names and positions of the members of the Board of the Company.

Name	Position	Date of Birth
Abdullaev Mehriddin Razzokovich	Chairman of the Board	21 May 1969
Alirizaev Shahzod Shukhratovich	First Deputy Chairman of the Board for Localisation and Cooperation	22 November 1989
Mustafaev Alisher Sayfullaevich	Deputy Chairman of the Board for Production	11 February 1967
Ashurov Ulugbek Murodilloevich	Deputy Chairman of the Board for Economics and Finance	22 August 1977
Tukhtaev Kabul Muhammadievich	Deputy Chairman of the Board for Geology	3 June 1962
Temirov Mukhtor Mustafaevich	Deputy Chairman of the Board for Capital Construction and Transport	15 April 1974

The following is the biographical information for each of the members of the Board.

Abdullaev Mehriddin Razzokovich

Since 9 January 2020, Mehriddin Abdullaev has been the Chairman of the Board of the Company. Mehriddin Abdullaev graduated from the Tashkent State University of Economics in 1993. After graduation, he began his career as the chief economist of the Jondor district department of the Central Bank of the Bukhara region. From 1994-2006 he worked in various management positions in the Central Bank and obtained an additional degree in 2005 from the Tashkent State University of Law. From 2006, he worked as First Deputy Chairman of the Board of the National Bank of Uzbekistan. Following this, he was the executive director of the off-budget Pension Fund under the Ministry of Finance. In 2012, Mehriddin Abdullaev was appointed as the Deputy Minister of Finance, after which he became the executive director of the Republican Road Fund under the Ministry of Finance in 2015. Between 2016-2017, he worked as the first deputy khokim of the Bukhara region, covering administrative issues, law enforcement, self-governing bodies and youth policy. In 2017 he became the first deputy khokim of the region for economics and entrepreneurship. In 2019, Mehriddin Abdullaev became the First Deputy Chairman of the Accounts Chamber of the Republic of Uzbekistan.

Alirizaev Shahzod Shukhratovich

Shahzod Shukhratovich began his career in Eriell Corporation where he worked in executive positions from 2008 till 2018. From 2018 to 2019, he worked as First Deputy Director and then Interim Acting Director of Neftegazinvest LLC under Uzbekneftegaz JSC. Shahzod Shukhratovich has held the post of First Deputy Chairman of the Board of the Company since 2019. He graduated from Tashkent State University of Economic (Bachelor, Master) in 2011.

Mustafaev Alisher Sayfullaevich

Alisher Sayfullaevich has held the post of Deputy Chairman of the Board of the Company for Production since 24 July 2019. He graduated from the Tashkent State Technical University in 1990 and began his career as a technologist at Muborakneftgaz where he worked in various positions in the production facilities until 2016, when he became Chairman of the Board of JSC Uztransgaz. From 2018-2019, he held the position of General Director of JV Natural Gas-Stream LLC, before being appointed to the Board of the Company.

Ashurov Ulugbek Murodilloevich

Ulugbek Ashurov was appointed Deputy Chairman of the Management Board for Economics and Finance on 15 December 2017. He started his career in 1999, after being appointed as head of the budget department and deputy head of the Kagan city financial department of the Bukhara region. From 2000-2005, he worked as a leading economist, head of sector, and head of the department for financing the Ministry of Finance of the Republic of Uzbekistan. In 2005, he began a new role overseeing the targeted use of budgetary and extra-budgetary funds of the Accounts Chamber of the Republic of Uzbekistan. Between 2016-2017, he held the position of Deputy Chairman of the Board for Economics of JSC Uztransgaz, before joining the Board of the Company.

Tukhtaev Kabul Muhammadievich

Tukhtaev Kabul Muhammadievich was appointed as Deputy Chairman of the Management Board of the Company for Geology on 24 July 2019. He graduated from Tashkent State Technical University in 1985 with a degree in development and geology of oil and gas fields. He began his career as an assistant driller in the Predgissar oil and gas exploration expedition, and worked in various positions in the production facilities of this expedition until 2006. From 2006-2019, he served as General Director of the Company. From 2017-2019, he held the position of Deputy Chairman of the Board for Production for the Company, before being appointed to his current role.

Temirov Mukhtor Mustafaevich

Temirov Mukhtor Mustafaevich was appointed as Deputy Chairman of the Board of the Company for Capital Construction and Transport on 24 July 2019. Mukhtor Mustafaevich graduated from the Tashkent Institute of Irrigation and Agricultural Mechanization Engineers in 1996. In 2000, he completed a bachelor's degree in the Tashkent State University of Economics, followed by a master's degree in the Tashkent State University of Economics in 2002. He began his career as chief specialist in the department of operation and repair of apparatus, machinery, and equipment in the Kashkadarya region. From 1998-2002, Mukhtor Mustafaevich worked as a civil engineer at the construction company STRABAG International GmbH, which worked on the construction of the Shurtan Gas Chemical Complex. In 2002, he became Chairman of the Constituent Assembly of MVM Construction, a limited liability company in the Kashkadarya region. In 2011, he began a new role as the Deputy Head of the Development Service of the Shurtan Gas Chemical Complex at the Company. From 2013, he worked as Deputy Director for Mechanisation and Director of the Construction Directorate of the Uzbekistan GTL plant of the foreign enterprise ENTER Engineering, before starting his current role.

Powers and responsibilities

The competence of Management Board of the Company includes all matters related to the day-to-day management of the Company's operations with the exception of matters reserved to the competence of General Meeting of Shareholders and Supervisory Board of the Company.

The Management Board of the Company ensures implementation of the resolutions of the General Meeting of the Shareholders and Supervisory Board of the Company. As set out in the Company's Charter, the Board's responsibilities include:

- management of Company's property and monetary funds within the limits of their powers;
- approval of the regulations on structural units of the Company;
- approval of internal normative documents of the Company, with exception of approval of the internal normative documents, which is reserved to the competence of the General Meeting of the Shareholders and Supervisory Board;
- making decisions binding on the joint-stock companies, organisations, branches and representative offices;
- appointment and dismissal of the heads of representative offices of the Company;
- devising programs and business plans for the Company's development and monitoring its implementation;
- ensuring profit-making in accordance with the business plans approved by the competent body of the Company;
- ensure the organization, proper maintenance and authenticity of accounting and reporting in the Company, as well as on the Company's activities, sent to the shareholders, creditors and other recipients of information;
- provide documents without any obstruction on financial-economic activities of the Company at the request of the Supervisory Board, Audit Commission or an external auditor of the Company;
- entering transactions related to the acquisition, alienation or the possibility of alienation (in case if the members of the Management Board has not reached the consensus, the matter shall be put for the consideration by the Supervisory Board) within its powers;
- storage of information constituting trade secrets of the Company;
- abide by all the rights of shareholders on dividend accrual and payment;
- ensure effective and stable operation of the Company within its powers;
- comply with the law of the Republic of Uzbekistan and internal documents of the Company;
- notify the Supervisory Board of the related-party interest (direct, indirect or on behalf of third parties) in entering any transactions or any other matter, related to the Company;
- reputation risk management of the Company;
- any other powers and responsibilities in accordance with the law of the Republic of Uzbekistan, the charter and normative documents of the Company.

Committees

Pursuant to the Company's Charter, the Company has the following committees.

Audit Commission

The Audit Commission produces reports for the consideration of the Supervisory Board to assist it in the day-to-day management of the Company. It is accountable to the General Meeting of Shareholders. The Audit Commission assesses the reliability of the data contained in the reports and other financial documents of the Company, identifies breaches of adherence to accounting standards, assesses the faithful presentation of financial statements and monitors compliance with applicable legislation of the Company's financial and economic activities. It submits a quarterly report to the Supervisory Board noting any major or affiliate transactions entered into by the Company and compliance with any legislative requirements and/or internal regulations in respect of such transactions.

The following table sets forth the names and positions of the members of the Audit Commission.

Name	Position
Mamatov Shavkat Kuvonovich	Head of Department in the Agency for State Assets Management of the Republic of Uzbekistan
Khamidov Rasul Tavakkalovich	Head of the Department in the Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan
Samandarov Tal'at Yuldashevich	Deputy Head of Department in the Agency for State Assets Management of the Republic of Uzbekistan

Internal Audit Service

The Internal Audit Service submits reports to the Supervisory Board to assist it in the everyday management of the Company. It is accountable to the Supervisory Board.

Corporate Advisor

The Corporate Advisor produces reports to the Supervisory Board on compliance with the corporate laws of the Republic of Uzbekistan. The Corporate Advisor is guided by a respective internal regulation approved by the Supervisory Board.

Litigation Statement

As far as the Company is aware, none of the members of the Management Board, in the five years prior to the date of this Prospectus: (i) has been convicted of fraud; (ii) has been declared bankrupt or been subject to insolvency proceedings or has been associated, under the scope of performing his/ her duties, with any bankruptcy, forced administration or liquidation proceedings; and (iii) has been subject to official criminal charges and/or sanctions by the public or regulatory authorities (including designated professional associations) or bans by a tribunal from holding the post of member of a supervisory, management or controlling body of the Company or from carrying out executive or management activities for any company.

Conflict of Interest

No actual or potential conflicts of interest exist between the duties that any member of the Management Board owes to the Group and such member's private interests or other duties.

Remuneration of Management Board and management

Remuneration of members of the Supervisory Board is carried out in accordance with the Regulations "On the Supervisory Board of Uzbekneftegaz JSC".

The Group's transactions with related parties during the first six months of 2021 and in 2020, 2019 and 2018 are set out in "*Related Party Transactions*".

SHAREHOLDERS

Overview

As at the date of this Prospectus the number of issued shares of the Company is 43,072,931,192 shares, comprised of 43,048,493,329 common shares and 24,437,863 preferred non-voting shares at UZS 500 par value. The Company may issue additional 950,999,579,134 common shares and 194,988,080,274 preferred shares at UZS 500 par value. The Company's main shareholder is the Ministry of Finance of the Republic of Uzbekistan, owning 99.94% of common shares in issue, with 0.003 per cent of preferred shares held by 33 legal entities and 0.053% of preferred shares held by 57,485 individual shareholders.

Ownership of the Company's shares is as follows:

	Number of Shares	Percentage of Shares
Common shares:		
Ministry of Finance of the Republic of Uzbekistan	43,048,493,329	99.94%
Preferred shares:		
Shareholders		
Legal entities	1,555,015	0.01%
Individuals	22,882,848	0.05%

The dividends declared in 2020 for the 2018 and 2019 periods were UZS115,078 million and UZS337,249 million, respectively. The dividend for the 2018 period was not paid but was capitalised to the share capital of the Company. The dividend for 2020 will be paid after receiving the decision of the main shareholder of the Company. The Company intends to pay a dividend for 2020 of UZS1.2 trillion (approximately U.S.$113 million) before the end of 2021 after receiving recommendation from its Supervisory Board and approval at the annual general meeting of its shareholders, which is expected shortly after the issue of the Notes.

Save as disclosed above, there are no other persons who could exercise control over the Company and no person has any right or option to acquire shares or any other securities of the Company.

Rights of the Company's Shareholders

The Company's shareholders have the right to:

- be included in the Shareholders' Registry and receive statements from the custody account in relation to themselves;
- receive the Company's net profit in the form of dividends;
- receive some of the property of the Company in the event of liquidation in accordance with their share;
- access complete and reliable information on financial and economic results of the Company's business;
- protection of their rights in the authorised state body for regulation of the securities market, as well as in court;
- a claim for compensation for losses caused by them in the established manner;
- participation in associations or other non-governmental non-profit organisations in order to represent and protect their interests;
- insurance of risks associated with potential losses, including lost profits when acquiring securities; and
- attend and vote on the decisions at the General Meetings of Shareholders (save for non-voting preference shareholders) which includes voting on the reorganisation and liquidation of the Company, payment of dividends, appointment of the Supervisory Board and Management Board Members,.

All of the voting shares are held by the Ministry of Finance of the Republic of Uzbekistan and thus, none of the shareholders have any voting rights except when owners of preferred shares participate in the General meeting of shareholders with the right to vote in deciding on the reorganization and liquidation of the company and deciding at a General meeting of shareholders about making amendments and additions to the charter of a company that restrict the rights.

RELATED PARTY TRANSACTIONS

Overview

The following is an overview of the Company's transactions with related parties under common control of the Company as of and for the six months ended 30 June 2021, and as of and for the years ended 31 December 2020, 31 December 2019 and 31 December 2018.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In 2020 and 2019, the Group entered into transactions with shareholders and companies controlled by shareholders (including enterprises directly or indirectly controlled by the Uzbek Government), associates and joint ventures and key management.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms as transactions between unrelated parties. The disclosure of related party transactions is presented on an aggregate basis for shareholders and companies controlled by shareholders, joint ventures and associates. In addition, there may be additional disclosures of certain significant transactions (balances and turnovers) with certain related parties.

In the course of its ordinary business, the Group enters into transactions with other companies controlled by the Uzbek Government. Bank loans are recorded based on market interest rates. Taxes are accrued and paid in accordance with applicable tax law. The Group sells crude oil and petroleum products to related parties in the ordinary course of business at prices close to average market prices. For gas sales to related parties selling prices are set by the Government (UZS 340 thousand for 1,000 cubic metres in 2020; UZS 208-340 thousand for 1,000 cubic metres in 2019, UZS 83-208 thousand for 1,000 cubic metres in 2018).

At 31 December 2020, 2019 and 2018, the outstanding balances with related parties were as follows:

	As at 30 June		As at 31 December					
	2021		2020		2019		2018	
	Government and entities under government control	Associates and joint ventures	Government and entities under government control	Associates and joint ventures	Government and entities under government control	Associates and joint ventures	Government and entities under government control	Associates and joint ventures
	In billions of Uzbek soums							
Trade receivables	1,813	857	1,765	800	748	1,535	22	3,225
Provision for expected credit losses on trade receivables	(212)	(154)	(71)	(109)	(113)	-	-	(22)
Cash and cash equivalents	1,175	-	1,700	-	130	-	342	-
Restricted cash	183	-	411	-	439	-	85	-
Advances paid (including for non-current assets)	193	648	392	617	19	226	118	-
Loans due from related parties	475	5,600	509	5,415	301	4,712	-	5,337
Provision for expected credit losses on loans due from related parties	(14)	(94)	(14)	(94)	(2)	(43)	-	(55)
Borrowings	(3,248)	-	(3,530)	-	(18.610)	-	(19,192)	-
Trade and other payables	(439)	(1,729)	(475)	(2,580)	(110)	(2,668)	(486)	(4,258)
Advances received	(46)	-	(27)	(2)	(34)	(35)	-	(71)

The transactions with related parties for the six months ended 2021 and 2020, and the year ended 31 December 2020, 2019 and 2018 were as follows:

	For the six months ended 30 June				For the year ended 31 December					
	2021		2020		2020		2019		2018	
	Government and entities under government control*	Associates and joint ventures	Government and entities under government control*	Associates and joint ventures	Government and entities under government control*	Associates and joint ventures	Government and entities under government control*	Associates and joint ventures	Government and entities under government control	Associates and joint ventures
	In billions of Uzbek soums									
Sales of gas and gas products	3,999	256	4,142	222	8,238	438	6,334	584	3,714	738
Sales of refined oil products	882	-	566	11	1,567	-	1,735	-	1,852	29
Services rendered	-	147	-	171	-	286	-	127	-	139
Interest on loans due from related parties	14	128	3	178	7	362	2	206	-	165
Interest on loans due to related parties	(41)	-	(73)	-	(123)	-	(584)	-	(489)	-
Transportation and selling expenses	(21)	(1)	(16)	(1)	(80)	1	(141)	-	(899)	(615)
Purchase of inventory	-	(23)	-	(58)	-	(105)	-	-	(2)	(45)
Other operating income	3	5	2	175	7	340	3	2	-	47

* *Beginning from 2019, all Group's transactions with JSC "Uztransgaz" were presented as transactions with entities under government control.*

Key management compensation

Key management personnel include members of the Management Board. Compensation of key management personnel (six employees in 2020, eight employees in 2019 and eight employees in 2018), including basic salary, bonuses and other payments, amounted to UZS 5,359 million, UZS 2,575 million and UZS 1,635 million in 2020, 2019 and 2018, respectively.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes, which, subject to amendment, will be endorsed on each Definitive Note and will (subject to the provisions thereof) apply to the Global Note.

The U.S.$700,000,000 4.75 per cent. notes due 2028 (the "**Notes**") which expression includes any further Notes issued pursuant to Condition 16 and forming a single series therewith of JSC "Uzbekneftegaz" (the "**Issuer**") were authorised by a resolution of the Supervisory Board of the Issuer dated 4 November 2021. The Notes are constituted by a trust deed to be dated 16 November 2021 (the "**Trust Deed**") made between the Issuer and BNY Mellon Corporate Trustee Services Limited (the "**Trustee**", which expression shall include all persons for the time being who are the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes.

These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed. The Issuer will enter into a paying agency agreement, to be dated 16 November 2021 (the "**Agency Agreement**") with the Trustee, The Bank of New York Mellon, London Branch as principal paying agent (the "**Principal Paying Agent**" and, together with any other paying agents appointed under the Paying Agency Agreement, the "**Paying Agents**") and The Bank of New York Mellon SA/NV, Dublin Branch as registrar and transfer agent (the "**Registrar**" and the "**Transfer Agent**"). The Registrar, Paying Agents and Transfer Agent are together referred to herein as the "**Agents**", which expression includes any successor or additional paying and transfer agents or registrars appointed from time to time in connection with the Notes.

Copies of the Trust Deed and the Agency Agreement are available for inspection electronically from the Issuer or the Principal Paying Agent. The Noteholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them. Capitalised terms used but not defined in these Conditions shall have the respective meanings given to them in the Trust Deed.

1. Form and Denomination

The Notes are issued in fully registered form, without interest coupons attached, in denominations of U.S.$200,000 or integral multiples of U.S.$1,000 in excess thereof ("**authorised denominations**"). Title to the Notes shall pass by registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar. The Notes are represented by registered definitive Notes ("**Definitive Notes**") and, save as provided in Condition 3.3, each Definitive Note shall represent the entire holding of Notes by the same holder.

2. Status

The Notes constitute direct, general, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may arise by mandatory operation of law and subject to Condition 4, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3. Register, Title and Transfers

3.1 **Register**: The Registrar shall maintain the Register in respect of the Notes in accordance with the provisions of the Agency Agreement. The Register shall be kept at the specified office for the time being of the Registrar and shall record the names and addresses of the holders of the Notes, particulars of the Notes and all transfers and redemptions thereof. In these Conditions, the "holder" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "Noteholder" shall be construed accordingly.

3.2 **Title**: Title to the Notes will pass by and upon registration in the Register. The holder of each Note shall (except as otherwise required by a court of competent jurisdiction or applicable law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Definitive Note relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Definitive Note) and no person shall be liable for so treating such holder.

3.3 **Transfers**: Subject to Conditions 3.6 and 3.7 below, a holding of Notes may be transferred in whole or in part in an authorised denomination upon surrender (at the specified office of the Registrar or the Transfer Agent) of the relevant Definitive Note representing that Note, together with the form of transfer (including any certification as to compliance with restrictions on transfer included in such form of transfer endorsed thereon) (the "**Transfer Form**"), duly completed and executed, at the specified office of the Transfer Agent or of the Registrar, together with such evidence as the Transfer Agent or the Registrar may reasonably require to prove the title of the transferor and the authority of the persons who have executed the Transfer Form. In the case of a transfer of part only of a holding of Notes represented by one Definitive Note, a new Definitive Note shall be issued to the transferee in respect of the part transferred and a further new Definitive Note in respect of the balance of the holding not transferred shall be issued to the transferor. Neither the part transferred nor the balance not transferred may be less than the minimum authorised denomination. In the case of a transfer of Notes to a person who is already a holder of Notes, a new Definitive Note representing the enlarged holding shall only be issued against surrender of the Definitive Note representing the existing holding. No transfer of a Note will be valid unless and until entered on the Register.

3.4 **Exercise of Option and Partial Redemption in Respect of Notes**: In the case of an exercise of the Issuer's or a Noteholders' option in respect of, and a partial redemption of, a holding of Notes represented by a single Definitive Note, a new Definitive Note shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. New Definitive Notes shall only be issued against surrender of the existing Definitive Notes to the Registrar or the Transfer Agent.

3.5 **Delivery of New Definitive Notes**: Each new Definitive Note to be issued pursuant to Condition 3.3 or 3.4 shall be available for delivery within three business days of receipt of a duly completed form of transfer or Relevant Event Put Option Notice (as defined in Condition 7.8) and surrender of the existing Definitive Note(s). Delivery of the new Definitive Note(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Relevant Event Put Option Notice or Definitive Note shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or Relevant Event Put Option Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Definitive Note to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/ or such insurance as it may specify. In this Condition 3.5, "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the Registrar (as the case may be).

3.6 **Transfer or Exercise Free of Charge**: Definitive Notes, on transfer or exercise of an option and partial redemption, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment by the person making such application for transfer or exercise of an option of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the Transfer Agent may require).

3.7 **Closed Periods**: No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note, (ii) during the period of 15 days prior to (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 7.2, 7.3, 7.4 and 7.5 after any such Note has been called for redemption, or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 8).

3.8 **Regulations concerning Transfer and Registration**: All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer and registration of Notes set out in Schedule 1 to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Agents (such approval not to be unreasonably withheld or delayed). A copy of the current regulations will be sent by the Registrar free of charge to any person who so requests and will be available at the specified offices of the Registrar and at the specified office of the Transfer Agent.

4. Negative Pledge

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will create, or permit to arise or subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest including, without limitation, anything analogous to the foregoing under the laws of any jurisdiction (a "**Lien**") other than a Permitted Lien upon the whole or any part of its property, assets or revenues, present or future, to secure any Indebtedness, unless in any such case at the same time or prior thereto, the Notes are secured equally and rateably with such other Indebtedness or have the benefit of such other arrangement as (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

5. Covenants

5.1 Incurrence of Indebtedness

5.1.1 So long as any Note remains outstanding, the Issuer will not, and will not permit any of its Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness), except that the Issuer and its Subsidiaries may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence and after giving effect thereto on a *pro forma* basis (a) no Potential Event of Default nor Event of Default shall have occurred and be continuing at the time, or would occur as a consequence, of the Incurrence of such Indebtedness and (b) the Consolidated Net Leverage Ratio would have been no more than 3.75 to 1:

5.1.2 Notwithstanding the foregoing Condition 5.1.1, the following shall be permitted:

(i) The Incurrence by the Issuer or any of its Subsidiaries of Indebtedness outstanding on the Issue Date (other than Indebtedness described in paragraphs (ii), (iv), (vii), (viii), (ix), (x) and (xi) of this Condition 5.1.2);

(ii) the Incurrence by the Issuer of Indebtedness represented by the Notes (for the avoidance of doubt, no Additional Notes may be issued in reliance on this paragraph (ii));

(iii) the Incurrence by the Issuer or any of its Subsidiaries of Refinancing Indebtedness in exchange, replacement or renewal for, or the net proceeds of which are used to refund, refinance, replace, defease or discharge Indebtedness (other than intercompany Indebtedness) that was permitted to be Incurred under Condition 5.1.1 or under paragraphs (i), (ii), (iii) and (v) of this Condition 5.1.2;

(iv) the Incurrence by the Issuer or any of its Subsidiaries of Indebtedness between or among the Issuer and any of its Subsidiaries; provided, however, that: (i) any subsequent issuance or transfer of Capital Stock that results in any such Indebtedness being held by a Person other than the Issuer or a Subsidiary of the Issuer and (ii) any sale or other transfer of any such Indebtedness to a Person that is neither the Issuer nor a Subsidiary of the Issuer will be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Issuer or such Subsidiary, as the case may be, that was not permitted by this paragraph (iv);

(v) the Incurrence by the Issuer or any of its Subsidiaries under any revolving credit facility solely for working capital purposes in the ordinary course of business of the Issuer or any of its Subsidiaries provided that the maturity of any advance thereunder is equal to or less than 365 days and the principal amount outstanding thereunder does not exceed U.S.$100.0 million at any one time

(vi) the Incurrence by the Issuer or any of its Subsidiaries of Hedging Obligations in the ordinary course of business and are not entered into for speculative purposes;

(vii) the guarantee by the Issuer or any of its Subsidiaries of Indebtedness of the Issuer or a Subsidiary of the Issuer that was permitted to be Incurred by another provision of this Condition 5.1; provided that if the Indebtedness being guaranteed is subordinated in right of payment to the Notes, then such guarantee shall be subordinated to the same extent as the Indebtedness guaranteed;

(viii) the Incurrence by the Issuer or any of its Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, bankers' acceptances, performance, surety and similar bonds or letters of credit, completion guarantees or other similar instruments issued for the account of the Issuer of any of its Subsidiaries or other similar obligations incurred in the ordinary course of business (including guarantees or indemnities related thereto);

(ix) the Incurrence by the Issuer or any of its Subsidiaries of Indebtedness arising from the honouring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is extinguished within five business days of Incurrence;

(x) the Incurrence by the Issuer or any of its Subsidiaries of Indebtedness arising from agreements of the Issuer or a Subsidiary of the Issuer providing for guarantees, indemnification, adjustment of purchase price, earn outs or similar obligations, in each case, Incurred or assumed in connection with the disposition of any business, assets or Capital Stock of a Subsidiary of the Issuer, other than guarantees of Indebtedness of the Subsidiary of the Issuer disposed of, or Incurred or assumed by any Person acquiring all or any portion of such business, assets or Capital Stock for the purpose of financing such acquisition; provided that the maximum liability of the Issuer and its Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds in cash and Cash Equivalents actually received by the Issuer and its Subsidiaries in connection with such disposition;

(xi) the Incurrence by a Project Subsidiary of Project Finance Debt and Refinancing Indebtedness Incurred to refund, refinance, replace, defease or discharge any Indebtedness Incurred pursuant to this paragraph (xi);

(xii) the Incurrence by the Issuer or any of its Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Refinancing Indebtedness Incurred to refund, refinance, replace, defease or discharge any Indebtedness Incurred pursuant to this paragraph (xii), not to exceed U.S.$100.0 million at any time outstanding.

5.1.3 For the purposes of determining compliance with any U.S. dollar denominated restriction on the Incurrence of Indebtedness where the Indebtedness Incurred is denominated in a different currency, the amount of such Indebtedness will be the U.S. Dollar Equivalent determined on the date of the Incurrence of such Indebtedness; provided, however, that if any such Indebtedness denominated in a different currency is subject to a Currency Agreement with respect to U.S. dollars covering all principal, premium, if any, and interest payable on such Indebtedness, the amount of such Indebtedness expressed in U.S. dollars will be as provided in such Currency Agreement. The principal amount of any Refinancing Indebtedness Incurred in the same currency as the Indebtedness being Refinanced will be the U.S. Dollar Equivalent, as appropriate, of the Indebtedness Refinanced, except to the extent that (i) such U.S. Dollar Equivalent was determined based on a Currency Agreement, in which case the principal amount of such Refinancing Indebtedness will be determined in accordance with the preceding sentence, and (ii) the principal amount of the Refinancing Indebtedness exceeds the principal amount of the Indebtedness being Refinanced, in which case the U.S. Dollar Equivalent of such excess, as appropriate, will be determined on the date such Refinancing Indebtedness is Incurred. Notwithstanding any other provision of this Condition 5.1, the maximum amount that the Issuer, or its Subsidiaries may Incur pursuant to this Condition 5.1 shall not be deemed to be exceeded, with respect to outstanding Indebtedness, due solely as a result of fluctuations in the exchange rates of currencies.

5.1.4 Notwithstanding the foregoing, the Issuer will not Incur any Indebtedness pursuant to Condition 5.1.2 if the proceeds thereof are used, directly or indirectly, to Refinance any Subordinated Obligations of the Issuer unless such Indebtedness shall be subordinated to the Notes to at least the same extent as such Subordinated Obligations.

5.1.5 The Issuer will not Incur any Indebtedness (including permitted Indebtedness in accordance with Conditions 5.1.1 and 5.1.2 above) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer unless such Indebtedness is also contractually subordinated in right of payment to the Notes on substantially identical terms; *provided*, *however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer solely by virtue of being unsecured or by virtue of being secured on a junior Lien basis or by virtue of not being guaranteed.

5.1.6 For the purposes of determining compliance with this Condition 5.1, if an item of Indebtedness (or any portion thereof) meets the criteria of more than one of the types of Indebtedness described above, or is entitled to be Incurred pursuant to Condition 5.1.1, the Issuer, in its sole discretion, will be permitted to classify and from time to time, to reclassify such item of Indebtedness (or any portion thereof) in any manner that complies with this Condition 5.1.

5.1.7 The accrual of interest, the accretion or amortisation of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an Incurrence of Indebtedness or an issuance of Disqualified Stock for the purposes of this Condition 5.1.

5.1.8 The amount of any Indebtedness outstanding as of any date will be:

(i) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(ii) the greater of the liquidation preference or the maximum fixed redemption or repurchase price of the Disqualified Stock, in the case of Disqualified Stock; and

(iii) the principal amount of the Indebtedness, in the case of any other Indebtedness.

For the purposes of the foregoing, the "maximum fixed repurchase price" of any Disqualified Stock that do not have a fixed redemption or repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed or repurchased on any date of determination.

5.2 **Restricted Payments**: So long as any Note remains outstanding, the Issuer will not, and will not permit any of its Material Subsidiaries, directly or indirectly, to make a Restricted Payment, unless at the time of and after giving *pro forma* effect to, such Restricted Payment:

5.2.1 no Event of Default or Potential Event of Default shall have occurred and be continuing; and

5.2.2 together with the aggregate amount of all other Restricted Payments made by the Issuer and its Material Subsidiaries since the Issue Date does not exceed the sum, without duplication, of:

(i) 50 per cent. of the Consolidated Net Profit accrued during the period (treated as one accounting period) from the beginning of the first fiscal semi-annual period during which the Issue Date falls to the end of the most recent fiscal semi-annual period for which consolidated financial statements of the Issuer have been delivered to the Trustee pursuant to Condition 5.3 (or, with respect to any Restricted Payment to be made in respect of the financial year ended 31 December 2020, 50 per cent. of the Consolidated Net Profit accrued during the financial year ended 31 December 2020) prior to the date of such Restricted Payment (or, in case such Consolidated Net Profit shall be a deficit, minus 100 per cent. of such deficit); *plus*

(ii) 100 per cent. of the aggregate net cash proceeds received by the Issuer subsequent to the Issue Date (i) as a contribution to its ordinary equity capital, (ii) from the issue or sale or exercise of Capital Stock of the Issuer (other than Disqualified Stock), (iii) from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Issuer that have been converted into or exchanged for such Capital Stock (other than Capital Stock (or Disqualified Stock or debt securities) sold to a Material Subsidiary of the Issuer) or (iv) from the issue of Indebtedness of the Issuer or a Material Subsidiary of the Issuer for cash subsequent to the Issue Date that has been converted into or exchanged for such Capital Stock (other than Disqualified Stock),

provided, however, that in any financial year where the Issuer or any of its Material Subsidiaries is required under the Law on the State Budget, the Presidential Decree dated 29 June 2018 No. UP-5468, as amended or superseded from time to time (the "**Decree**"), the Presidential Resolution dated 15 April 2020 No. PP-4679 (the "**Resolution**") or any law, Presidential or Governmental resolution having similar effect, to make any Restricted Payments to its shareholders or, a Person holding Capital Stock in the Issuer is required pursuant to any such law, Presidential or Governmental resolution as referred to above to make a payment that, if made by the Issuer or a Material Subsidiary would be deemed a Restricted Payment and subsequently assigns such payment obligation to the Issuer and, in each case, the mandatory amount of such Restricted Payments exceeds the threshold set out in paragraph (ii) above, such higher threshold as specified in the Law on the State Budget, the Decree, the Resolution or any law, Presidential or Governmental resolution having similar effect shall apply for the purposes of this Condition 5.2.

5.2.3 The preceding provisions will not prohibit:

(i) the payment of any dividend within 60 days after the date of declaration of the dividend, if at the date of declaration the dividend payment would have complied with the provisions of these Conditions;

(ii) the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the substantially concurrent sale or issuance (other than to a Material Subsidiary of the Issuer) of, Capital Stock of the Issuer of any of its Material Subsidiaries (other than Disqualified Stock) or from the substantially concurrent contribution of ordinary equity capital to the Issuer or any of its Material Subsidiaries; *provided that* the amount of any such net cash proceeds that are utilised for any such Restricted Payment will be excluded from paragraph (ii) of Condition 5.2.3;

(iii) the defeasance, redemption, repurchase or other acquisition of Subordinated Obligations of the Issuer or any of its Material Subsidiaries with the net cash proceeds from a substantially concurrent Incurrence of Refinancing Indebtedness in respect of such Subordinated Obligations;

(iv) the repurchase of Capital Stock deemed to occur upon the exercise of stock options or warrants to the extent such Capital Stock represent a portion of the exercise price of such stock options or warrants;

(v) the repurchase, redemption, or other acquisition for value of Capital Stock of the Issuer or any Material Subsidiary of the Issuer representing fractional shares of such Capital Stock in connection with a share dividend, distribution, share split, reverse share split, merger, consolidation, amalgamation or other business combination of the Issuer or such Material Subsidiary of the Issuer, in each case, permitted under these Conditions;

(vi) so long as no Potential Event of Default or Event of Default has occurred and is continuing and no Potential Event of Default or Event of Default would be caused thereby, the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Issuer or any of its Material Subsidiaries issued on or after the Issue Date in accordance with the Consolidated Net Leverage Ratio described under Condition 5.1.1;

(vii) payments of cash, dividends, distributions, advance or other Restricted Payments by the Issuer or any of its Material Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of the issuer or is Material Subsidiaries; provided, however, that any such cash payment shall not be for the purpose of evading the limitation of the covenant described in this Condition 5.2; or

(viii) payments or distributions to dissenting shareholders pursuant to applicable law in connection with or contemplation of a merger, consolidation or transfer of assets.

5.2.4 The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer or such Material Subsidiary of the Issuer, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this Condition 5.2 will be determined in good faith by the Board of Directors of the Issuer whose resolution with respect thereto will be delivered to the Trustee along with an Officer's Certificate setting out the Fair Market Value. The Trustee may rely on such resolution and such Officer's Certificate without further enquiry and will not be responsible or liable to any Person for so doing.

5.3 **Financial Statements etc.**: So long as any Note remains outstanding, the Issuer shall deliver to the Trustee:

5.3.1 not later than 180 days after the end of the Issuer's financial year, copies (in English) of the Issuer's audited consolidated financial statements for such financial year, prepared in accordance with IFRS consistently applied, together with the corresponding financial statements for the preceding period, and all such annual financial statements of the Issuer shall be accompanied by the audit report (in English) of the Auditors thereon and supplemented with information as to the Adjusted EBITDA of the Issuer, the Consolidated Indebtedness and Consolidated Net Leverage Ratio for and as of the end of such financial year; and

5.3.2 not later than 120 days after the end of the first six months of each of the Issuer's financial years, copies (in English) of the Issuer's unaudited consolidated financial statements for such six-month period, prepared in accordance with IFRS consistently applied, together with the corresponding financial statements for the preceding period and all such financial statements of the Issuer shall be accompanied by the review report (in English) of the Auditors thereon and supplemented with information as to the Adjusted EBITDA of the Issuer, the Consolidated Indebtedness for and as of the end of such period and Consolidated Net Leverage Ratio for the twelve months then ended,

in the case of each of 5.3.1 and 5.3.2 above, together with a written notice in the form of an Officer's Certificate in the form set out in the Trust Deed stating whether since the date of the last certificate or, if none, the Issue Date an Event of Default or a Potential Event of Default shall have occurred and be continuing, describing all such Events of Default or Potential Events of Default and what action the Issuer is taking or proposes to take with respect thereto;

5.3.3 the Issuer shall also post such financial statements on its website within the time periods referred to in Condition 5.3.1 and Condition 5.3.2 above, as the case may be; and

5.3.4 so long as any of the Notes are restricted securities (as defined in Rule 144 under the Securities Act) and during any period during which the Issuer is not subject to the reporting requirements of the Exchange Act or exempt therefrom pursuant to Rule 12g3-2(b), the Issuer will furnish to any holder or beneficial owner of Notes initially offered and sold in the United States to Qualified Institutional Buyers pursuant to Rule 144A under the Securities Act, and to prospective purchasers in the United States designated by such holder or beneficial owners, upon request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

5.4 Limitation on Mergers:

5.4.1 So long as any Note remains outstanding, the Issuer shall not (x) enter into any reorganisation (whether by way of a merger, accession, division, separation or transformation, as these terms may be construed under applicable Uzbek law) or undergo any other type of corporate reconstruction, or (y) in a single transaction or a series of related transactions, directly or indirectly, merge, consolidate, amalgamate or otherwise combine with or into another Person or sell, assign, lease, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer or the Group, to another Person, unless:

(i) (A) the surviving or resulting entity or the transferee (the "**Issuer Successor Company**") is the Issuer or, (B) if not the Issuer, the Issuer Successor Company (x) assumes all the obligations (if any) of the Issuer under the Notes and the Trust Deed, and (y) retains or succeeds to all of the rights and obligations of the Issuer under all of its material government permits, licenses, consents and authorisations; and

(ii) such transaction(s) would not, individually or in the aggregate, have a Material Adverse Effect; and

(iii) promptly after such transaction(s), the Issuer Successor Company certifies to the Trustee that the transaction complies with these Conditions (upon which certification the Trustee shall be entitled to rely without further enquiry and without liability to any person).

5.4.2 Notwithstanding the foregoing, any Subsidiary of the Issuer may consolidate with, merge with or into, amalgamate or otherwise combine with or sell, assign, transfer, convey or otherwise dispose of all of its assets to the Issuer or another Subsidiary of the Issuer.

5.5 **Asset Sales**: So long as any Note remains outstanding, the Issuer shall not, and shall ensure that none of its Subsidiaries shall, directly or indirectly, consummate an Asset Sale, unless:

(i) the Issuer (or the Subsidiary of the Issuer, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (measured as at the date of the definitive agreement with respect to such Asset Sale) of the assets or Capital Stock issued or sold or otherwise disposed of; and

(ii) the Net Proceeds from such Asset Sale are:

A. applied to repay permanently any Consolidated Indebtedness (other than Indebtedness subordinated to the Notes);

B. applied to acquire or invest in Additional Assets;

C. retained as cash deposited with a bank or invested in Cash Equivalents; and/or

D. applied to acquire or invest in other assets that are not classified as current assets under IFRS and that are used or useful in a Permitted Business or applied to acquire or invest in the Capital Stock of any Person holding such property or assets, which is primarily engaged in a Permitted Business and will upon the acquisition by the Issuer or any of its Subsidiaries of such Capital Stock become a Subsidiary of the Issuer or any of its Subsidiaries,

in each case, within 360 days of the date when such proceeds are received; provided that, if the Net Proceeds are applied pursuant to Condition 5.5.1(ii)(C), the Issuer or such Subsidiary of the Issuer, as the case may be, shall apply or invest the Net Proceeds on or prior to the date falling 540 days after the date when such proceeds are received either to (i) repay permanently any Consolidated Indebtedness (other than Indebtedness subordinated to the Notes), (ii) acquire or invest in Additional Assets or (iii) applied to acquire or invest in other assets that are not classified as current assets under IFRS and that are used or useful in a Permitted Business or applied to acquire or invest in the Capital Stock of any Person holding such property or assets, which is primarily engaged in a Permitted Business and will upon the acquisition by the Issuer or any of its Subsidiaries of such Capital Stock become a Subsidiary of the Issuer or any of its Subsidiaries;

(iii) the Issuer delivers to the Trustee, in each case not later than 10 days after the consummation of such Asset Sale, a resolution (or an extract therefrom) of the appropriate decision-making body of the Issuer or the relevant Subsidiary of the Issuer (in the English language), if applicable, along with an Officer's Certificate certifying that such Asset Sale complies with this Condition 5.5; and

5.5.1 The Trustee may rely on such resolution and such Officer's Certificate referred to in this Condition 5.5 without further enquiry and will not be responsible or liable to any person for so doing.

5.6 **Affiliate Transactions**: So long as any Note remains outstanding, the Issuer will not, and will not permit any of its Subsidiaries to, enter into or permit to exist any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any Affiliate of the Issuer or such Subsidiary (an "**Affiliate Transaction**") unless:

5.6.1 the terms of the Affiliate Transaction are no less favourable to the Issuer or such Subsidiary of the Issuer than those that could be obtained at the time of the Affiliate Transaction in a comparable arm's-length transaction with a Person who is not an Affiliate of the Issuer or such Subsidiary of the Issuer; and

5.6.2 the Issuer delivers to the Trustee with respect to any Affiliate Transaction, or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.$35,000,000 (or, to the extent non-U.S. Dollar denominated, the U.S. Dollar Equivalent of such amount), a resolution of the Issuer's Board of Directors (in the English language) along with an Officer's Certificate certifying that such Affiliate Transaction complies with this Condition 5.6 and that such Affiliate Transaction has been approved by the Issuer's meeting of shareholders, a majority of the disinterested members of the Issuer's Board of Directors or such Subsidiary's Board of Directors, or another competent body of such Subsidiary authorised to approve such Affiliate Transaction, (or, in the event there is only one disinterested member of the Issuer's or Subsidiary's Board of Directors or another competent body of such Subsidiary, approved by such disinterested member); provided, however, that the provisions of this Condition 5.6 shall not apply to:

(i) any employment agreement, employee compensation arrangements, consulting agreement, employee benefit plan, officer and director indemnification agreement or any similar arrangement entered into by the Issuer or any of its Subsidiaries in the ordinary course of business and compensation (including bonuses and equity compensation) paid to and other benefits (including retirement, health and other benefit plans) and indemnification arrangements provided on behalf of directors, officers, consultants and employees of the Issuer or any of its Subsidiaries;

(ii) transactions (including a merger) between or among or solely for the benefit of the Issuer and/or its Subsidiaries;

(iii) any issuance of Capital Stock of the Issuer to Affiliates of the Issuer or the receipt of capital contributions by the Issuer from Affiliates of the Issuer;

(iv) Restricted Payments permitted to be made pursuant to Condition 5.2;

(v) any sales of gas and oil at prices set or limited by Uzbekistan laws and regulations;

(vi) any Affiliate Transaction undertaken by the Issuer or any of its Subsidiaries not involving, individually or in aggregate, payments or value in excess of U.S.$10.0 million (or its U.S. Dollar Equivalent);

(vii) agreements and arrangements, and transactions pursuant thereto, existing on the Issue Date and any amendment, extension, renewal, refinancing, modification or supplement thereof; provided that following such amendment, extension, renewal, refinancing, modification or supplement, the terms of any such agreement or arrangement so amended, modified or supplemented are, on the whole, no less favourable to the Issuer and its Subsidiaries, as applicable, than the original agreement or arrangement as in effect on the Issue Date.

The Trustee may rely on such resolution and such Officer's Certificate referred to in this Condition 5.6 without further enquiry and will not be responsible or liable to any person for so doing.

5.7 **Maintenance of Authorisations**: So long as any Note remains outstanding:

5.7.1 the Issuer shall, and shall procure that each of its Material Subsidiaries shall, take all necessary action to obtain and do or cause to be done all things necessary, in the opinion of the Issuer or the relevant Material Subsidiary, to ensure the continuance of its corporate existence, its business and intellectual property relating to its business; and

5.7.2 the Issuer shall obtain or make, and procure the continuance or maintenance of, all registrations, recordings, filings, consents, licences, approvals and authorisations, which may at any time be required to be obtained or made in the Republic of Uzbekistan for the purposes of the execution, delivery or performance of the Notes, the Trust Deed and for the validity and enforceability thereof.

5.8 **Change of Business**: So long as any Note remains outstanding, the Issuer shall not make any material change to the Permitted Business.

5.9 **Environmental Compliance**: So long as any Note remains outstanding, the Issuer shall, and shall ensure that its Subsidiaries shall, comply with all Environmental Laws and obtain and maintain all Environmental Licences, except where a failure to do so would not, or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.10 Limitation on Restrictions on Distributions from Subsidiaries

The Issuer shall not, and shall not permit any of its Subsidiaries to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Subsidiary to:

5.10.1 pay dividends or make any other distributions on its share capital; or

5.10.2 make any loans or advances or pay any Indebtedness owed to the Issuer;

However, the preceding restrictions shall not apply to encumbrances or restrictions existing under or by reason of:

(i) any encumbrance or restriction originally entered into by the Issuer or a Subsidiary of the Issuer prior to (and as in effect on) the Issue Date, including imposed by the Notes and these Conditions;

(ii) encumbrances and restrictions pursuant to an agreement or instrument relating to any Indebtedness ranking equally with the Notes and permitted to be Incurred pursuant to Condition 5.1, provided that the encumbrances or restrictions contained in any such agreement or instrument taken as a whole are not materially less favourable to the Noteholders than (x) the encumbrances and restrictions contained in these Conditions, as in effect on the Issue Date or (y) is customary in comparable financings where such encumbrances or restrictions will not adversely affect the Issuer's ability to make interest and principal payments on the Notes;

(iii) encumbrances and restrictions contained in any agreement or other instrument of any Person acquired by the Issuer or any Subsidiary of the Issuer in effect at the time of such acquisition (but not created in contemplation thereof) which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired;

(iv) customary non-assignment provisions in leases and other contracts for goods and services entered into in the ordinary course of business;

(v) any agreement for the sale or other disposition of a Subsidiary of the Issuer or any assets of the Issuer, or a Subsidiary of the Issuer that restricts distributions of that Subsidiary or such assets pending such sale or other disposition;

(vi) Permitted Liens securing Indebtedness that limit the right of a debtor to dispose of the assets subject to such Liens;

(vii) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(viii) any encumbrances or restrictions of the type referred to in paragraphs (i), (ii) and (iii) above or this paragraph (ix) that are imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of contracts, instruments or obligations; provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings taken as a whole are, in the good faith judgment of the Board of Directors of the Issuer, no more restrictive with respect to such encumbrances and restrictions than those contained in the encumbrances and restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing; and

(ix) any restrictions provided for by the applicable laws of the Republic of Uzbekistan;

5.11 Covenant Suspension

From and after the date (the "**Suspension Date**") on which the (i) Notes have Investment Grade Status, and (ii) no Potential Event of Default or Event of Default has occurred and is continuing at such time, and such circumstances are certified to the Trustee in an Officer's Certificate, upon which certification the Trustee shall be entitled to rely absolutely without incurring any liability to any person for so doing, at all times thereafter:

5.11.1 the Issuer and its Subsidiaries will be released from their obligations to comply with Conditions 5.1, 5.2, 5.6, 5.8 and 5.10; and

5.11.2 and any related Events of Default or Potential Events of Default which might otherwise occur but for the operation of this Condition 5.11 shall not be regarded as having occurred during the Suspension Period (as defined below) (the "**Suspended Covenants**"),

provided that, to the extent that the Notes subsequently cease to have Investment Grade Status (the date of such cession, the "**Reversion Date**"), then upon the Reversion Date, the provisions of this Condition 5.12 will immediately cease to apply until the Notes again satisfy such Investment Grade Status.

Notwithstanding that the Suspended Covenants may be reinstated upon the occurrence of a Reversion Date, no Potential Event of Default or Event of Default will be deemed to have occurred as a result of any (i) actions of the Issuer or any Subsidiary of the Issuer taken or committed to be taken during the period between and including the Suspension Date and the Reversion Date (such period, the "**Suspension Period**") pursuant to law, court or government orders, resolutions of the relevant board of directors or other management body of a relevant member of the Group or a binding and legally effective contract; or (ii) any omission or failure by the Issuer or any Subsidiary of the Issuer to act in respect of any of the Suspended Covenants during the Suspension Period. If, following the occurrence of a Reversion Date, any act or omission of the Issuer or any Subsidiary, in respect of the subject matter of the Suspended Covenants, which would have been a Potential Event of Default or Event of Default during the Suspension Period but for the operation of this Condition 5.12 is continuing, the Issuer and each Subsidiary of the Issuer shall have 90 days to cure and remedy any such event and during such period such act or omission shall not constitute a Potential Event of Default of an Event of Default. On the Reversion Date, all Indebtedness incurred during the Suspension Period will be classified to have been incurred pursuant to one of the paragraphs of Condition 5.1.2 (to the extent such Indebtedness would be permitted to be incurred thereunder as of the Reversion Date and after giving effect to Indebtedness incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred pursuant to a paragraph of Condition 5.1.2, such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under paragraph (i) of Condition 5.1.2. On the Reversion Date, any Lien made or entered into during the Suspension Period will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under paragraph (n) of the definition of "Permitted Liens".

6. Interest

The Notes bear interest on their outstanding principal amount from and including the Issue Date at the rate of 4.75 per cent. per annum, payable semi-annually in arrear on 16 May and 16 November in each year (each an "**Interest Payment Date**"), commencing on 16 May 2022 and will amount to U.S.$23.75 per Calculation Amount (as defined below). Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Definitive Note representing such Note, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Trustee or the Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Note shall be calculated per U.S.$1,000 in principal amount of the Notes (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

7. Redemption and Purchase

7.1 **Final redemption**: Unless previously redeemed, or purchased and cancelled as provided below, the Notes will be redeemed at their principal amount on 16 November 2028 (the "**Maturity Date**"). The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 7.

7.2 **Redemption for tax reasons**: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 17 and to the Trustee and Agents (which notice shall be irrevocable) at the principal amount thereof, together with interest accrued to (but excluding) the date fixed for redemption, if (i) immediately prior to the giving of such notice that the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the Republic of Uzbekistan or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or becomes effective on or after the Issue Date and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee (x) an Officer's Certificate of the Issuer stating that the Issuer is entitled to effect such redemption and that the conditions precedent to the right of the Issuer to so redeem set out in (i) and (ii) above have occurred and (y) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept and rely absolutely, without further enquiry and without liability to any person, upon such opinion and certificate as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above, in which event it shall be conclusive and binding on the Noteholders. All Notes in respect of which any such notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.

7.3 **Redemption at Make Whole**: At any time prior to the date falling three months prior to the Maturity Date the Issuer may, at its option, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders (the "**Call Option Notice**") in accordance with Condition 17 and to the Trustee and the Agents redeem the Notes in whole but not in part, at the price which shall be the following (as calculated by the Issuer):

7.3.1 the aggregate principal amount of the outstanding Notes; plus

7.3.2 interest and other amounts that may be due pursuant to these Conditions (if any) accrued but unpaid to but excluding the date on which the call option is to be settled (the "**Call Settlement Date**"); plus

7.3.3 the Make Whole Premium.

The Call Option Notice shall specify the Call Settlement Date.

For the purposes of this Condition 7.3:

"**Comparable Treasury Issue**" means the United States Treasury Security selected by the Determination Agent as having a maturity comparable to the remaining term of the Notes from the Call Settlement Date to the Maturity Date, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity most nearly equal to the Maturity Date;

"**Comparable Treasury Price**" means, with respect to any Call Settlement Date, the average of three, or such lesser number as is obtained by the Determination Agent, Reference Treasury Dealer Quotations for the Call Settlement Date;

"**Determination Agent**" means a financial adviser or bank being a reputable financial institution which is independent of the Issuer, appointed by the Issuer and at the Issuer's expense for the purpose of determining the Make Whole Premium;

"**H.15**" means the statistical release designated as H.15, or any successor publication, published by the board of governors of the Federal Reserve System athttp://www.federalreserve.gov/releases/H15 or any successor site or publication;

"**Make Whole Premium**" means, with respect to a Note at any time, the excess of (a) the amount equal to the sum of the present value of the principal amount of the Notes at the Call Settlement Date, plus the present value of any required interest payments that would otherwise accrue and be payable on such Notes from the Call Settlement Date through to the Maturity Date (not including any portion of such interest payments accrued to the Call Settlement Date), in each case discounted to the Call Settlement Date on a semi-annual compounded basis (assuming a year of 360 days consisting of 12 months of 30 days each) at the Treasury Rate plus 0.50 per cent., all as determined by the Determination Agent, over (b) the outstanding aggregate principal amount of the Notes at the Call Settlement Date, provided that if the value of the Make Whole Premium at any time would otherwise be less than zero, then in such circumstances, the value of the Make Whole Premium will be equal to zero;

"**Reference Treasury Dealer**" means each of the three nationally recognised firms selected by the Determination Agent that are primary U.S. Government securities dealers;

"**Reference Treasury Dealer Quotations**" means with respect to each Reference Treasury Dealer and any Call Settlement Date, the average, as determined by the Determination Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Determination Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time on the third business day (in New York City) immediately preceding such Call Settlement Date;

"**Treasury Rate**" means either (i) the rate per annum equal to the yield, that represents the average of the daily yields for the week immediately preceding the third business day (in New York City) prior to the Call Settlement Date, derived from in the most recently published "H.15" under the caption "Treasury Constant Maturities" for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Maturity Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined by the Determination Agent and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the third business day (in New York City) prior to the relevant date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the Call Settlement Date, in each case calculated by the Determination Agent on the third business day (in New York City) immediately preceding the Call Settlement Date; and

"**United States Treasury Security**" means a security that is a direct obligation of the United States Treasury, issued other than on a discount rate basis.

7.4 **Optional Redemption at Par**: the Issuer may, at any time on or after the date falling three months prior to the Maturity Date, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders (which notice shall specify the date fixed for redemption (the "**Par Optional Redemption Date**")) in accordance with Condition 17 and to the Trustee and Agents, redeem the Notes in whole or in part, at the principal amount thereof, together with interest and additional amounts (if any) accrued but unpaid to but excluding the Par Optional Redemption Date.

In the case of a partial redemption the notice to Noteholders shall also specify the nominal amount of Definitive Notes drawn and the serial numbers of the Definitive Notes to be redeemed, which shall have been drawn individually by lot in such place as the Trustee may approve and in such manner as the Issuer deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

7.5 **Redemption of Residual Amount Outstanding at the Option of the Issuer**: If at any time (other than when early redemption pursuant to Condition 7.4 applies) at least 80% or more of the aggregate principal amount of the Notes (including for these purposes, any further securities issued pursuant to Condition 16 so as to be consolidated and form a single series with the Notes but excluding, for these purposes, any Notes redeemed pursuant to Condition 7.3) have been redeemed by the Issuer or purchased by the Issuer or any Subsidiary of the Issuer and not resold, then the Issuer may, at its option, having given not less than 30 nor more than 60 days' notice to the Trustee and the Noteholders in accordance with Condition 17 (which notice shall be irrevocable and shall specify the date fixed for redemption (the "**Clean-up Call Redemption Date**")), redeem in whole the Notes at a redemption price equal to 101% of the principal amount of such Notes outstanding together with any accrued and unpaid interest and additional amounts (if any) to (but excluding) the Clean-up Call Redemption Date.

7.6 **Purchase**: the Issuer and its Subsidiaries may at any time purchase or procure others to purchase for its account Notes in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 13.1.

7.7 **Cancellation**: All Definitive Notes representing Notes purchased pursuant to this Condition 7 shall be either cancelled forthwith, held or, to the extent permitted by law, resold. Any Definitive Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7.8 **Redemption at the option of Noteholders upon a Relevant Event**: If at any time while any Note remains outstanding a Relevant Event occurs, the Issuer shall, at the option of the holder of any such Note (the "**Relevant Event Put Option**"), redeem or purchase such Note on the Relevant Event Put Date (as defined below) at 100 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) interest accrued to but excluding the Relevant Event Put Date.

If a Relevant Event occurs then, within 14 days of the occurrence of the Relevant Event, the Issuer shall give notice (a "**Relevant Event Notice**") to the Noteholders in accordance with Condition 17 specifying the nature of the Relevant Event and the procedure for exercising the Relevant Event Put Option.

To exercise the Relevant Event Put Option, a holder of Notes must deliver at the specified office of any Paying Agent, on any business day (being a day on which commercial banks are open for business in the city where such Paying Agent has its specified office) falling within the period commencing on the date on which the Relevant Event Notice is given to Noteholders as required by this Condition 7.8 and ending 60 days after such date (the "**Relevant Event Put Period**"), a duly signed and completed notice of exercise in the form obtainable from any specified office of any Paying Agent (a "**Relevant Event Put Option Notice**") and in which the holder must specify a bank account to which payment is to be made under this paragraph accompanied by the applicable Definitive Note or Notes or evidence satisfactory to the Paying Agent concerned that the certificate for such Notes will, following the delivery of the Relevant Event Put Option Notice, be held to its order or under its control.

The Issuer shall redeem or purchase (or procure the purchase of) the Notes the subject of each Relevant Event Put Option Notice on the date (the "**Relevant Event Put Date**") 14 days after the expiration of the Relevant Event Put Period unless previously redeemed or purchased and cancelled. A Relevant Event Put Option Notice given by a holder of any Note shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Relevant Event Put Option Notice and require the applicable Definitive Note or Notes to be returned.

For the purposes of this Condition 7.8:

7.8.1 "**Relevant Event**" means the occurrence of both (x) a Change of Control and (y) an Adverse Ratings Event;

7.8.2 a "**Change of Control**" will occur upon the date of the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that the Republic of Uzbekistan ceases to beneficially own (directly or indirectly) at least 50 per cent. plus one share of the issued and outstanding Voting Stock of, or otherwise to control, the Issuer; and

7.8.3 an "**Adverse Ratings Event**" will occur if on, or within six months after, the date, or the announcement of the occurrence of the Change of Control (which period shall be extended so long as the rating of the Issuer or any Rated Security is under publicly announced consideration for possible downgrade by reason of such Change of Control by any of the Rating Agencies), the rating of the Issuer or any Rated Security is withdrawn or downgraded by any Rating Agency by reason of such Change of Control.

8. Payments

8.1 Method of Payment

8.1.1 Payments of principal shall be made (subject to surrender of the relevant Definitive Notes at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Definitive Notes) in the manner provided in paragraph (ii) below.

8.1.2 Interest on each Note shall be paid to the person shown on the Register at the close of business on the business day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made by transfer to an account in U.S. Dollars maintained by the payee with a bank.

8.1.3 If the amount of principal being paid upon surrender of the relevant Definitive Note is less than the outstanding principal amount of such Definitive Note, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Noteholder) issue a new Definitive Note with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

8.2 **Payments subject to fiscal laws**: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of

Condition 9) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

8.3 **Agents**: The initial Agents and their initial specified offices are listed below. The Issuer reserves the right (subject to prior written approval of the Trustee (such approval not to be unreasonably withheld or delayed)) to vary or terminate the appointment of all or any of the Agents at any time (provided that no Agent shall be responsible for any costs or liabilities occasioned by any such termination) and appoint additional or other payment or transfer agents, provided that they will maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case, as approved by the Trustee (such approval not to be unreasonably withheld or delayed). Notice of any such change will be provided as described in Condition 17 below.

8.4 **Delay in Payment**: Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a business day, or if the Noteholder is late in surrendering or cannot surrender its Definitive Note (if required to do so).

8.5 **Non-Business Days**: If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 8, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Principal Paying Agent is located and on which foreign exchange transactions may be carried on in U.S. Dollars in New York City.

9. Taxation

All payments of principal, interest and other amounts in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Uzbekistan or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

(i) held by a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Republic of Uzbekistan other than the mere holding of such Note; or

(ii) where (in the case of a payment of principal or interest on redemption) the relevant Definitive Note is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had surrendered the relevant Definitive Note on the last day of such period of 30 days.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

"**Relevant Date**" in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders in accordance with Condition 17 that, upon further surrender of the Definitive Note representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition. If the Issuer becomes subject in respect of payments of principal or interest on the Notes to any taxing jurisdiction other than (or in addition to) the Republic of Uzbekistan, references in these Conditions to the Republic of Uzbekistan shall be construed as references to such other jurisdiction.

10. Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of not less than one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give written notice to the Issuer that the Notes are, and they shall immediately become, due and repayable at their principal amount together with accrued interest if any of the following events occurs and is continuing (each, an "**Event of Default**"):

10.1.1 the Issuer fails to pay any amounts payable on any of the Notes when due and such failure continues for a period of seven days in relation to principal and fourteen days in relation to interest; or

10.1.2 the Issuer does not perform or comply with any of its other obligations in the Notes or the Trust Deed which default (i) is (in the opinion of the Trustee) incapable of remedy and, in the case of a breach of an obligation under the Trust Deed, (in the opinion of the Trustee) materially prejudicial to the interests of the Noteholders or (ii) if in the opinion of the Trustee capable of remedy is not remedied within 30 days or such longer period as the Trustee may agree after notice of such default having been given to the Issuer by the Trustee in writing requesting the same to be remedied; or

10.1.3 (i) any other present or future Indebtedness of the Issuer or any of its Subsidiaries becomes due and payable prior to its stated maturity by reason of any default (howsoever described), or (ii) any such Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due or, as the case may be, within any originally applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness, provided that the aggregate amount of the relevant Indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph 10.1.3 have occurred equals or exceeds U.S.$75.0 million (or, to the extent non-U.S. Dollar denominated, the U.S. Dollar Equivalent of such amount); or

10.1.4 the occurrence of any of the following events:

(i) (A) the Issuer or any Material Subsidiary seeking, consenting or acquiescing in the introduction of proceedings for its liquidation or bankruptcy or the appointment to it of a liquidator or a similar officer; (B) the presentation or filing of a petition in respect of the Issuer or any Material Subsidiary in any court or before any agency for its bankruptcy, insolvency, dissolution or liquidation which, in the case of a petition presented or filed by a Person other than the Issuer, or such Material Subsidiary, as the case may be, is not dismissed or discharged within 60 days from the date of presentation or filing; (C) the institution of supervision, external management, examinership or bankruptcy management to the Issuer or any Material Subsidiary; (D) the convening of a meeting of creditors generally of the Issuer or any Material Subsidiary for the purposes of considering an amicable settlement with its creditors generally; and/or (E) any extra judicial liquidation or analogous act in respect of the Issuer or any Material Subsidiary by any Agency in the Republic of Uzbekistan (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring permitted by Condition 5.4); or

(ii) the Issuer or any of its Material Subsidiaries: (A) fails or is unable or admits its inability to pay its debts generally as they become due; (B) consents by answer or otherwise to the commencement against it of an involuntary case in bankruptcy or to the appointment of a custodian of it or of a substantial part of its property;

(iii) a court of competent jurisdiction enters an order for relief or a decree in an involuntary case in bankruptcy or for the appointment of a custodian in respect of the Issuer or any Material Subsidiary or a substantial part of their respective property and such order or decree remains undischarged for a period of 30 days; or

(iv) the shareholders of the Issuer approve any plan for the liquidation or dissolution of the Issuer (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring permitted by Condition 5.4);

10.1.5 a judgment, order, decree of a court or other appropriate law enforcement body for the payment of any amount in excess of U.S.$75.0 million (or, to the extent non-U.S. Dollar denominated, the U.S. Dollar Equivalent of such amount) is rendered against the Issuer or any of its Subsidiaries and continues unsatisfied and unstayed or uncontested for a period of 30 days after the date thereof or, if later, the date therein specified for payment or on which such judgment or order otherwise becomes enforceable; or

10.1.6 an order of a court of competent jurisdiction is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring permitted by Condition 5.4) which event in the case of a Material Subsidiary is in the opinion of the Trustee materially prejudicial to the interests of the Noteholders; or

10.1.7 the validity of the Notes or the Trust Deed, as the case may be, is contested by the Issuer or the Issuer shall deny any of its obligations thereunder or it is, or will become, unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed or any of such obligations shall become unenforceable or cease to be legal, valid and binding; or

10.1.8 any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs 10.1.4 and 10.1.6 above.

11. Prescription

Claims for the payment of principal and interest in respect of any Note shall be prescribed unless made within 10 years (for claims for the payment of principal) or five years (for claims for the payment of interest) from the appropriate Relevant Date in respect of them.

12. Replacement of Definitive Notes

If any Definitive Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Definitive Notes must be surrendered before replacements will be issued.

13. Meetings of Noteholders, Modification and Waiver

13.1 **Meetings of Noteholders**: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such meetings shall be held in accordance with the provisions set out in the Trust Deed. Such a meeting may be convened by the Trustee upon receipt of a written request by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding (subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction against all costs and expenses). The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, or interest on, the Notes, (iii) to alter the method of calculating the amount of any payment in respect of the Notes, (iv) to change the currency of payment of the Notes or (v) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority of at least two thirds of the votes cast shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

13.2 **Modification and Waiver**: The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Trust Deed or the Notes which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of the provisions of the Notes or the Trust Deed, which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and shall be notified to the Noteholders as soon as practicable thereafter.

13.3 **Entitlement of the Trustee**: In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other Person, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

14. Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such steps, actions and/or proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes, but it need not take, nor shall the Trustee be bound to take or omit to take, any such steps, actions and/or proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in principal amount of the Notes outstanding and (ii) it shall have been indemnified and/or provided with security and/or prefunded in each case to its satisfaction. No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trust Deed also contains a provision permitting the Trustee to request a compliance certificate from the Issuer related to compliance with the Conditions in the circumstances described in the Trust Deed. The Trustee may rely without liability to Noteholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer and the Noteholders.

16. Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

17. Notices

Notices to the Noteholders shall be valid if sent to them by first class mail (airmail if overseas) at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, so long as the Notes are listed on the Stock Exchange, notices will be published in a manner which complies with the rules and regulations of the Stock Exchange. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

18. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer, shall indemnify each Noteholder on the written demand of such Noteholder, addressed and delivered to the Issuer, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

19. Contracts (Rights of Third Parties) Act 1999

Save in respect of Condition 5.3.4 (with respect to holders of Notes which are "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act), no person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

20. Governing Law

The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with any of them are governed by, and shall be construed in accordance with, English law.

21. Arbitration, Consent to Enforcement and Waiver of Immunity

21.1 **Arbitration**: Any dispute, controversy or claim arising out of or connected with the Notes and the Trust Deed, including a dispute as to the validity or existence of the Notes and the Trust Deed and/or this Condition 21 or any non-contractual obligation arising out of or in connection with the Notes and the Trust Deed (a "**Dispute**"), shall be referred to, and finally resolved by, arbitration whose seat shall be in London, England, conducted in the English language by three arbitrators, pursuant to the rules of the London Court of International Arbitration ("**LCIA**") (the "**Rules**") (such arbitration to also be administered by the LCIA in accordance with those Rules), which Rules are deemed to be incorporated by reference into this Condition save that, unless the parties agree otherwise, the third arbitrator, who shall act as presiding arbitrator of the tribunal, shall be nominated by the two arbitrators nominated by or on behalf of the parties. If the third arbitrator is not so nominated within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA. Sections 45 and 69 of the Arbitration Act 1996 shall not apply.

21.2 **Agent for Service of Process**: The Issuer has appointed Law Debenture Corporate Services Limited as its agent in England to receive service of process in any Proceedings in England in connection with the Notes and the Trust Deed.

21.3 **Consent to enforcement etc.**: The Issuer consents generally in respect of any Disputes to the giving of any relief or the issue of any process in connection with such Disputes including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any judgment or award which may be made or given in such Disputes.

21.4 **Waiver of immunity**: To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before the making of a judgment or an award or otherwise) or other legal process including in relation to the enforcement of a judgment or award and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its respective assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity.

22. Definitions

In these Conditions, the following terms shall have the following meanings:

"**Acquired Indebtedness**" means, with respect to any specified Person, Indebtedness of any other Person existing at the time such other Person is merged, consolidated, amalgamated or otherwise combined with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is Incurred in connection with, or in contemplation of, such other Person merging, consolidating, amalgamating or otherwise combining with or into, or becoming a Subsidiary of, such specified Person.

"**Additional Assets**" means:

(a) any property, plant or equipment (excluding working capital or current assets, Cash and Cash Equivalents) that are used or useful in the Permitted Business;

(b) the Capital Stock of a Person that becomes a Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Subsidiary of the Issuer; or

(c) Capital Stock constituting a minority interest in any Person that at such time is a Subsidiary of the Issuer.

"**Adjusted EBITDA**" means, for any period:

(a) with respect to the Issuer, the sum of the net profit/(loss) of the Issuer and its Subsidiaries for such period; plus income tax expense, finance costs and depreciation, depletion and amortisation; plus, to the extent they decrease the net profit/(loss) of the Issuer and its Subsidiaries for the period, foreign exchange loss, net; minus, to the extent they increase the net profit/(loss) of the Issuer and its Subsidiaries for the period, foreign exchange gain, net; minus finance income and other non-operating income, each as determined by reference to the Issuer's most recent consolidated financial statements delivered in accordance with Condition 5.3; in each case for such period; and

(b) with respect to any Subsidiary of the Issuer, the sum of the net profit/(loss) of such Subsidiary for such period as determined in accordance with IFRS; plus income tax expense, finance costs and depreciation, depletion and amortisation; plus, to the extent they decrease the net profit/(loss) of such Subsidiary for such period, foreign exchange loss, net; minus, to the extent they increase the net profit/(loss) of such Subsidiary for such period, foreign exchange gain, net; minus finance income and other non-operating income of such Subsidiary determined in accordance with IFRS; in each case for such period (excluding intra-group items and investments in other Subsidiaries of the Issuer).

"**Affiliate**" of any specified Person means any other Person, directly or indirectly controlling, controlled by, or under direct or indirect common control with, such specified Person. For the purposes of this definition, "**control**" (including, with correlative meanings, the terms "**controlling**", "**controlled by**" and "**under common control with**"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, *provided that* exclusively for the purposes of Condition 5.6 ownership of 10 per cent. of the voting securities of any Person shall be deemed to be control. "**Affiliate**" shall include funds advised by the specific Person.

"**Agency**" means any agency, authority, central bank, department, committee, government, legislature, ministry, minister, official or public or statutory person (whether autonomous or not) of, or of the government of, any state or supra-national body.

"**Asset Sale**" means

(a) the sale, lease, conveyance or other disposition of any tangible or intangible assets (other than cash) or rights or revenues of the Issuer or a Subsidiary of the Issuer in one or more transactions or series of transactions (whether related or not) provided that the sale, conveyance or other disposition of all or substantially all of the assets of the Issuer and its Subsidiaries taken as a whole will be governed by the provisions of Condition 5.4 and not by the provisions of Condition 5.5;

(b) the issuance of Capital Stock in any Subsidiary of the Issuer or the sale of Capital Stock in any of its Subsidiaries.

Notwithstanding the foregoing, none of the following items will be deemed to be an Asset Sale:

(a) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than U.S.$25 million (or, to the extent non-U.S. Dollar denominated, the U.S. Dollar Equivalent of such amount);

(b) a transfer of assets between or among the Issuer and its Subsidiaries;

(c) an issuance of Capital Stock by a Subsidiary of the Issuer to the Issuer or to a Wholly-Owned Subsidiary of the Issuer;

(d) the sale, lease, conveyance or disposition of assets (including, for the avoidance of doubt, inventory or stock-in-trade, products, services or accounts receivable, licensing of rights and any sales of gas and oil at prices set or limited by Uzbekistan laws and regulations) in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets in the ordinary course of business;

(e) the sale or other disposition of cash or Cash Equivalents;

(f) the creation of a Lien and any disposition in connection with any Permitted Lien;

(g) a payment that does not violate Condition 5.2;

(h) the lease, assignment or sublease of any real or personal property in the ordinary course of business;

(i) the licensing or sublicensing of rights to intellectual property or other intangibles in the ordinary course of business;

(j) sales or other dispositions of assets or property received by the Issuer or any Subsidiary of the Issuer upon the foreclosure of a Lien granted in favour of the Issuer or any Subsidiary of the Issuer or any other transfer of title with respect to any ordinary course secured investment in default.

"**Auditors**" means the auditors for the time being of the Issuer or, if they are unable or unwilling promptly to carry out any action requested of them under these Conditions, such other firm of accountants of international standing as may be selected by the Issuer for the purpose and notified in writing to the Trustee.

"**Board of Directors**" means: with respect to the Issuer, its Supervisory Board; with respect to a corporation, the board of directors or managers of the corporation and, in the case of any other corporation having both a supervisory board and an executive or management board, the executive or management board (except where the supervisory board is expressly indicated); with respect to a partnership, the board of directors of the general partner of the partnership; and with respect to any other Person, the board or committee of such Person serving a similar function;

"**business day**" means (except where expressly defined otherwise) a day which banks and foreign exchange markets are open for business in the place in which the specified office of the Principal Paying Agent is located and on which foreign exchange transactions may be carried on in U.S. Dollars in New York City.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests (including partnership interests), rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or non-voting) of such Person's equity, including any Preferred Stock of such Person, whether now outstanding or issued after the Issue Date, including without limitation, all series and classes of such Capital Stock but excluding any debt securities convertible into or exchangeable for such Capital Stock.

"**Cash Equivalents**" means:

(a) securities (i) issued by, or directly and fully guaranteed or insured by, the U.S. government or any agency or instrumentality of the U.S. government (provided that the full faith and credit of the United States is pledged in support of those securities), or (ii) which are denominated in U.S. dollars, euro, Uzbekistan soum or the currency of a member state of the European Union and are issued by, or directly and fully guaranteed or insured by, a member of the European Union or the Republic of Uzbekistan on the Issue Date, or any agency or instrumentality thereof, in each case having maturities of not more than six months from the date of acquisition;

(b) certificates of deposit, time deposits and other bank deposits in U.S. dollars or euro with maturities of 12 months or less from the date of acquisition, bankers' acceptances with maturities not exceeding 12 months and overnight bank deposits, in each case, with any commercial bank (i) having capital and surplus in excess of U.S.$500.0 million (or its equivalent in any other currency) and a rating of A-1/P-1 (or such similar equivalent rating) or better from at least one internationally recognised statistical rating organisation, (ii) licensed or organised in the Republic of Uzbekistan and having a rating from at least one internationally recognised statistical rating organisation that is no less than "BB-" on "Ba3" (or such similar equivalent rating) (iii) licensed or organised in the Republic of Uzbekistan and controlled by another bank organised in the United States, United Kingdom or any European Union jurisdiction that meets the requirements of clause (i) of this paragraph; provided, that Cash Equivalents will also include such certificates of deposit, time deposits and other bank deposits in Uzbekistan soum if, at the time of deposit or acquisition, the Issuer or any of its Subsidiaries has one or more euro or U.S. dollar deposits or bankers' acceptances with one or more of the institutions referred to in (i) to (iii) above at least equal in value (at then current exchange rates) to the amount of interest payable on the Notes on the next Interest Payment Date;

(c) repurchase obligations with a term of not more than seven days for underlying securities of the types described in paragraph (b) above entered into with any financial institution meeting the qualifications specified in paragraph (b) above;

(d) investments in commercial paper with a maturity of one year or less from the date of acquisition, issued by a corporation (other than an Affiliate of the Issuer) organised and in existence under the laws of a member of the European Union, the United Kingdom or the United States with a rating at the time as of which any investment therein is made of "P1" (or higher) according to

Moody's, "A1" (or higher) according to S&P or "F1" by Fitch from at least two Rating Agencies;

(e) investments in securities with maturities of six months or less from the date of acquisition issued or guaranteed by any state, commonwealth or territory of a member of the European Union, the United States or the United Kingdom or by any political subdivision or authority thereof; and

(f) interests in any money market fund which invests 95 per cent. or more of its assets in instruments of the type specified in paragraphs (a) to (e) above.

"**Cash and Cash Equivalent Amounts**" means with respect to any specified Person and as at any date of determination, the total amount of cash and cash equivalents that would have been included in a balance sheet of such person prepared in accordance with IFRS if prepared as at such date.

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**control**" shall have the meaning provided in the definition of "Affiliate" and "**controlled**" shall be construed accordingly.

"**Consolidated Indebtedness**" means, at any date of determination (and without duplication), the aggregate of the Indebtedness of the Issuer and its Subsidiaries on a consolidated basis.

"**Consolidated Net Indebtedness**" means, at any date of determination (and without duplication), (i) the Consolidated Indebtedness less (ii) any Cash and Cash Equivalent Amounts of the Issuer and its Subsidiaries, in the case of each (i) and (ii), as of the end of the period for which the then most recent consolidated financial statements of the Issuer were delivered to the Trustee pursuant to Condition 5.3.

"**Consolidated Net Leverage Ratio**" as of any date of determination (the "**Determination Date**"), means the ratio of (x) the Consolidated Net Indebtedness to (y) the Adjusted EBITDA of the Issuer for the period of the two most recent Measurement Periods immediately preceding the date of such determination for which the Issuer's consolidated financial statements prepared in accordance with the IFRS are available (the "**Adjusted EBITDA Calculation Period**"); provided, however, that:

(a) if (i) the Issuer or any of its Subsidiaries has Incurred any Indebtedness since the end of the Adjusted EBITDA Calculation Period (the "**Relevant Date**") which remains outstanding on the Determination Date or (ii) the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is an Incurrence of Indebtedness, or both, the Consolidated Net Leverage Ratio shall be calculated by adjusting the Consolidated Net Indebtedness for such period to give effect to the Incurrence of any Indebtedness mentioned in (i) or (ii) above, or both, as if such Indebtedness had been Incurred on the Relevant Date; provided that no effect shall be given to any Cash and Cash Equivalent Amounts received by the Issuer or any of its Subsidiaries as proceeds of such Indebtedness that gave rise to the need to calculate the Consolidated Net Leverage Ratio;

(b) if (i) the Issuer or any of its Subsidiaries has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the Relevant Date or (ii) if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) on the date of the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio, or both, the Consolidated Net Leverage Ratio shall be calculated by adjusting the Consolidated Net Indebtedness for such period to give effect to such repayment, repurchase, defeasement or discharge mentioned in (i) or (ii) above, as if such repayment, repurchase, defeasement or discharge had occurred on the Relevant Date;

(c) if since the beginning of the Adjusted EBITDA Calculation Period the Issuer or any Subsidiary of the Issuer (by merger or otherwise) shall have made an Investment in any Person which as a result of such Investment becomes a Subsidiary of the Issuer or an acquisition of assets which constitutes all or substantially all of an operating unit of a business (including any acquisition of assets occurring in connection with a transaction requiring a calculation to be made hereunder), the Consolidated Net Leverage Ratio shall be calculated by adjusting the

Consolidated Adjusted EBITDA of the Issuer for such Adjusted EBITDA Calculation Period as if such Investment or acquisition had occurred on the first day of such Adjusted EBITDA Calculation Period; and

(d) if since the beginning of the Adjusted EBITDA Calculation Period the Issuer or any of its Subsidiaries shall have made an Asset Sale, the Consolidated Net Leverage Ratio shall be calculated by reducing the Adjusted EBITDA of the Issuer for such Adjusted EBITDA Calculation Period by an amount equal to the Adjusted EBITDA of the Issuer (if positive) directly attributable to the assets which are the subject of such Asset Sale, or increased by an amount equal to the Adjusted EBITDA of the Issuer (if negative), directly attributable thereto for such period as if such Asset Sale had occurred on the first day of such Adjusted EBITDA Calculation Period.

For the purposes of this definition, pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Issuer.

"**Consolidated Net Profit**" means, for any period, the net profit of the Issuer and its Subsidiaries for such period, on a consolidated basis, determined in accordance with IFRS.

"**Consolidated Total Assets**" means, as of any date of determination, the total assets of the Issuer and its Subsidiaries, on a consolidated basis, as shown in the then most recent consolidated IFRS financial statements of the Issuer delivered to the Trustee pursuant to Condition 5.3.

"**Currency Agreement**" means any foreign exchange contract, currency swap agreement or other similar agreement with respect to currency values, entered into in the ordinary course of business.

"**Deferred Capital Stock**" means a dividend or distribution declared by the Issuer and which a shareholder of the Issuer has irrevocably instructed the Issuer to retain and apply towards consideration for any future Capital Stock to be issued by the Issuer to such shareholder.

"**Disqualified Stock**" means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

(a) matures or is mandatorily redeemable (other than redeemable only for Capital Stock of such Person which is not itself Disqualified Stock) pursuant to a sinking fund obligation or otherwise;

(b) is convertible or exchangeable at the option of the holder for Indebtedness or Disqualified Stock; or

(c) is mandatorily redeemable or must be purchased upon the occurrence of certain events or otherwise, in whole or in part;

in each case on or prior to the first anniversary of the Stated Maturity of the Notes; *provided*, *however*, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of a "change of status" occurring prior to the first anniversary of the Stated Maturity of the Notes shall not constitute Disqualified Stock if (i) the "change of status" provisions applicable to such Capital Stock are not more favourable to the holders of such Capital Stock than the terms applicable to the Notes and set forth in Condition 7.8, and (iii) any such requirement only becomes operative after compliance with such terms applicable to the Notes.

The amount of any Disqualified Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed, repaid or repurchased on any date on which the amount of such Disqualified Stock is to be determined pursuant to these Conditions; *provided*, *however*, that if such Disqualified Stock could not be required to be redeemed, repaid or repurchased at the time of such determination, the redemption, repayment or repurchase price will be the book value of such Disqualified Stock as reflected in the most recent financial statements of such Person.

"**Environmental Laws**" means all statutes, laws, regulations, ordinances, codes, policies or other rules of law or any official judicial or administrative interpretation thereof, including all judicial or administrative orders, consents, decrees or judgments of the Republic of Uzbekistan or any other jurisdiction in which any member of the Group operates which:

(a) have as a purpose or effect the protection of, and/or prevention of harm or damage to, the Environment;

(b) provide remedies or compensation for harm or damage to the Environment;

(c) relate to health or safety matters; and/or

(d) relate to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

"**Environmental Licence**" means any authorisation, consent, approval, resolution, licence, exemption, filing or registration required at any time under Environmental Law;

"**Environment**" means living organisms including the ecological systems of which they form part and the following media:

(a) air (including air within natural or man-made structures, whether above or below ground);

(b) water (including territorial, coastal and inland waters, water under or within land and water in drains and sewers); and/or

(c) land (including land under water);

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934.

"**Fair Market Value**" means the price that would be paid in an arm's length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by an Independent Appraiser (should one be engaged without any obligation to do so) and/or the Board of Directors of the Issuer or the relevant Subsidiary of the Issuer (or the relevant competent management body or officer of such Subsidiary) whose determination shall be conclusive.

"**Gas Sales Contract**" means the gas sales contract dated 19 May 2012 between Uz-Kor and Uztransgaz.

"**Group**" means the Issuer and its consolidated Subsidiaries taken as a whole.

"**guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any Person and any obligation, direct or indirect, contingent or otherwise, of such Person:

(a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(b) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

The term "guarantee" used as a verb has a corresponding meaning. The term "guarantor" shall mean any Person guaranteeing any obligation.

"**Hazardous Materials**" means chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products, asbestos-containing materials or mould;

"**Hedging Obligations**" means, with respect to any Person, the obligations of such Person under:

(a) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements;

(b) other agreements or arrangements designed to protect such Person against fluctuations in interest rates; and

(c) any foreign currency futures contract, option or similar agreement or arrangement designed to protect such Person against fluctuations in foreign currency rates.

"**IFRS**" means International Financial Reporting Standards (formerly International Accounting Standards), issued by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time).

"**Incur**" means, with respect to any Indebtedness or other obligation of any Person, to create, issue, incur (including by conversion, exchange or otherwise), assume, guarantee or otherwise become liable in respect of such Indebtedness or other obligation of such Person (and "**Incurrence**", "**Incurred**" and "**Incurring**" shall have meanings correlative to the preceding). Indebtedness of any acquired Person or any of its Subsidiaries existing at the time such acquired Person becomes a Subsidiary of the Issuer (or is merged into or consolidated with the Issuer or any Subsidiary of the Issuer), whether or not such Indebtedness was Incurred in connection with, as a result of, or in contemplation of, such acquired Person becoming a Subsidiary of the Issuer (or being merged into or consolidated with the Issuer or any Subsidiary of the Issuer), shall be deemed Incurred at the time any such acquired Person becomes a Subsidiary of the Issuer (or merges into or consolidates with the Issuer or any Subsidiary of the Issuer); provided, that, solely for the purposes of determining compliance with Condition 5.1 (*Limitation on Incurrence of Indebtedness*) the following will not be deemed to be an Incurrence:

(a) the amortisation of debt discount or the accretion of principal with respect to a non-interest bearing or other discount security;

(b) the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Capital Stock in the form of additional Capital Stock of the same class and with the same terms; and

(c) the obligation to pay a premium in respect of Indebtedness arising in connection with the issuance of the notice of redemption or the making of a mandatory offer to purchase such Indebtedness.

"**Indebtedness**" means, with respect to any Person at any date of determination (without duplication):

(a) the principal in respect of (i) indebtedness of such Person for money borrowed and (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable, including, in each case, any premium on such indebtedness to the extent such premium has become due and payable;

(b) all Lease Obligations of such Person;

(c) obligations to pay for assets acquired or services supplied deferred for a period of over 180 days after the relevant assets were or are to be acquired or the relevant services were or are to be supplied;

(d) all obligations of such Person for the reimbursement of any obligor on any letter of credit, bankers' acceptance or similar credit transaction (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(e) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock of such Person or, with respect to any Preferred Stock of any Subsidiary of such Person, the principal amount of such Preferred Stock to be determined in accordance with these Conditions (but excluding, in each case, any accrued dividends);

(f) to the extent not otherwise included in this definition, all Hedging Obligations of such Person, provided, however, that if and to the extent that netting is permitted by applicable laws (including the laws of the Republic of Uzbekistan), the amount of any such Hedging Obligations for the purposes of this paragraph (f) shall be equal at any time to the net payments under such agreement or arrangement giving rise to such Hedging Obligation that would be payable by such Person at the termination of such agreement or arrangement;

(g) all obligations of the type referred to in paragraphs (a) through (f) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any guarantee;

(h) all obligations of the type referred to in paragraphs (a) through (g) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the Fair Market Value of such property or assets and the amount of the obligation so secured; and

and the amount of Indebtedness of any Person at any date shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS at such date of all unconditional obligations, as described above, and with respect to contingent obligations, as described above, the maximum liability which would arise upon the occurrence of the contingency giving rise to the obligation.

The term "**Indebtedness**" shall not include obligations of Uztransgaz under the Gas Sales Contract for which the payment of which the Issuer is liable as guarantor under the Uz-Kor Guarantee;

"**Independent Appraiser**" means any of PricewaterhouseCoopers, KPMG, Deloitte & Touche, Ernst & Young or such investment banking, accountancy or appraisal firm generally recognised in the relevant jurisdiction selected by the competent management body of the Issuer or the relevant Subsidiary of the Issuer, *provided* it is not an Affiliate of the Issuer, or any Subsidiary of the Issuer.

"**Investment**" in any Person means any direct or indirect advance, loan (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender) or other extensions of credit (including by way of guarantee or similar arrangement) or capital contribution (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by such Person, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with IFRS. If the Issuer or any of its Subsidiaries issues, sells or otherwise disposes of any Capital Stock of a Person that is a Subsidiary of the Issuer such that, after giving effect thereto, such Person is no longer a Subsidiary of the Issuer, any Investment by the Issuer or any of its Subsidiaries of such Person remaining after giving effect thereto will be deemed to be a new Investment at such time. The acquisition by the Issuer or any of its Subsidiaries of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Issuer or such Subsidiary in such third Person at such time. Except as otherwise provided for herein, the amount of an Investment shall be its Fair Market Value at the time the Investment is made and without giving effect to subsequent changes in value.

"**Investment Grade**" means a rating equal to or higher than (a) BBB- (or the equivalent) by Fitch, (b) Baa3 (or the equivalent) by Moody's, (c) BBB- (or the equivalent) by S&P or (d) if any of Moody's, Fitch or S&P ceases to publish ratings of securities, an equivalent rating by an internationally recognised statistical rating organisation;

"**Investment Grade Status**" shall be deemed to have been reached on the date that the Notes have an Investment Grade Rating from at least two of the three Rating Agencies;

"**Issue Date**" means 16 November 2021.

"**Lease Obligation**" means, at the time any determination thereof is to be made, the amount of the liability under any lease or hire purchase contract that would at that time be required to be treated as a balance sheet liability in accordance with IFRS.

"**Material Adverse Effect**" means a material adverse effect on (a) the business, condition (financial or otherwise), results of operations or prospects of the Issuer or the Group, (b) the ability of the Issuer to perform its obligations under the Trust Deed and/or the Notes (c) the validity or enforceability of the Trust Deed or the Notes.

"**Material Subsidiary**" means any Subsidiary of the Issuer:

(a) whose total assets or Adjusted EBITDA represent not less than 10 per cent. of the Consolidated Total Assets or the Issuer's Adjusted EBITDA, determined by reference to the most recent annual or interim financial statements of the Issuer delivered to the Trustee pursuant to Condition 5.3 and the latest financial statements of such Subsidiary, determined on an unconsolidated basis in accordance with IFRS; or

(b) to which are transferred substantially all of the assets and undertakings of a Subsidiary of the Issuer which immediately prior to such transfer was a Material Subsidiary (with effect from the date of such transaction).

"**Measurement Period**" means a period of six months ending on 30 June or 31 December for which consolidated financial statements of the Issuer (or the other relevant Person in respect of which the particular calculation is to be made, as the case may be) prepared in accordance with the IFRS are available. For the avoidance of doubt, any non-balance sheet financial information for a Measurement Period ending on 31 December of any year shall be calculated by subtracting (a) the relevant information for the Measurement Period ending on 30 June of that year from (b) the equivalent information for that year;

"**Net Proceeds**" means the aggregate cash proceeds received by the Issuer or any of its Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale, but only as and when received), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, sales commission and any relocation expenses incurred as a result of the Asset Sale, and taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions, any tax sharing arrangements and any amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets that were the subject of such Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with IFRS.

"**Obligations**" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"**Officer**" means the chief financial officer, the chairman of the Supervisory Board, the chairman of the Management Board or other person holding a corresponding or similar position of responsibility.

"**Officer's Certificate**" means a certificate executed on behalf of the Issuer by one Officer thereof.

"**Permitted Business**" means (a) the development and operation of oil and gas fields, (b) the exploration, production and refining of oil and gas, (c) the preparation, processing, compression and sale of oil, natural gas, liquefied gas and refined oil products, (d) the transportation and marketing of hydrocarbons and hydrocarbon compounds and (e) any business reasonably related, ancillary or complementary thereto.

"**Permitted Liens**" means:

(a) Liens on property of a Person existing at the time such Person is merged, consolidated, amalgamated or otherwise combined with or into the Issuer or any Subsidiary of the Issuer or becomes a Subsidiary of the Issuer or any Subsidiary of a Subsidiary; provided that such Liens were in existence prior to the contemplation of such merger, consolidation, amalgamation or other combination, were not incurred in contemplation thereof and do not extend to any assets other than those of the Person merged, consolidated, amalgamated or combined with the Issuer or such Subsidiary;

(b) Liens on property (including Capital Stock) existing at the time of acquisition of the property or of a Person which owns the property by the Issuer or any Subsidiary of the Issuer, provided that such Liens were in existence prior to, such acquisition, and not incurred in contemplation of, such acquisition, provided further, however, that such Liens do not extend to any other property owned by the Issuer or such Subsidiary;

(c) Liens granted upon or with regard to any property acquired after the Issue Date by the Issuer or any of its Subsidiaries to secure the purchase price of such property or the cost of construction, improvement or repair of all or any part of such property or to secure Indebtedness incurred solely for the purpose of financing the acquisition, construction, improvement or repair of such property and transactional expenses related thereto (other than a Lien created in contemplation thereof), provided that (i) no such Lien shall extend to any other property or assets of the Issuer or any of its Subsidiaries, (ii) the aggregate principal amount of all Indebtedness secured by Liens under this paragraph on such property or assets does not exceed the cost of the assets or property so acquired, constructed, repaired or improved (including customs duties, transport, insurance, construction and installation costs and other incidental costs and expenses of purchase and any VAT or similar taxes thereon) and (iii) such Liens are created within 180 days of construction, acquisition, improvement or repair of such assets or property;

(d) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings instituted within a reasonable period of time and diligently pursued, provided that any reserve or other appropriate provision as is required in conformity with IFRS has been made therefor;

(e) Liens arising by operation of or imposed by law, such as carriers', warehousemen's, landlord's and mechanics' Liens or other similar Liens, in each case, incurred in the ordinary course of business;

(f) Liens created for the benefit of (or to secure) the Notes;

(g) Liens securing Hedging Obligations permitted by Condition 5.1.2(v) and any Lien the principle purpose of which is to allow the setting off or netting of obligations under or in connection with any Hedging Obligation, in either case, so long as such Lien is over only (a) the assets that secure the Indebtedness that is the subject of the relevant Hedging Obligations or (b) cash or Cash Equivalents securing such Hedging Obligations;

(h) Liens incurred or deposits made in connection with workers' compensation, unemployment insurance, other types of social security and other types of related statutory obligations;

(i) Liens in favour of customs or revenue authorities to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(j) any retention of title reserved by any seller of goods or any Lien imposed, reserved or granted over goods supplied by such seller;

(k) Liens arising out of or in connection with pre-judgment legal process or a judgement or a judicial awarded relating to security for costs;

(l) Liens to secure any Refinancing Indebtedness Incurred to refinance, replace, extend or modify in whole or in part, Indebtedness which was previously so secured pursuant to paragraphs (a), (b), (f), (n) and this paragraph (l) of this definition of "Permitted Liens" as a whole, or in part, in respect of any Indebtedness secured by any Lien prior to the incurrence of such Refinancing Indebtedness; provided, however, that:

   (i) such new Lien shall be limited to (A) all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof) or (B) property and/or assets the market value of which does not in aggregate exceed the market value of the property and/or assets that secured the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(ii) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (1) the outstanding principal amount or, if greater, committed amount of the Indebtedness at the time the original Lien became a Permitted Lien and (2) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement;

(m) Liens to secure (A) the performance of statutory obligations surety or appeal bonds, performance bonds or other obligations of a like nature and (B) liabilities under letters of credit, guarantees and other financial instruments issued in connection with the acquisition and disposal of inventory, stock in trade, goods, services and other current assets (and the proceeds thereof), in each case incurred in the ordinary course of business;

(n) Liens existing on the Issue Date;

(o) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(p) rights of set-off under contracts that do not relate to Indebtedness for borrowed money;

(q) any Liens in respect of, in support of or in connection with Project Finance Debt;

(r) leases and subleases of property which do not materially interfere with the ordinary conduct of the business of the Issuer or any of its Subsidiaries;

(s) any right of refusal, right of first offer, option or other agreement to sell or otherwise dispose of an asset of the Issuer or any of its Subsidiaries;

(t) Liens on the deposit accounts of the Issuer or any of its Subsidiaries arising by reason of any right of netting or set-offs on such accounts in the ordinary course of the Group's banking operations;

(u) any other netting or set-off arrangement entered into by the Issuer or any of its Subsidiaries in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;

(v) Liens on property or assets under construction (and related rights) in favour of a contractor or developer or arising from progress or partial payment by a third party relating to such property or assets; and

(w) other Liens securing Indebtedness (other than Subordinated Obligations) incurred in the ordinary course of business of the Issuer or any of its Subsidiaries in an aggregate principal amount at any one time outstanding not to exceed 20 per cent. of the Consolidated Total Assets.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, fund, unincorporated organisation, limited liability company or government or other entity.

"**Potential Event of Default**" means an event or circumstance which, with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 10, would constitute an Event of Default.

"**Preferred Stock**", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**Project Finance Debt**" means any Indebtedness issued, raised or borrowed by a Project Subsidiary to finance all or part of the costs of the acquisition, construction or development of any project if a Person or Persons providing such financing expressly agree to limit their recourse to the project financed (and related assets), the Project Subsidiary, the shares in the Project Subsidiary and the revenues derived from such project as the principal source of repayment for moneys advanced, provided that:

(a) equity contribution agreements, subordinated debt and similar shareholder funding arrangements (and related guarantees) with respect to the Project Subsidiary entered into by the Issuer or any Subsidiary of the Issuer;

(b) arm's length commercial agreements between the Project Subsidiary and the Issuer or any Subsidiary of the Issuer, or performance guarantees given by the Issuer or any Subsidiary of the Issuer with respect to commercial agreements relating to the project;

(c) any share purchase agreement entered into by the Issuer or any Subsidiary of the Issuer with respect to the shares in the Project Subsidiary; or

(d) any other assurance, undertaking or support provided by the Issuer or any Subsidiary in the Issuer in relation to the project that is not by way of guarantee, indemnity or other assurance against financial loss,

including, in each case, any assignment by the Project Subsidiary of its rights thereunder to the Persons providing such financing, shall not result in such financing being considered recourse to the Issuer or any Subsidiary of the Issuer.

"**Project Subsidiary**" means any Person in which the Issuer holds a direct or indirect interest or which is a special purpose vehicle, where such person is established or used for the purposes of undertaking the acquisition, construction or development of any project whose sole purpose of finance is the Project Finance Debt and which has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of any member of the Group (other than another Project Subsidiary).

"**Rating Agency**" means each of S&P Global Ratings Europe Limited ("**S&P**"), Moody's Investors Service Limited ("**Moody's**"), Fitch Ratings Limited ("**Fitch**"), any of their affiliates or successors.

"**Refinance**" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease, discharge or retire, or to issue Indebtedness in exchange or replacement for, such Indebtedness in whole or in part, and "**Refinanced**" and "**Refinancing**" shall have correlative meanings.

"**Refinancing Indebtedness**" means Indebtedness of the Issuer or any Subsidiary of the Issuer that Refinances any Indebtedness of the Issuer or any Subsidiary of the Issuer existing on the Issue Date or Incurred in compliance with these Conditions, including Indebtedness that Refinances Refinancing Indebtedness; *provided*, *however*, that:

(a) such Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced;

(b) such Refinancing Indebtedness has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being Refinanced;

(c) such Refinancing Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding (plus accrued interest, fees and expenses, including any premium and defeasance costs) under the Indebtedness being Refinanced;

(d) the proceeds of the Refinancing Indebtedness shall be used substantially concurrently with the Incurrence thereof to refinance the Indebtedness being Refinanced; and

(e) if the Indebtedness being Refinanced is subordinated in right of payment to the Notes, such Refinancing Indebtedness is subordinated in right of payment to the Notes at least to the same extent as the Indebtedness being Refinanced,

"**Restricted Payment**" with respect to the Issuer or any of its Subsidiaries means:

(a) the declaration or payment of any dividends or any other distributions of any sort in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving such Person) or similar payment to the direct or indirect holders of its Capital Stock (other than (A) dividends or distributions payable solely in its Capital Stock, Deferred Capital Stock or in options, warrants or other rights to purchase such stock, (B) dividends or distributions by a Subsidiary of the Issuer, so long as, in the case of any dividend or distribution payable on or in respect of any Capital Stock issued by a Subsidiary of the Issuer that is not a Wholly-Owned Subsidiary, the Issuer or a Subsidiary of the Issuer holding such Capital Stock receives at least its pro rata share of such dividend or contribution;

(b) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Capital Stock of the Issuer held by any Person (other than by a Subsidiary) or of any Capital Stock of a Subsidiary of the Issuer held by any Affiliate of the Issuer (other than by a member of the Group), including in connection with any merger or consolidation and including the exercise of any option to exchange any Capital Stock (other than into Capital Stock of the Issuer that is not Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of Indebtedness of such Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the first anniversary of the Maturity Date);

(c) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value, prior to scheduled maturity or scheduled repayment of any Subordinated Obligations of the Issuer or any Subsidiary of the Issuer (except for the repayment of inter-company debt owed by any member of the Group to any other member of the Group from time to time).

"**Securities Act**" means the U.S. Securities Act of 1933.

"**Stated Maturity**" means:

(a) with respect to any Indebtedness, the date specified in such Indebtedness as the fixed date on which the final instalment of principal of such Indebtedness is due and payable; and

(b) with respect to any scheduled instalment of principal of or interest on any Indebtedness, the date specified in such Indebtedness as the fixed date on which such instalment is due and payable.

"**Stock Exchange**" means the London Stock Exchange plc.

"**Subordinated Obligations**" means, with respect to any Person, any Indebtedness of such Person (whether outstanding on the Issue Date or thereafter Incurred) which is subordinate or junior in right of payment to the Notes pursuant to a written agreement to that effect.

"**Subsidiary**" means, in relation to any Person (the "**first person**"), at any particular time, any other Person (the "**second person**") (i) which the first person controls or has the power to control and (ii) which is (or is required under IFRS to be) consolidated in or with the financial statements of the first person.

"**U.S. Dollars**", "**dollars**" or the sign "**$**" means such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

"**U.S. Dollar Equivalent**" means with respect to any amount denominated in a currency other than U.S. Dollars, at any time for the determination thereof, the amount of U.S. Dollars obtained by converting such other currency involved into U.S. Dollars at the spot rate for the purchase of U.S. Dollars with the applicable foreign currency as quoted by Reuters at approximately 11:00 am (New York time) on the date not more than two Business Days prior to the date of determination.

"**Uztransgaz**" means Joint Stock Company "Uztransgaz";

"**Uz-Kor**" means JV "Uz-Kor Gaz Chemical" LLC;

"**Uz-Kor Guarantee**" means the guarantee and indemnity given by the Issuer to Uz-Kor in relation to Uztransgaz's obligations under the Gas Sales Contract;

"**Voting Stock**" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof; and

"**Wholly-Owned Subsidiary**" of any specified Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

"**Weighted Average Life to Maturity**" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(a) the sum of the products obtained by multiplying:

  (i) the amount of each then remaining instalment, sinking fund, serial maturity or other required payment of principal or liquidation preference, as the case may be, including payment at final maturity, in respect thereof, by

  (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment, by

(b) the then outstanding aggregate principal amount or liquidation preference, as the case may be, or such Indebtedness.

SUMMARY OF THE PROVISIONS RELATING TO THE NOTES WHEN IN GLOBAL FORM

The Notes will be evidenced on issue by (i) in the case of Regulation S Notes, a Regulation S Global Note deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg and (ii) in the case of Rule 144A Notes, a Rule 144A Global Note deposited with a custodian for and registered in the name of Cede & Co. as nominee of DTC.

Beneficial interests in the Regulation S Global Note may be held only through Euroclear or Clearstream, Luxembourg at any time. See "*—Book-entry Procedures for the Global Notes*". By acquisition of a beneficial interest in the Regulation S Global Note, the purchaser thereof will be deemed to represent, among other things, that if it determines to transfer such beneficial interest, it will transfer such interest only to a person whom the seller reasonably believes (a) to be purchasing outside of the United States in accordance with Regulation S or (b) to be a person who takes delivery in the form of an interest in a Rule 144A Global Note (if applicable). See "*Transfer Restrictions*".

Beneficial interests in the Rule 144A Global Note may be held only through DTC at any time. See "*—Book-entry Procedures for the Global Notes*". By acquisition of a beneficial interest in the Rule 144A Global Note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the agency agreement. See "*Transfer Restrictions*".

Beneficial interests in each Global Note will be subject to certain restrictions on transfer set forth therein and in the Paying Agency Agreement and the Global Notes will bear applicable legends regarding such restrictions set forth under "*Transfer Restrictions*". A beneficial interest in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note and only upon receipt by the Registrar of a written certification (in the form provided in the Paying Agency Agreement) to the effect that the transferor reasonably believes that the transferee is a QIB and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in the Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note only upon receipt by the Registrar of a written certification (in the form provided in the Paying Agency Agreement) from the transferor to the effect that the transfer is being made in accordance with Regulation S.

Save in the case of the issue of replacement Notes pursuant to Condition 12, the Issuer, the Transfer Agents and the Registrar shall make no charge to the holders for the registration of any holding of Notes or any transfer thereof or for the issue of any Notes or for the delivery thereof at the specified office of a Transfer Agent or the Registrar or by uninsured post to the address specified by the holder, but such registration, transfer, issue or delivery shall be effected against such indemnity from the holder or the transferee thereof as the Registrar or the relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such registration, transfer, issue or delivery. Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Note certificates in definitive form (the "**Definitive Notes**"). The Notes are not issuable in bearer form.

Amendments to Conditions

The Global Note contains provisions that apply to the Notes that it represents, some of which modify the effect of the above Conditions. The following is a summary of those provisions:

Payments

Payments of principal and interest in respect of Notes evidenced by a Global Note will be made to the person who appears on the register of Noteholders at the close of business on the Record Date as holder of the relevant Global Note against presentation and (if no further payment falls to be made in respect of the relevant Notes) surrender of such Global Note to or to the order of the Principal Paying Agent (or to or to the order of such other Paying Agent as shall have been notified to the Noteholders for this purpose), which shall endorse such payment or cause such payment to be endorsed in the appropriate schedule to such Global Note (such endorsement being prima facie evidence that the payment in question has been made). Interest in respect of the Notes represented by a Global Note will be paid from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Notes represented by such Global Note, together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions.

Notices

So long as the Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication to entitled account holders rather than in the manner specified in the Conditions and shall be deemed to be given to holders of interests in such Global Note with the same effect as if they had been given to such Noteholder in accordance with the Conditions; *provided*, *however*, *that* as long as the Notes are listed on the London Stock Exchange, all notices will also be given in accordance with the rules of the London Stock Exchange. Any such notice will be deemed to have been given on the day the same has been delivered to the relevant clearing systems.

Record Date

Notwithstanding Condition 8.1.2 "Record Date" shall mean the Clearing System Business Day before the relevant due date for payment, where "Clearing System Business Day" means Monday to Friday inclusive, except 25 December and 1 January.

Meetings

The holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and in any such meeting as having one vote in respect of each Note for which such Global Note may be exchangeable.

Trustee's Powers

Notwithstanding anything contained in the Trust Deed, in considering the interests of Noteholders while a Global Note is held on behalf of a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note and may consider such interests, and treat such accountholders, as if such accountholders were the holders of such Global Note.

Issuer's Option

So long as the Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, any option of the Issuer provided for in the Conditions shall be exercised by the Issuer giving notice to the Noteholders and the relevant clearing systems (or procuring that such notice is given on its behalf) within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and, accordingly, no drawing of Notes shall be required and instead the Notes to be redeemed shall be selected (i) in the case of the Regulation S Global Note, in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg or (ii) the case of the Rule 144A Global Note, on a *pro rata* pass-through distribution of principal basis.

Noteholder's Option

So long as the Notes are evidenced by a Global Note and such Global Note is held by or on behalf of a clearing system, the exercise of the option of Noteholders provided for in Condition 7.8 will be subject to the normal rules and operating procedures of such clearing system.

Electronic Consent and Written Resolution

While a Global Note is registered in the name of any nominee for a clearing system, then:

(a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 % in principal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting in respect of which the special quorum provisions specified in the Notes apply), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, each of the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system with entitlements to a Global Note and/or, (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. None of the Issuer or the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Exchange for Definitive Notes

Exchange

Each Global Note will be exchangeable, free of charge to the holder, in whole but not in part, for Notes in definitive, registered form if: (i) in the case of a Rule 144A Global Note, DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Rule 144A Global Note or ceases to be a "clearing agency" registered under the Exchange Act or if at any time it is no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC or (ii) in the case of a Regulation S Global Note, Euroclear or Clearstream, Luxembourg, as the case may be, is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, by the holder giving notice to the Registrar or any Transfer Agent.

The Registrar will not register the transfer of, or exchange of interests in, a Global Note for Definitive Notes for a period of 15 calendar days ending on the date for any payment of principal or interest or on the date of optional redemption in respect of the Notes.

"**Exchange Date**" means a day falling not later than 90 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar or the Transfer Agent is located.

Delivery

In such circumstances, the relevant Global Note shall be exchanged in full for Definitive Notes and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar or the Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Notes to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Note must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Notes and (b) in the case of a Rule 144A Global Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a QIB. Definitive Notes issued in exchange for a beneficial interest in a Rule 144A Global Note shall bear the legend applicable to transfers pursuant to Rule 144A, as set out under "*Transfer Restrictions*".

Legends

The holder of a Definitive Note may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or the Transfer Agent, together with the completed form of transfer thereon.

Book-entry Procedures for the Global Note

Custodial and depositary links are to be established between DTC, Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "*—Settlement and Transfer of Notes*".

Euroclear and Clearstream, Luxembourg

The Regulation S Global Note will have an ISIN and Common Code. The Regulation S Global Note will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee of such common depositary. The address of Euroclear is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Luxembourg.

DTC

The Rule 144A Global Note will have a CUSIP number and will be deposited with a custodian (the "**Custodian**") for and registered in the name of Cede & Co. as nominee of, DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC System.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in the Regulation S Global Note directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and, together with Direct Participants, "**Participants**") through organisations that are accountholders therein.

DTC

The information set out below in connection with DTC is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC currently in effect. The information about DTC set forth below has been obtained from sources that the Issuer believes to be reliable, including DTC, but neither the Issuer nor any of the Joint Lead Managers takes any responsibility for the accuracy of the information. If investors wish to use the facilities of any clearing system, they should confirm the applicability of the rules, regulations and procedures of the relevant clearing system. None of the Issuer, the Trustee or any of the Joint Lead Managers will have any responsibility or liability for any aspect of the records relating to, or payments made on account of interests in, Notes held through the facilities of any clearing system, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

DTC has advised the Issuer as follows: DTC is a limited-purpose trust company organised under the laws of the State of New York, a "banking organisation" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its Participants and facilitate the clearance and settlement of securities transactions between Participants through electronic computerised book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, which clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly.

Investors may hold their interests in the Rule 144A Global Note directly through DTC if they are Direct Participants in the DTC system, or as Indirect Participants through organisations that are Direct Participants in such system. DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate principal amount of the Rule 144A Global Note as to which such Participant or Participants has or have given such direction. However, in the circumstances described under "*Exchange for Definitive Notes*" DTC will surrender the Rule 144A Global Note for exchange for individual Rule 144A Definitive Notes (which will bear the legend applicable to transfers pursuant to Rule 144A).

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or DTC as the holder of a Note evidenced by a Global Note must look solely to Euroclear or Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Note and in relation to all other rights arising under such Global Note, subject to and in accordance with the respective rules and procedures of Euroclear and Clearstream, Luxembourg or DTC (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note, the common depositary by whom such note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or holders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by Direct Participants in any clearing system to owners of beneficial interests in a Global Note held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by a Global Note and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Note in respect of each amount so paid. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through Direct Participants, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within the clearing system will be affected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes unless and until interests in the relevant Global Note held within a clearing system are exchanged for Definitive Notes.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note to such persons may be limited. In particular, because DTC can only act on behalf of Direct Participants the ability of a person having an interest in the Rule 144A Global Note to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement system in same-day funds, if payment is effected in U.S. Dollars, or free of payment, if payment is not effected in U.S. Dollars. Where payment is not effected in U.S. Dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC Seller and Euroclear/Clearstream, Luxembourg Purchaser

When book-entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in the Rule 144A Global Note to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in the Regulation S Global Note, as the case may be (subject to the certification procedures provided in the Paying Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the custodian of the Rule 144A Global Note will instruct the Registrar to (i) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note of the relevant class and (ii) increase the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading between Euroclear/Clearstream, Luxembourg Seller and DTC Purchaser

When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in the Rule 144A Global Note (subject to the certification procedures provided in the Paying Agency Agreement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the custodian of the Rule 144A Global Note who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Note; and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Note. Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interest in Global Notes among participants and accountholders of Euroclear, Clearstream, Luxembourg and DTC, they are under no obligation to perform or continue to perform such procedure, and such procedures may be discontinued at any time. None of the Issuer, the Trustee nor any Agent will have the responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective Direct or Indirect Participants of their respective obligations under the rules and procedures governing then-operations.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the Closing Date thereof, which could be more than two business days following the date of pricing. Under Rule 15c6-l under the Exchange Act, trades in the United States secondary market are generally required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until three days prior to the Closing Date will be required, by virtue of the fact the Notes initially will settle beyond T+2, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices, and purchasers of Notes between the relevant date of pricing and the Closing Date should consult their own advisors.

TRANSFER RESTRICTIONS

Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale or other transfer of the Notes offered hereby.

In connection with its purchase of the Notes, any prospective purchaser thereof (an "**Investor**"), by virtue of its acceptance of this Prospectus, will be deemed to represent, acknowledge and agree as follows:

1. It is either (i) a QIB, acquiring such Notes for its own account or for the account of a QIB, and it is aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A or (ii) it is outside the United States.

2. It understands that the Notes have not been and will not be registered under the Securities Act and are "restricted securities" within the meaning of Rule 144 under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.

3. It will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Notes from it of the resale and transfer restrictions referred to in paragraph (2) above, if then applicable.

4. It understands that the Rule 144A Global Notes, unless otherwise agreed between the Issuer and the Trustee in accordance with applicable law, will bear a legend to the following effect:

   THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

5. If it is outside the United States, that if it should resell or otherwise transfer the Notes, it shall do so in accordance with all applicable securities laws of any state or other jurisdiction of the United States; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer and the Trustee:

   THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

6. The Issuer, the Registrar, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. It agrees that

if any of the acknowledgments, representations or agreements deemed to have been made by it by virtue of its purchase of the Notes is no longer accurate, it shall promptly notify the Issuer, the Registrar and the Joint Lead Managers. If it is acquiring any Notes for the account of one or more QIBs or accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

7. It understands that the Notes offered in reliance on Rule 144A will be represented by the Rule 144A Global Note and that the Notes offered and sold outside of the United States in reliance on Regulation S will be represented by the Regulation S Global Note. Before any interest in the Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and does not purport to be a comprehensive discussion of the tax treatment of the Notes. Prospective investors in the Notes should consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Notes in light of their particular circumstances, including but not limited to the consequences of receipt of interest and sale or redemption of the Notes.

Certain Material United States Federal Income Tax Considerations

The following summary describes certain material U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax effects. The summary is limited to consequences relevant to a U.S. Holder (as defined below) and does not address the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws and the Medicare tax on net investment income) or any state, local or non-U.S. tax laws. This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), the final, temporary and proposed Treasury regulations promulgated thereunder, administrative pronouncements and judicial decisions, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect. We have not requested, and will not request, a ruling from the U.S. Internal Revenue Service (the "IRS"), or an opinion of counsel, with respect to any of the U.S. federal income tax consequences described below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to holders subject to special rules, such as:

- banks and other financial institutions,
- U.S. expatriates,
- insurance companies,
- dealers in securities or currencies,
- traders in securities that elect mark-to-market accounting for their securities holdings,
- U.S. Holders whose functional currency is not the U.S. dollar,
- tax exempt entities,
- regulated investment companies,
- real estate investment trusts,
- partnerships or other pass-through entities or arrangements and investors in such entities or arrangements,
- persons liable for alternative minimum tax,
- a corporation that accumulated earnings to avoid U.S. federal income tax,
- U.S. Holders that hold the Notes through non-U.S. brokers or other non-U.S. intermediaries,
- persons holding the Notes as part of a "straddle," "hedge," "conversion transaction," "constructive sale" or other integrated transaction, or
- persons required to accelerate the recognition of any item of gross income as a result of such income being recognized on an "applicable financial statement".

In addition, this discussion is limited to U.S. Holders that purchase Notes for cash at original issuance and at their "issue price" (i.e., the first price at which a substantial amount of the Notes is sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Notes as capital assets within the meaning of Section 1221 of the Code.

For purposes of this discussion, a "U.S. Holder" means a beneficial owner of a Note that is, for U.S. federal income tax purposes:

(i) an individual who is a citizen or resident of the United States,

(ii) a corporation incorporated or organized under the laws of the United States or any political subdivision thereof or therein or the District of Columbia,

(iii) an estate the income of which is subject to U.S. federal income tax regardless of its source, or

(iv) a trust, if (a) it is subject to the primary supervision of a United States court and the control of one or more U.S. persons or (b) a valid election to be treated as a U.S. person is in effect.

If a partnership or other entity or arrangement taxable as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Each partner should consult its own tax advisor as to the tax consequences of the purchase, ownership and disposition of the Notes by an entity or arrangement taxable as a partnership in which the partner holds an interest.

Prospective purchasers of Notes should consult their tax advisors concerning the tax consequences of purchasing, owning or disposing of Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of other U.S. federal, state, local, non-U.S. or other tax laws.

Characterisation of the Notes

In certain circumstances (see "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Tax Reasons*", "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption at Make Whole*", "*Terms and Conditions of the Notes – Redemption and Purchase – Optional Redemption at Par*", and "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption at the option of Noteholders upon a Relevant Event*") we may be obligated to redeem the Notes prior to maturity or to pay amounts on the Notes that are in excess of stated interest or principal on the Notes. These potential payments may implicate the provisions of U.S. Treasury regulations relating to "contingent payment debt instruments," but we do not intend to treat the possibility of such contingent payments on the Notes as subjecting the Notes to the contingent payment debt instrument rules. Our determination that the Notes are not subject to the contingent payment debt instrument rules is binding on a holder, unless such holder discloses its contrary position in the manner required by applicable U.S. Treasury regulations. It is possible that the IRS may take a different position, in which case, if such position is sustained, a U.S. Holder might be required to accrue ordinary interest income at a higher rate than the stated interest rate and to treat as ordinary income rather than capital gain any gain realized on the taxable disposition of the Notes. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments. U.S. Holders are encouraged to consult their own tax advisors regarding the possible application of the contingent payment debt instrument rules to the Notes.

Interest

Payments of stated interest on the Notes (including any additional amounts and without reduction for any amounts withheld) will be includible in the gross income of a U.S. Holder as ordinary interest income at the time such payments are received or accrued, in accordance with such U.S. Holder's regular method of accounting for U.S. federal income tax purposes. It is expected, and this discussion assumes, that the Notes will be issued without original issue discount for U.S. federal income tax purposes. Stated interest on a Note will constitute foreign source income and generally will be considered "passive category income" in computing the foreign tax credit allowable to U.S. Holders under U.S. federal income tax laws. Subject to generally applicable restrictions and conditions, a U.S. Holder generally will be entitled to a foreign tax credit in respect of any foreign income taxes withheld on interest payments on the Notes. Alternatively, a U.S. Holder that elects to deduct rather than credit all such foreign taxes for the relevant taxable year may be able to deduct such taxes in computing taxable income for U.S. federal income tax purposes. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit or a deduction for foreign taxes paid under their particular circumstances.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. Holder generally will recognise taxable gain or loss equal to the difference, if any, between (i) the amount realised upon such sale, exchange, retirement, redemption or other taxable disposition (other than any amount equal to any accrued but unpaid stated interest, which, if not previously included in such U.S. Holder's income, will be taxable as ordinary interest income as discussed above) and (ii) such U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note will generally equal the amount such U.S. Holder paid for such Note, decreased by the amount of principal payments received by such U.S. Holder with respect to the Note.

Any gain or loss recognized upon the sale, exchange, retirement, redemption or other taxable disposition of a Note generally will be U.S. source gain or loss and generally will be capital gain or loss. Capital gains of non-corporate U.S. Holders (including individuals) derived with respect to capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Foreign Financial Assets Reporting

Certain U.S. Holders are required to disclose on their U.S. federal income tax returns certain information relating to an interest in our Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). U.S. Holders should consult their own tax advisors regarding the effect, if any, of these rules on their ownership and disposition of the Notes and regarding their tax reporting obligations.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of interest on the Notes and to the proceeds from the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. Holder unless such U.S. Holder is an exempt recipient and, when required, provides evidence of such exemption. Backup withholding may apply to such payments if the U.S. Holder fails to provide a taxpayer identification number or a certification that it is not subject to backup withholding and otherwise comply with any applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Prospective purchasers of Notes are urged to consult their own tax advisors regarding their qualification for an exemption from backup withholding and information reporting and the procedures for obtaining such an exemption, if applicable.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

Uzbekistan

According to the Tax Code of the Republic of Uzbekistan (Articles 304, 351 and Article 369), both legal entities and individuals shall not be subject to taxation in the Republic of Uzbekistan with respect to any interest or other income received from the Notes.

The above summary is not intended to constitute a complete analysis of all tax consequences relating to the ownership of Notes.

Prospective purchasers of the Notes should consult their own tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed above, as well as the application of state, local, foreign or other tax laws.

SUBSCRIPTION AND SALE

Each of Bank GPB International S.A. (Gazprombank), Citigroup Global Markets Limited, J.P. Morgan Securities plc and MUFG Securities EMEA plc (the "**Joint Lead Managers**") has, pursuant to a Subscription Agreement dated 12 November 2021 (the "**Subscription Agreement**"), severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for the principal amount of Notes set out opposite its name in the table below at the issue price of 100% of the principal amount of Notes:

Joint Lead Manager	Principal Amount of Notes (U.S.$)
Bank GPB International S.A. (Gazprombank)	U.S.$175,000,000
Citigroup Global Markets Limited	U.S.$175,000,000
J.P. Morgan Securities plc	U.S.$175,000,000
MUFG Securities EMEA plc...	U.S.$175,000,000

The Issuer has agreed to pay to the Joint Lead Managers a combined management, underwriting and selling commission in respect of the Notes. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer. The Issuer has in the Subscription Agreement agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue of the Notes.

The Company has entered into the following agreements with MUFG Bank, Ltd, which will remain outstanding following the issue of the Notes: the Common Terms Agreement (with MUFG, Bank Ltd as KEXIM Facilities Agent, K-SURE Facility Agent and Intercreditor Agent), the Sponsor Support Undertaking (with MUFG as Intercreditor Agent), the KEXIM Facilities (with MUFG Bank, Ltd as an Original KEXIM Covered Lender and as KEXIM Facilities Agent), the K-SURE Facility (with MUFG Bank, Ltd as an Original K-SURE Covered Lender and Lead Arranger and as K-SURE Facility Agent) (See further 'Management's Discussion and Analysis of Financial Condition and Results of Operations – Outstanding Indebtedness'). The Company has also entered into the following agreements with Gazprombank JSC, which will remain outstanding following the issue of the Notes: the Common Terms Agreement (with Gazprombank JSC as Original Lender and as PB Facility Agent), the GPB Facility (with Gazprombank JSC as GPB Facility Agent and Original GPB Lender) and the Rosexim Facility (with Gazprombank JSC as the Payment Agent) (See further 'Management's Discussion and Analysis of Financial Condition and Results of Operations – Outstanding Indebtedness').

The Company expects that approximately U.S.$625 million of the proceeds of the Notes will be applied to repay certain amounts outstanding under certain of its existing facilities in order to manage the maturity profile of the Company's debt, including the Bridge Facility Agreement for US$150,000,000 Term Facility between, among others, UNG and MUFG Bank, Ltd dated 30 June 2021, the Credit line loan agreement between Gazprombank JSC and UNG dated 25 December 2020, the EUR 300,000,000 syndicated facility agreement between UNG and Gazprombank JSC dated 29 March 2021 and the GPB Loan dated 9 April 2019 (at present, the balance on this loan is equivalent to U.S.$150 million.).

Each of the Joint Lead Managers and its respective affiliates may, from time to time in the ordinary course of their respective businesses, engage in further transactions with, and perform services for, the Issuer and its affiliates. In particular, the Joint Lead Managers and their respective affiliates have performed and expect to perform in the future various financial advisory, investment banking and commercial banking services for, and may arrange loans and other non-public market financing for, and enter into derivative transactions with, the Issuer or its affiliates (including their respective shareholders) and for which they will receive customary fees.

United States

The Notes have not been and will not be registered under the Securities Act and, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager has severally represented that it has not offered or sold and has agreed that it will not offer or sell, the Notes within the United States except in accordance with Rule 903 of Regulation S or Rule 144A under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

The Notes are being offered and sold outside of the United States in reliance on Regulation S. The Subscription Agreement provides that Joint Lead Managers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

In addition, until 40 days after the later of the commencement of the offering of the Notes and the closing date of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has severally represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other Regulatory Restrictions

Each Joint Lead Manager has severally represented, warranted and agreed that:

(a) **Financial promotion**: it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(b) **General compliance**: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has severally represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Republic of Uzbekistan

Each Joint Lead Manager has severally represented, warranted and undertaken with the Issuer and each other Joint Lead Manager that it has not offered and will not offer the Notes for circulation, distribution, placement, sale or purchase on the territory of the Republic of Uzbekistan.

Singapore

Each Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the MAS. Accordingly, each Joint Lead Manager has severally represented, warranted and undertaken with the

Issuer that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

and securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Canada

Each Joint Lead Manager has severally represented, warranted and undertaken that, in relation to purchasers in Canada, it has sold Notes only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if the Offering Circular (including any amendment thereto) contains a misrepresentation, *provided that* the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Joint Lead Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering of the Notes.

General

Neither the Issuer nor any Joint Lead Manager has made any representation that any action has been or will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would permit a public offering of the Notes, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any such other material, in all cases at its own expense.

INDEPENDENT AUDITORS

The Financial Statements included elsewhere in this Prospectus have been audited by Audit Organisation "Ernst & Young" LLC of Mustaqillik Prospect, 75, 100000, Tashkent, Uzbekistan, independent accountants, as stated in their report appearing herein.

Audit Organisation "Ernst & Young" LLC has a licence authorising audit of companies registered by the Ministry of Finance of the Republic of Uzbekistan under registration number AF-00816 dated 17 April 2019 and a certificate authorising audit of banks registered by the CBU under registration number 11 dated 22 July 2019.

Audit Organisation "Ernst & Young" LLC has given and has not withdrawn, its consent to the inclusion of its independent auditors' report dated 30 September 2021 set out in Appendix B Page F-4 to F-6 and has authorised the contents of this independent auditors' report as part of this Prospectus for the purposes of Prospectus Regulation Rule 5.3.5R(2)(f) and item 1.3 of Annex 7 of Commission Delegated Regulation (EU) 2019/980.

GENERAL INFORMATION

(1) The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that listing of the Notes on the Official List and admission of the Notes to trading on the Market will be granted on or before 17 November 2021, subject only to the issue of the Global Notes. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. The expenses related to the admission to trading of the Notes are expected to be approximately £5,800.

(2) The issue of the Notes was authorised by a written resolution of the Supervisory Board of the Issuer dated 4 November 2021 No. 25.

(3) The Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg.

(4) The indication of yield in relation to the Notes is 4.75% per annum. This yield is calculated at the Closing Date on the basis of the Issue Price. It is not an indication of future yield.

(5) The ISIN of the Regulation S Global Note is XS2010026727 and the Common Code of the Regulation S Global Note is 201002672. The ISIN of the Rule 144A Global Note is US91825MAB90, the Common Code of the Rule 144A Global Note is 111730318 and the CUSIP of the Rule 144A Global Note is 91825M AB9.

(6) The Legal Entity Identifier is 213800LUZJZFLJD4MJ51.

(7) There has been no significant change in the financial performance of the Issuer or the Group, taken as a whole, since 30 June 2021 and no material change in the prospects of the Issuer since 31 December 2020.

(8) There has been no significant change in the financial position of the Issuer or the Group since 30 June 2021.

(9) Save as disclosed in this Prospectus at, as at the date of this Prospectus, there are no, and have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during the 12 months prior to the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer or the Group.

(10) For so long as any Notes are outstanding, copies of the following will be available for inspection on the Issuer's website (www.ung.uz):

- a copy of this Prospectus along with any supplement to this Prospectus (https://www.ung.uz/shareholders/open/10/sub/27/1);
- the charter documents of the Issuer (https://www.ung.uz/shareholders/charter-regulations/15/sub/35/1); and
- the Financial Statements, including the related independent auditor's reports in respect thereof (https://www.ung.uz/shareholders/reports/11/sub/30/1).

(11) For so long as any Notes are outstanding, copies of the following will be available for inspection, and may be obtained free of charge, during normal business hours on any weekday, (i) at the specified office of the Principal Paying Agent in London or (ii) electronically from the Issuer or the Principal Paying Agent:

- the Trust Deed to be entered into with the Trustee; and
- the Paying Agency Agreement to be entered into with the Paying Agents and the Trustee.

This Prospectus will also be published on the website of the Regulatory News Service operated by the London Stock Exchange at https://www.londonstockexchange.com/news?tab=news-explorer and https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

(12) No natural or legal person has an interest that is material to the issue of the Notes.

(13) The Issuer has obtained all necessary consents, approvals and authorisations in Uzbekistan in connection with its entry into, and performance of its obligations under, the Trust Deed and the Agency Agreement.

(14) There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders under the Notes.

(15) Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.

(16) Certain information in this Prospectus with respect to crude oil and condensate and natural gas reserves as at 31 December 2020 is derived from the report of D&M, an internationally recognised firm of independent reservoir engineers (the "**D&M Report**"), and has been included herein upon the authority of said firm as an expert with respect to the matters covered by such report. D&M is responsible for the D&M Report and D&M has given and not withdrawn its written consent to the inclusion in this Prospectus of the report set out in Appendix A hereto and has authorised those parts of the Prospectus which comprise its report for the purposes of Rule 5.3.5R(2)(f) of the Prospectus Regulation Rules, its name and all references thereto and confirms to the best of its knowledge that the information contained in the D&M Report is in accordance with the facts and that the D&M report makes no omission likely to affect its import. The D&M Report is attached hereto as Appendix A.

(17) The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

(18) The Issuer does not intend to provide any post-issuance transaction information regarding the Notes.

(19) The Bank of New York Mellon SA/NV, Dublin Branch will act as Registrar in relation to the Notes.

(20) There are no potential conflicts of interest between any duties of the members of the administrative, management or supervisory bodies of the Issuer towards the Issuer and their private interests and/or other duties.

(21) The Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with and may perform services of the Issuer in the ordinary course of business. In the ordinary course of their business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Issuer.

APPENDIX A – PRMS RESERVES REPORT

DeGolyer and MacNaughton
5001 Spring Valley Road
Suite 800 East
Dallas, Texas 75244

REPORT
as of
DECEMBER 31, 2020
on
RESERVES and REVENUE
and
CONTINGENT RESOURCES
of
CERTAIN FIELDS
with interests attributable to
JSC UZBEKNEFTEGAZ
REPUBLIC of UZBEKISTAN

PRMS CASE

TABLE of CONTENTS

DeGolyer and MacNaughton
5001 Spring Valley Road
Suite 800 East
Dallas, Texas 75244

REPORT
as of
DECEMBER 31, 2020
on
RESERVES and REVENUE
and
CONTINGENT RESOURCES
of
CERTAIN FIELDS
with interests attributable to
JSC UZBEKNEFTEGAZ
REPUBLIC of UZBEKISTAN

PRMS CASE

FOREWORD

Scope of Investigation

This report presents estimates, as of December 31, 2020, of the extent of the proved, probable, and possible oil, condensate, and gas reserves and contingent resources and estimates of the value of the proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves of certain fields in which JSC Uzbekneftegaz (UNG) has represented it holds a 100-percent working interest. Table 1 presents the fields evaluated herein, the working interests attributable to UNG, the reported net interest, and the fiscal regime. The fields evaluated herein are located in the Republic of Uzbekistan.

Estimates of reserves and contingent resources presented in this report have been prepared in accordance with the Petroleum Resources Management System (PRMS) approved in March 2007 and revised in June 2018 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts, and the European Association of Geoscientists & Engineers. The reserves definitions are discussed in detail in the

Definition of Reserves section of this report. The contingent resources definitions are discussed in detail in the Definition of Contingent Resources section of this report.

Reserves estimated in this report are gross reserves and net reserves. Gross reserves are defined as the total estimated petroleum remaining to be produced from the fields after December 31, 2020. Net reserves are defined as that portion of the gross reserves attributable to the interests held by UNG after deducting all interests held by others. UNG has represented that its net interest is 100 percent in the evaluated fields; therefore, gross reserves are equal to net reserves and are expressed herein as net reserves.

This report presents values for proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves that were estimated using prices, expenses, and costs provided by UNG. Prices, expenses, and costs were provided in Uzbekistan soms (UZS) or United States dollars (U.S.$), and all monetary values in this report are expressed in U.S.$. At the request of UNG, an exchange rate of UZS10,065 per U.S.$1.00 was used. A detailed explanation of the forecast price, expense, and cost assumptions is included in the Valuation of Reserves section of this report. Various product prices, expenses, and costs are summarized in Table EC1.

Values for proved, proved-plus-probable, and proved-plus-probable-plus-possible in this report are expressed in terms of future gross revenue, future net revenue, UNG future net revenue, and UNG present worth. Future gross revenue is defined as that revenue which will accrue to the evaluated interests from the production and sale of the estimated gross reserves. Future net revenue is calculated by deducting estimated operating expenses, capital and abandonment costs, production and other taxes, and estimated profit taxes as specified by UNG from future gross revenue. Operating expenses include field operating expenses, transportation and processing expenses, and an allocation of overhead that directly relates to production activities. Capital costs include drilling and completion costs, facilities costs, and the capitalized portion of the field maintenance costs. Abandonment costs are represented by UNG to be inclusive of those costs associated with the removal of equipment, plugging of wells, and reclamation and restoration associated with the abandonment. UNG future net revenue is defined as the future net revenue attributable to the estimated net reserves. UNG present worth is defined as the UNG future net revenue discounted at a specified arbitrary discount rate compounded monthly over the expected period of realization. UNG present worth should not be construed as fair market value because no consideration was given to additional factors that influence the prices at which properties are bought and sold. In this report, UNG present worth values using a discount rate of 10 percent are reported in detail and values using discount rates of 8, 15, and 20 percent are reported as totals.

Contingent resources estimated in this report are gross contingent resources and net contingent resources. Gross contingent resources are defined as that portion of the total estimated petroleum that is potentially recoverable from known accumulations after December 31, 2020. Net contingent resources are defined as that portion of gross contingent resources attributable to the working interests held by UNG. UNG has represented that its net interest is 100 percent in the evaluated fields; therefore, gross contingent resources are equal to net contingent resources and are expressed herein as net contingent resources.

The contingent resources estimated herein are those quantities of petroleum that are potentially recoverable from known accumulations but which are not currently considered to be commercially recoverable. Because of the uncertainty of commerciality, the contingent resources estimated herein cannot be classified as reserves. The contingent resources estimates in this report are provided as a means of comparison to other contingent resources and do not provide a means of direct comparison to reserves. A detailed explanation of the contingent resources estimated herein is included in the Estimation of Contingent Resources section of this report.

Contingent resources quantities should not be confused with those quantities that are associated with reserves due to the additional risks involved. The quantities that might actually be recovered should they be developed may differ significantly from the estimates presented herein. There is no certainty that it will be commercially viable to produce any portion of the contingent resources evaluated herein.

Estimates of reserves and revenue and contingent resources should be regarded only as estimates that may change as further production history and additional information become available. Not only are such estimates based on that information which is currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information.

Authority

This report was authorized by Mr. Ulugbek H. Sayidov, First Deputy Chairman of the Board, JSC Uzbekneftegaz.

Source of Information

Information used in the preparation of this report was obtained from UNG. In the preparation of this report we have relied, without independent verification, upon information furnished by UNG with respect to the field interests being evaluated, production from such fields, agreements relating to current and future operations and sale of production, and various other information and data that were accepted as represented. A field examination was not considered necessary for the purposes of this report.

DEFINITION of RESERVES

Estimates of proved, probable, and possible reserves presented in this report have been prepared in accordance with the PRMS approved in March 2007 and revised in June 2018 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts, and the European Association of Geoscientists & Engineers. The petroleum reserves are defined as follows:

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining (as of the evaluation's effective date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status.

> *Proved Reserves* are those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the estimate.
>
> *Probable Reserves* are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability [P50] that the actual quantities recovered will equal or exceed the 2P estimate.

Possible Reserves are those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability (P10) that the actual quantities recovered will equal or exceed the 3P estimate.

Once projects satisfy commercial maturity, the associated quantities are classified as Reserves. These quantities may be allocated to the following subdivisions based on the funding and operational status of wells and associated facilities within the reservoir development plan:

Developed Reserves are quantities expected to be recovered from existing wells and facilities. Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.

Developed Producing Reserves are expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate. Improved recovery Reserves are considered producing only after the improved recovery project is in operation.

Developed Non-Producing Reserves include shut-in and behind-pipe reserves. Shut-in Reserves are expected to be recovered from (1) completion intervals that are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

Undeveloped Reserves are quantities expected to be recovered through future significant investments. Undeveloped Reserves are to be produced (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g., when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

The extent to which probable and possible reserves ultimately may be recategorized as proved reserves is dependent upon future drilling, testing, and well performance. The degree of risk to be applied in evaluating probable and possible reserves is influenced by economic and technological factors as well as the time element. Estimates of probable and possible reserves in this report have not been adjusted in consideration of these additional risks to make them comparable to estimates of proved reserves.

ESTIMATION of RESERVES

Estimates of reserves were prepared by the use of appropriate geologic, petroleum engineering, and evaluation principles and techniques that are in accordance with practices generally recognized by the petroleum industry and in accordance with definitions established by the PRMS. The method or combination of methods used in the analysis of each reservoir was tempered by experience with similar reservoirs, stage of development, quality and completeness of basic data, and production history.

Based on the current stage of field development, production performance, the development plans provided by UNG, and analyses of areas offsetting existing wells with test or production data, reserves were categorized as proved, probable, or possible.

The proved undeveloped reserves estimates were based on opportunities identified in the plan of development provided by UNG. Proved developed non-producing reserves include those quantities associated with behind-pipe zones and include minor remaining capital expenditure as compared to the cost of a new well.

UNG has represented that its senior management is committed to the development plan provided by UNG and that UNG has the financial capability to execute the development plan, including the drilling and completion of wells and the installation of equipment and facilities.

The estimated reserves reported herein are those reserves attributed to the parts of the fields that lie within license areas in which UNG has represented it holds an interest.

When applicable, the volumetric method was used to estimate the original oil in place (OOIP) and original gas in place (OGIP). Structure maps were prepared to delineate each reservoir, and isopach maps were constructed to estimate reservoir volume. Electrical logs, radioactivity logs, core analyses, and other available data were used to prepare these maps as well as to estimate representative values for porosity and water saturation. When adequate data were available and when circumstances justified, material-balance methods were used to estimate OGIP.

Estimates of ultimate recovery were obtained after applying recovery factors to OOIP and OGIP. These recovery factors were based on consideration of the type of energy inherent in the reservoirs, analyses of the petroleum, the structural positions of the properties, and the production histories. When applicable, material-balance and other engineering methods were used to estimate recovery factors based on an analysis of reservoir performance, including production rate, reservoir pressure, and reservoir fluid properties.

For depletion-type reservoirs or those whose performance disclosed a reliable decline in producing-rate trends or other diagnostic characteristics, reserves were estimated by the application of appropriate decline curves or other performance relationships. In the analysis of production-decline curves, reserves were estimated only to the limits of economic production as defined in the Definition of Reserves section of this report or the expiration of the fiscal agreement, as appropriate.

In certain cases, reserves were estimated by incorporating elements of analogy with similar wells or reservoirs for which more complete data were available.

Data provided by UNG from wells drilled through December 31, 2020, and made available for this evaluation were used to prepare the reserves estimates herein. These reserves estimates were based on consideration of monthly production data available through December 31, 2020. Cumulative production, as of December 31, 2020, was deducted from the estimated gross ultimate recovery to estimate gross reserves.

Oil and condensate reserves estimated herein are to be recovered by normal field separation. Oil and condensate reserves are expressed in thousands of barrels (10^3bbl) and thousands of metric tons (10^3mt). In these estimates, 1 barrel equals 42 United States gallons. For reporting purposes, oil and condensate reserves have been estimated separately and are presented herein as a summed quantity.

Gas quantities estimated herein are expressed as sales gas. Sales gas is defined as the total gas to be produced from the reservoirs, measured at the point of delivery, after reduction for fuel usage, flare, and shrinkage resulting from field separation and processing. Gas reserves estimated herein are reported as sales gas. Gas quantities are expressed at a temperature base of 20 degrees Celsius (°C) and at a pressure base of 1 atmosphere (atm). Gas quantities included in this report are expressed in millions of cubic feet ($10^6 ft^3$) and millions of cubic meters ($10^6 m^3$).

Gas quantities are identified by the type of reservoir from which the gas will be produced. Nonassociated gas is gas at initial reservoir conditions with no oil present in the reservoir. Associated gas includes both gas-cap gas and solution gas. Gas-cap gas is gas at initial reservoir conditions and is in communication with an underlying oil zone. Solution gas is gas dissolved in oil at initial reservoir conditions. Gas quantities estimated herein include both associated and nonassociated gas.

The estimated proved, probable, and possible reserves are summarized in Table 2 and are shown in detail in Tables 4 through 7. Production forecasts are shown in Tables 12 through 15.

The estimated values of the proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves are summarized in Table 3 and in Tables 8 through 11. Projections of proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves and revenue are shown in Tables 16 through 19.

VALUATION of RESERVES

Revenue values in this report were estimated using prices, expenses, and costs provided by UNG. The prices used in this report have been reviewed and accepted by UNG. Values presented herein were estimated in U.S.$. In this report, values for proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves were based on projections of estimated future production and revenue prepared for these fields with no risk adjustment applied to the probable and possible reserves. Probable and possible reserves involve substantially higher risk than proved reserves. Revenue values associated with proved-plus-probable and proved-plus-probable-plus-possible reserves have not been adjusted to account for such risks; this adjustment would be necessary in order to make values associated with probable and possible reserves comparable to values associated with proved reserves. The following economic assumptions were used for estimating the revenue values reported herein:

Exchange rate – An exchange rate of UZS10,065 per U.S.$1.00 was used in this economic evaluation. This rate was provided by UNG and is consistent with the rate used on the foreign exchange market on the effective date of this report.

Prices – UNG provided oil, condensate, and gas prices used to estimate future revenue. Prices are shown in Table EC1. The netback price is the price received at the custody transfer point and includes the reductions for appropriate application of export tariff, value-added tax (VAT), transportation costs, and other commissions and fees.

For most of the fields evaluated, 10 percent of the sales gas is exported, while the remaining 90 percent is sold domestically. UNG has represented that 100 percent of the sales gas from the following fields is exported:

Fields
Dengizkul-North Dengizkul-Khaunzak
Boston
Buzakhur
Central Pamuk
Sharkiy Ispanly
Shurtan
West Kruk

Operating Expenses, Capital Costs, and Abandonment Costs – Current expenses and costs and forecasts of expenses and costs provided by UNG were used in estimating future expenditures required to operate the field. In certain cases, future expenditures, either higher or lower than current expenditures, may have been used because of anticipated changes in operating conditions, but no general escalation that might result from inflation was applied.

Operating Expenses

Operating expenses consist of fixed and variable components that were projected to facilitate activities related to the production and sale of reserves from the evaluated field and were based on actual area historical expenses and forecast expenses provided by UNG.

Capital Costs

Capital costs for drilling wells, facilities, and other significant development programs in the field were based on actual area historical costs and forecast costs provided by UNG.

Depreciation

Future capital costs were amortized over 13 years. Depreciation was applied from the first year of the expenditure.

Abandonment Costs

Abandonment costs are those costs associated with the removal of equipment, plugging of wells, and reclamation and restoration associated with the abandonment. Abandonment costs for existing facilities were provided by UNG. Additional abandonment costs were estimated using a percentage of future capital costs.

Taxes – A continuation of all regulatory practices approved or in place, as of December 31, 2020, was maintained in this analysis. Taxes are numerous, and some are more significant than others. The most prominent taxes are discussed as follows:

Value-Added Tax

VAT was estimated using a rate of 15 percent applied to the sales price for oil, condensate, and gas sold domestically.

Asset Tax

Asset taxes were estimated annually using a rate of 2 percent applied to the undepreciated book value of the fields. Asset taxes are included with Production and Other Taxes in the tables of this report.

Unified Social Payments

Unified social payments were estimated using a rate of 25 percent provided by UNG. Unified social payments are included with Production and Other Taxes in the tables of this report.

Subsurface Usage Tax

The subsurface usage tax for oil was estimated using a formula that incorporates the oil production, the oil price associated with subsurface usage, as provided by UNG, and the subsurface usage rate for oil of 15 percent.

The subsurface usage tax for condensate was estimated using a formula that incorporates the condensate production, the condensate price associated with subsurface usage, as provided by UNG, and the subsurface usage rate for condensate of 15 percent.

The subsurface usage tax for gas was estimated using a formula that incorporates the separator gas production, the sales gas price associated with subsurface usage, as provided by UNG, and the subsurface usage rate for gas of 15 percent.

The prices for each subsidiary were provided by UNG and are shown below, expressed in United States dollars per thousand metric tons (U.S.$/$10^3$mt) and United States dollars per thousand cubic meters (U.S.$/$10^3m^3$):

Subsidiary	Oil Price (U.S.$/$10^3$mt)	Condensate Price (U.S.$/$10^3$mt)	Gas Price (U.S.$/$10^3m^3$)
Mubarekneftegaz	112.67	112.67	33.40
Shurtanneftegas	112.67	112.67	33.40
Gazlineftegazdobicha	112.67	112.67	33.40
Ustyurtgaz	NA	112.67	33.40
Andijanneft	203.82	NA	31.43
Jarkurganneft	77.23	NA	NA
Gissarneftegaz	329.78	350.81	39.12
Natural Gas Stream	NA	112.67	33.40

Profit Taxes

The profit tax was estimated using a rate of 12 percent applied to taxable income. Taxable income was calculated by deducting other taxes, operating costs, and depreciation from future gross revenue.

Future Net Revenue

Future net revenue is calculated as future gross revenue less operating expenses, capital costs, other taxes, and profit taxes.

DEFINITION of CONTINGENT RESOURCES

Estimates of contingent resources presented in this report have been prepared in accordance with the PRMS approved in March 2007 and revised in June 2018 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts, and the European Association of Geoscientists & Engineers. Because of the lack of commerciality or sufficient development drilling, the contingent resources estimated herein cannot be classified as reserves. The petroleum contingent resources are classified as follows:

> *Contingent Resources* are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.

Contingent Resources are further categorized in accordance with the range of uncertainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the economic status.

> *Economically Viable Contingent Resources* are those quantities associated with technically feasible projects where cash flows are positive under reasonably forecast conditions but are not Reserves because it does not meet the other commercial criteria.

> *Economically Not Viable Contingent Resources* are those quantities for which development projects are not expected to yield positive cash flows under reasonable forecast conditions. May also be subject to additional unsatisfied contingencies.

Where evaluations are incomplete and it is premature to clearly define the associated cash flows, it is acceptable to note that the project economic status is "undetermined."

The estimation of petroleum resources is subject to both technical and commercial uncertainties and, in general, may be quoted as a range. The range of uncertainty reflects a reasonable range of estimated potentially recoverable quantities. In all cases, the range of uncertainty is dependent on the amount and quality of both technical and commercial data that are available and may change as more data become available.

> *1C (Low), 2C (Best), and 3C (High) Estimates* – Estimates of contingent resources in this report are expressed using the terms 1C (low) estimate, 2C (best) estimate, and 3C (high) estimate to reflect the range of uncertainty.

ESTIMATION of CONTINGENT RESOURCES

Estimates of contingent resources were prepared by the use of appropriate geologic, petroleum engineering, and evaluation principles and techniques that are in accordance with practices generally recognized by the petroleum industry and in accordance with definitions established by the PRMS. The method or combination of methods used in the analysis of each reservoir was tempered by experience with similar reservoirs, stage of development, quality and completeness of basic data, and production history.

The volumetric method was used to estimate the OOIP and OGIP. Structure maps were prepared to delineate each reservoir, and isopach maps were constructed to estimate reservoir volume. Electrical logs, radioactivity logs, core analyses, and other available data were used to prepare these maps as well as to estimate representative values for porosity and water saturation. When adequate data were available and when circumstances justified, material-balance methods were used to estimate OOIP or OGIP.

Estimates of ultimate recovery were obtained after applying recovery factors to OOIP and OGIP. These recovery factors were based on consideration of the type of energy inherent in the reservoirs, analyses of the petroleum, the structural positions of the properties, and the production histories. When applicable, material-balance and other engineering methods were used to estimate recovery factors based on an analysis of reservoir performance, including production rate, reservoir pressure, and reservoir fluid properties.

For depletion-type reservoirs or those whose performance disclosed a reliable decline in producing-rate trends or other diagnostic characteristics, contingent resources were estimated by the application of appropriate decline curves or other performance relationships. In the analyses of production-decline curves, contingent resources were estimated to the anticipated technical limits of production.

In certain cases, contingent resources were estimated by incorporating elements of analogy with similar wells or reservoirs for which more complete data were available.

Data provided by UNG from wells drilled through December 31, 2020, and made available for this evaluation were used to prepare the contingent resources estimated herein. These contingent resources estimates were based on consideration of monthly production data available through December 31, 2020. Cumulative production, as of December 31, 2020, was deducted from the estimated gross ultimate recovery to estimate gross contingent resources.

Oil and condensate contingent resources estimated herein are to be recovered by normal field separation and are expressed in 10^3bbl and 10^3mt. In these estimates, 1 barrel equals 42 United States gallons. For reporting purposes, oil and condensate contingent resources have been estimated separately and are presented herein as a summed quantity.

Gas quantities associated with contingent resources estimated herein are expressed as sales gas. Sales gas is defined as the total gas to be produced from the reservoirs, measured at the point of delivery, after reduction for fuel usage, flare, and shrinkage resulting from field separation and processing. Gas quantities are expressed at a temperature base of 20 °C and at a pressure base of 1 atm. Gas quantities included in this report are expressed in $10^6 ft^3$ and $10^6 m^3$.

Gas quantities are identified by the type of reservoir from which the gas will be produced. Nonassociated gas is gas at initial reservoir conditions with no oil present in the reservoir. Associated gas includes both gas-cap gas and solution gas. Gas-cap gas is gas at initial reservoir conditions and is in communication with an underlying oil zone. Solution gas is gas dissolved in oil at initial reservoir conditions. Gas quantities estimated herein include both associated and nonassociated gas.

UNG has represented that it has not yet defined plans to develop certain reservoirs or areas of certain reservoirs in certain fields and license areas. Based on the notional development plans used to evaluate these reservoirs, the estimated oil, condensate, and gas contingent resources associated with these reservoirs have an economic status of Economically Viable.

The contingent resources or a portion of the contingent resources estimated for the fields were estimated to be uneconomic based on the notional development plans used to evaluate the reservoirs. These contingent resources have an economic status of Economically Not Viable.

Those contingent resources estimated to be produced beyond the limits of economic production have an economic status of Economically Not Viable.

Tables 20 through 23 present tabulations of contingent resources in total and by field.

SUMMARY and CONCLUSIONS

UNG has represented that it holds an interest in certain fields located in the Republic of Uzbekistan evaluated herein. The estimated net proved, probable, and possible reserves, as of December 31, 2020, of the fields evaluated herein are summarized as follows, expressed in English and metric units. Oil and condensate reserves are expressed in thousands of barrels (10^3bbl) and thousands of metric tons (10^3mt). Sales gas reserves are expressed in millions of cubic feet (10^6ft^3) and millions of cubic meters (10^6m^3).

	Net Reserves			
	English Units		Metric Units	
Reserves Category	Oil and Condensate (10^3bbl)	Sales Gas (10^6ft^3)	Oil and Condensate (10^3mt)	Sales Gas (10^6m^3)
Proved Developed Producing	72,850	9,597,384	8,823	271,768
Proved Developed Non-Producing	8,181	857,075	978	24,271
Proved Developed	**81,031**	**10,454,459**	**9,801**	**296,039**
Proved Undeveloped	24,777	2,893,231	3,025	81,927
Total Proved	**105,808**	**13,347,690**	**12,826**	**377,966**
Probable	45,120	4,824,700	5,593	136,617
Proved plus Probable	**150,928**	**18,172,390**	**18,419**	**514,583**
Possible	48,538	3,448,181	6,361	97,642
Proved plus Probable plus Possible	**199,466**	**21,620,571**	**24,780**	**612,225**

Notes:
1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.
2. UNG has represented that its net interest is 100 percent in the evaluated fields; therefore, gross reserves are equal to net reserves and are expressed herein as net reserves.

The estimated UNG future net revenue and UNG present worth attributable to UNG's interest in the proved, proved-plus-probable, and proved-plus-probable-plus-possible reserves, as of December 31, 2020, of the fields evaluated under the economic assumptions described herein are summarized as follows, expressed in thousands of United States dollars (10^3U.S.$):

	UNG	
Reserves Category	**Future Net Revenue (10^3U.S.$)**	**Present Worth at 10 Percent (10^3U.S.$)**
Proved Developed	7,563,646	4,269,334
Proved Undeveloped	1,410,003	94,157
Total Proved	**8,973,649**	**4,363,491**
Proved plus Probable	11,696,677	4,741,220
Proved plus Probable plus Possible	14,100,001	4,913,746

Note: Values for probable and possible reserves have not been risk adjusted to make them comparable to values for proved reserves.

The estimated net contingent resources, as of December 31, 2020, of the fields evaluated herein are summarized as follows, expressed in English units and in metric units. Oil and condensate contingent resources are expressed in thousands of barrels (10^3bbl) and thousands of metric tons (10^3mt). Sales gas contingent resources are expressed in millions of cubic feet (10^6ft^3) and millions of cubic meters (10^6m^3).

	Net Contingent Resources		
	1C	2C	3C
English Units			
Economically Viable			
Oil and Condensate, 10^3bbl	852	3,794	11,377
Sales Gas, 10^6ft^3	180,416	658,789	846,816
Economically Not Viable			
Oil and Condensate, 10^3bbl	8,681	28,903	57,785
Sales Gas, 10^6ft^3	42,295	130,718	523,368
Undetermined			
Oil and Condensate, 10^3bbl	0	0	0
Sales Gas, 10^6ft^3	0	0	0
Total			
Oil and Condensate, 10^3bbl	**9,533**	**32,697**	**69,162**
Sales Gas, 10^6ft^3	**222,711**	**789,507**	**1,370,184**
Metric Units			
Economically Viable			
Oil and Condensate, 10^3mt	94	421	1,464
Sales Gas, 10^6m^3	5,109	18,654	23,979
Economically Not Viable			
Oil and Condensate, 10^3mt	1,230	4,077	8,092
Sales Gas, 10^6m^3	1,197	3,700	14,822
Undetermined			
Oil and Condensate, 10^3mt	0	0	0
Sales Gas, 10^6m^3	0	0	0
Total			
Oil and Condensate, 10^3mt	**1,324**	**4,498**	**9,556**
Sales Gas, 10^6m^3	**6,306**	**22,354**	**38,801**

Notes:
1. 1C, 2C, and 3C contingent resources were estimated in accordance with the PRMS.
2. Application of any risk factor to contingent resources quantities does not equate contingent resources with reserves.
3. There is no certainty that it will be commercially viable to produce any portion of the contingent resources evaluated herein.
4. UNG has represented that its net interest is 100 percent in the evaluated fields; therefore, gross contingent resources are equal to net contingent resources and are expressed herein as net contingent resources.

While the oil and gas industry may be subject to regulatory changes from time to time that could affect an industry participant's ability to recover its reserves, we are not aware of any such governmental actions which would restrict the recovery of the December 31, 2020, estimated reserves.

DeGolyer and MacNaughton is an independent petroleum engineering consulting firm that has been providing petroleum consulting services throughout the world since 1936. Our fees were not contingent on the results of our evaluation. This report has been prepared at the request of UNG. DeGolyer and MacNaughton has used all assumptions, procedures, data, and methods that it considers necessary to prepare this report.

Submitted,

DeGolyer and MacNaughton

DeGOLYER and MacNAUGHTON
Texas Registered Engineering Firm F-716

SIGNED: May 26, 2021

STATE OF TEXAS
Thomas D. Scott, Jr.
Geology
5143
LICENSED
PROFESSIONAL GEOSCIENTIST

AMERICAN ASSOCIATION OF PETROLEUM GEOLOGISTS
CERTIFIED PETROLEUM GEOLOGIST
THOMAS D. SCOTT, JR.
5651

Thomas D. Scott, Jr. TPG CPG

Thomas D. Scott, Jr., T.P.G., C.P.G.
Senior Vice President
DeGolyer and MacNaughton

STATE OF TEXAS
STEFAN R. KRYSTOSIK
121894
LICENSED
PROFESSIONAL ENGINEER

Stefan R. Krystosik, P.E.

Stefan R. Krystosik, P.E.
Vice President
DeGolyer and MacNaughton

TABLE 1
FIELDS EVALUATED
as of
DECEMBER 31, 2020
with interests attributable to
JSC UZBEKNEFTEGAZ
REPUBLIC OF UZBEKISTAN

PRMS CASE

DeGolyer and MacNaughton
F-716
TEXAS REGISTERED ENGINEERING FIRM

Field	Working Interest (%)	Reported Net Interest (%)	Fiscal Regime
Alan	100	100	Concession
Andizhan	100	100	Concession
area Dengizkul-North Dengizkul-Khauzak	100	100	Concession
Arslan (Zhanubiy Surgil)	100	100	Concession
Berdak-Shimoliy Berdak	100	100	Concession
Boston	100	100	Concession
Buzakhur	100	100	Concession
Central Pamuk	100	100	Concession
Chandyr	100	100	Concession
Chilkuvar	100	100	Concession
Chunagar	100	100	Concession
Dayakhatyn	100	100	Concession
Feruza	100	100	Concession
Garbiy Polvontosh	100	100	Concession
Garbiy Sabo	100	100	Concession
Garmiston	100	100	Concession
Girsan-Divkhona-Shimoliy	100	100	Concession
Ilim	100	100	Concession
Inam	100	100	Concession
Kamashi	100	100	Concession
Karatepe	100	100	Concession
Khodzhikazgan-Uchburgan	100	100	Concession
Kokdumalak	100	100	Concession
Kruk	100	100	Concession
Kulbeshkak	100	100	Concession
Kultak	100	100	Concession
Kumli	100	100	Concession
Kuyi Surgil	100	100	Concession
Matonat	100	100	Concession
North Nishan	100	100	Concession
North Shurtan	100	100	Concession
North Suzma	100	100	Concession
North Urtabulak	100	100	Concession
Oidin	100	100	Concession
Samantepe	100	100	Concession
Sarykum	100	100	Concession
Sharkiy Berdak - Uchsay	100	100	Concession
Sharkiy Ispanly	100	100	Concession
Shimoliy Aknazar	100	100	Concession
Shimoliy Muborak	100	100	Concession

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.

TABLE 1 - FIELDS EVALUATED - PRMS CASE - ***(Continued)***

DeGolyer and MacNaughton
F-716
TEXAS REGISTERED ENGINEERING FIRM

Field	Working Interest (%)	Reported Net Interest (%)	Fiscal Regime
Shurtan	100	100	Concession
South Kemachi	100	100	Concession
South Pamuk	100	100	Concession
South Tandyrcha	100	100	Concession
Tailak	100	100	Concession
Turtsari	100	100	Concession
Umid	100	100	Concession
Urga	100	100	Concession
Urtabulak	100	100	Concession
West Kruk	100	100	Concession
Yangi Karatepe	100	100	Concession
Yangikazgan	100	100	Concession
Zevardy	100	100	Concession
Zhanubiy Muborak	100	100	Concession

Notes:

1. All information in this table was provided by UNG.
2. Working interest represents the ownership percentage in a petroleum accumulation, license, contract area, or field granting rights to explore, drill, and/or produce hydrocarbons. Working interest owners are obligated to pay a corresponding percentage of the cost of leasing, drilling, producing, and operating expenses associated with the field(s)/accumulation/asset. The working interest percentages shown above were applied as represented by UNG for the purpose of this evaluation.
3. UNG has represented that the reported net interest is due to: (1) majority control, (2) ownership and/or (3) voting rights.
4. UNG has represented that its reported net interest is 100 percent in the evaluated fields; therefore, gross reserves are equal to net reserves and are expressed herein as net reserves.
5. All fields evaluated herein are subject to concessionary fiscal terms. Concessionary fiscal terms refer to a taxation system whereby 100 percent of the estimated reserves are attributable to the license holder.
6. Potential extensions to the term of the license/contract were considered as appropriate for the corresponding fiscal regime.

TABLE 2
SUMMARY of NET RESERVES
as of
DECEMBER 31, 2020
of
CERTAIN FIELDS
with interests attributable to
JSC UZBEKNEFTEGAZ
REPUBLIC of UZBEKISTAN

DEGOLYER AND MACNAUGHTON
F-716
TEXAS REGISTERED ENGINEERING FIRM

PRMS CASE

	English Units		Metric Units	
Reserves Category	**Oil and Condensate (10^3bbl)**	**Sales Gas (10^6ft^3)**	**Oil and Condensate (10^3mt)**	**Sales Gas (10^6m^3)**
Proved Developed Producing	72,850	9,597,384	8,823	271,768
Proved Developed Non-Producing	8,181	857,075	978	24,271
Proved Developed	**81,031**	**10,454,459**	**9,801**	**296,039**
Proved Undeveloped	24,777	2,893,231	3,025	81,927
Total Proved	**105,808**	**13,347,690**	**12,826**	**377,966**
Probable	45,120	4,824,700	5,593	136,617
Proved plus Probable	**150,928**	**18,172,390**	**18,419**	**514,583**
Possible	48,538	3,448,181	6,361	97,642
Proved plus Probable plus Possible	**199,466**	**21,620,571**	**24,780**	**612,225**

Notes:
1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.
2. UNG has represented that its reported net interest is 100 percent in the evaluated fields; therefore, gross reserves are equal to net reserves and are expressed herein as net reserves.

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.

TABLE 3
SUMMARY of NET RESERVES and REVENUE
as of
DECEMBER 31, 2020
of
CERTAIN FIELDS
with interests attributable to
JSC UZBEKNEFTEGAZ
REPUBLIC of UZBEKISTAN

DEGOLYER AND MACNAUGHTON
F-716
TEXAS REGISTERED ENGINEERING FIRM

PRMS CASE

Reserves Category	Net Reserves: Oil and Condensate (10^3mt)	Net Reserves: Sales Gas (10^6m^3)	Future Gross Revenue (10^3U.S.$)	Operating Expenses (10^3U.S.$)	Capital and Abandonment Costs (10^3U.S.$)	Production and Other Taxes (10^3U.S.$)	Profit Taxes (10^3U.S.$)	Future Net Revenue (10^3U.S.$)	UNG: Future Net Revenue (10^3U.S.$)	UNG: Present Worth at 10 Percent (10^3U.S.$)
Proved Developed	9,801	296,039	14,741,900	3,561,105	215,965	2,084,195	1,316,989	7,563,646	7,563,646	4,269,334
Total Proved	12,826	377,966	18,923,301	4,565,955	1,060,064	2,688,337	1,635,296	8,973,649	8,973,649	4,363,491
Proved plus Probable	18,419	514,583	26,077,506	6,601,938	1,892,927	3,664,593	2,221,371	11,696,677	11,696,677	4,741,220
Proved plus Probable plus Possible	24,780	612,225	31,964,600	8,165,278	2,535,399	4,398,897	2,765,025	14,100,001	14,100,001	4,913,746

Notes:
1. Probable and possible reserves and values for probable and possible reserves have not been risk adjusted to make them comparable to proved reserves and values for proved reserves.
2. UNG has represented that its reported net interest is 100 percent in the evaluated fields; therefore, gross reserves are equal to net reserves and are expressed herein as net reserves.
3. Refer to Table EC1 for prices and sales allocations.

APPENDIX B - INDEX TO THE FINANCIAL STATEMENTS

JSC "Uzbekneftegaz"

Consolidated financial statements

For the years ended 31 December 2020, 2019 and 2018
with independent auditor's report

CONTENTS

Building a better working world

Audit company Ernst & Young LLC
Inconel Business Center, 3rd floor
Mustaqillik Prospect, 75
Tashkent, 100000
Republic of Uzbekistan
Tel: +998 (78) 140 6482
Fax: +998 (78) 140 6483
www.ey.com/uz

MChJ "Ernst & Young" AT
O'zbekiston Respublikasi
100000, Toshkent shahar,
Mustaqillik shox ko'chasi, 75
Inkonel Biznes Markazi, 3-qavat
Tel: +998 (78) 140 6482
Fax: +998 (78) 140 6483

АО «Ernst & Young» ООО
Республика Узбекистан
100000, Ташкент
Пр-т Мустакиллик, 75
Бизнес-центр «Инконель», 3 этаж
Тел.: +998 (78) 140 6482
Факс: +998 (78) 140 6483

Independent auditor's report

To the Shareholders, Management and the Supervisory Board of
Joint-Stock Company "Uzbekneftegaz"

Opinion

We have audited the consolidated financial statements of Joint-Stock Company "Uzbekneftegaz" and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, 2019 and 2018 and the consolidated statement of profit and loss, consolidated statement of other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, 2019 and 2018 and its consolidated financial performance and its consolidated cash flows for the years 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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Uzbekistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and the Supervisory Board for the consolidated financial statements

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

Building a better working world

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board 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.

Audit company "Ernst & Young" LLC

"Ernst & Young" Audit Organization LLC

30 September 2021
Tashkent, Uzbekistan

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In billions of Uzbek soums	Note	As at 31 December 2020	2019	2018
Assets				
Non-current assets				
Property, plant and equipment	15	61,001	49,720	37,620
Exploration and evaluation assets	16	454	425	517
Investments in joint ventures and associates	17	17,676	14,277	23,688
Trade receivables	11	81	861	683
Advances for non-current assets	15	3,437	1,417	529
Other non-current financial assets	17	–	1,917	–
Loans due from related parties	13	5,154	4,418	3,628
Other non-current assets		262	242	179
Total non-current assets		**88,065**	**73,277**	**66,844**
Current assets				
Cash and cash equivalents	9	2,534	829	1,429
Restricted cash	10	411	603	359
Trade receivables	11	2,988	1,454	2,838
Advances paid		618	734	1,068
Inventories	12	2,272	1,681	2,792
Income tax prepaid		230	31	227
Loans due from related parties	13	662	550	1,654
Other current assets	14	1,194	1,391	663
Total current assets		**10,909**	**7,273**	**11,030**
Assets classified as held for distribution to the shareholder	6	–	1,254	–
Total assets		**98,974**	**81,804**	**77,874**
Liabilities and shareholders' equity				
Shareholders' equity				
Share capital	21	21,536	14,629	14,416
Retained earnings		16,173	5,757	13,735
Currency translation reserve		12,845	10,583	7,998
Attributable to equity holders of the parent company		**50,554**	**30,969**	**36,149**
Non-controlling interest		276	363	1,068
Total shareholders' equity		**50,830**	**31,332**	**37,217**
Non-current liabilities				
Borrowings	19	30,852	17,698	14,746
Provisions	20	1,921	1,654	1,380
Deferred tax liabilities	29	2,156	1,501	1,128
Deferred income from government grants		170	210	192
Other non-current liabilities		88	24	27
Total non-current liabilities		**35,187**	**21,087**	**17,473**
Current liabilities				
Trade and other payables	18	9,351	8,570	15,270
Borrowings	19	3,323	19,405	7,053
Income tax payables		–	9	293
Provisions	20	8	35	15
Deferred income from government grants		–	14	40
Other current liabilities		275	351	513
Total current liabilities		**12,957**	**28,384**	**23,184**
Liabilities related to the assets classified as held for distribution to the shareholder	6	–	1,001	–
Total liabilities		**48,144**	**50,472**	**40,657**
Total liabilities and shareholders' equity		**98,974**	**81,804**	**77,874**

Chairman of the Executive Board – Chief Executive Officer ____________ M.R. Abdullaev

Deputy Chairman of the Executive Board – Chief Financial Officer ____________ U.M. Ashurov

Chief accountant ____________ I.A. Obidov

The accounting policies and explanatory notes on pages 6 through 56 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the years ended 31 December		
In billions of Uzbek soums	**Note**	**2020**	**2019**	**2018**
Oil, gas, petroleum products and petrochemicals sales	22	19,354	23,198	16,263
Government grant income		–	–	1,440
Equity share in profits of associates and joint ventures	17	1,875	(125)	1,823
Construction services and other revenues		329	569	905
Other operating income		839	583	1,062
Total revenues and other income		**22,397**	**24,225**	**21,493**
Cost of purchased oil, gas, petroleum products and other materials	23	(4,435)	(6,696)	(7,456)
Production expenses	24	(2,853)	(3,175)	(2,797)
Taxes other than income tax	25	(1,971)	(2,169)	(4,263)
Depreciation, depletion and amortization		(2,767)	(2,964)	(2,197)
Impairment of trade and loans receivable	11,13	(172)	(681)	69
General and administrative expenses	26	(991)	(648)	(400)
Transportation and selling expenses	27	(1,221)	(1,224)	(994)
Exploration and evaluation expenses	16	(247)	(613)	(657)
Loss on disposal of property, plant and equipment, net		(310)	(242)	(238)
Other operating expenses		(711)	(1,121)	(960)
Total costs and expenses		**(15,678)**	**(19,533)**	**(19,893)**
Operating profit		**6,719**	**4,692**	**1,600**
Finance income	28	626	379	190
Other non-operating income		–	268	106
Foreign exchange loss, net		(813)	(2,508)	(334)
Finance costs	28	(828)	(1,467)	(1,748)
Profit/(loss) before income tax		**5,704**	**1,364**	**(186)**
Income tax expense	29	(1,000)	(775)	(1,608)
Net profit/(loss) for the year from continuing operations		**4,704**	**589**	**(1,794)**
Discontinued operation				
Loss after income tax for the year from discontinued operations		–	–	(796)
Net profit/(loss) for the year		**4,704**	**589**	**(2,590)**
Net profit/(loss) for the year attributable to:				
Equity holders of the parent company		4,791	623	(1,041)
Non-controlling interests	21	(87)	(34)	(1,549)
		4,704	**589**	**(2,590)**

Chairman of the Executive Board – Chief Executive Officer

M.R. Abdullaev

Deputy Chairman of the Executive Board – Chief Financial Officer

U.M. Ashurov

Chief accountant

I.A. Obidov

The accounting policies and explanatory notes on pages 6 through 56 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

In billions of Uzbek soums	Note	For the years ended 31 December 2020	2019	2018
Net profit/(loss) for the year		**4,704**	**589**	**(2,590)**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of companies with different functional currency, net of income tax		2,262	2,585	311
Total other comprehensive income to be reclassified to profit or loss in subsequent periods		**2,262**	**2,585**	**311**
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods				
Actuarial (loss)/gain on defined benefit plans of the Group, net of income tax		(65)	(6)	108
Net loss on equity instruments at fair value through other comprehensive income		(844)	–	–
Total other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods		**(909)**	**(6)**	**108**
Total comprehensive income/(loss) for the year, net of income tax		**6,057**	**3,168**	**(2,171)**
Total comprehensive income attributable to:				
Equity holders of the parent company		6,144	3,202	(675)
Non-controlling interests		(87)	(34)	(1,496)
Total comprehensive income/(loss) for the year, net of income tax		**6,057**	**3,168**	**(2,171)**

Chairman of the Executive Board – Chief Executive Officer

M.R. Abdullaev

Deputy Chairman of the Executive Board – Chief Financial Officer

U.M. Ashurov

Chief accountant

I.A. Obidov

The accounting policies and explanatory notes on pages 6 through 56 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

In billions of Uzbek soums	Note	For the years ended 31 December 2020	2019	2018
Operating activities				
Profit/(loss) before income tax from continuing operations		5,704	1,364	(186)
Loss before income tax from discontinued operations		–	–	(1,562)
Adjustments for:				
Depreciation, depletion and amortization		2,767	2,964	3,635
Unsuccessful exploration and evaluation expenditures	16	247	613	405
Impairment of trade and loans receivables	11,13	172	681	1,128
Change in provisions		60	6	(116)
Loss on disposal of property, plant and equipment		310	242	635
Finance income		(626)	(379)	(434)
Finance costs	28	828	1,467	1,748
Foreign exchange loss, net		813	2,508	251
Equity share in profit of associates and joint ventures	17	(1,875)	125	(1,823)
Other		33	115	86
Operating cash flows before working capital changes		**8,433**	**9,706**	**3,767**
Change in trade and other receivables		(757)	(1,372)	(3,904)
Change in inventories		(591)	475	(853)
Change in trade and other payables		(1,061)	(700)	11,212
Change in advances paid, other assets and other liabilities		(186)	847	370
Cash generated from operations		**5,838**	**8,956**	**10,592**
Income taxes paid		(782)	(700)	(604)
Interest received		22	28	182
Dividends received from associates and joint ventures		–	–	135
Net cash flows from operating activities		**5,078**	**8,284**	**10,305**
Investing activities				
Purchase of property, plant and equipment		(11,368)	(20,831)	(9,218)
Loans given to related parties		–	(264)	(1,654)
Proceeds from loans given to related parties		20	1,529	–
Change in restricted cash		192	(244)	876
Net cash flows used in investing activities		**(11,156)**	**(19,810)**	**(9,996)**
Financing activities				
Proceeds from borrowings		10,459	16,195	3,214
Repayment of borrowings		(1,228)	(3,377)	(4,137)
Interest paid		(1,214)	(1,909)	(232)
Dividends paid		(337)	–	–
Transactions with the shareholder	6	–	(74)	(495)
Net cash inflow/(outflow) from financing activities		**7,680**	**10,835**	**(1,650)**
Net foreign exchange difference on cash and cash equivalents		103	91	49
Net change in cash and cash equivalents		**1,705**	**(600)**	**(1,292)**
Cash and cash equivalents, at the beginning of the year		829	1,429	2,721
Cash and cash equivalents, at the end of the year		**2,534**	**829**	**1,429**

Chairman of the Executive Board – Chief Executive Officer

M.R. Abdullaev

Deputy Chairman of the Executive Board – Chief Financial Officer

U.M. Ashurov

Chief accountant

I.A. Obidov

The accounting policies and explanatory notes on pages 6 through 56 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	For the years ended 31 December 2020, 2019 and 2018					
	Attributable to equity holders of the parent company					
In billions of Uzbek soums	Share capital	Cumulative translation differences	Retained earnings	Total	Non-controlling interest	Total
Balance at 1 January 2018	**14,415**	**7,687**	**(701)**	**21,401**	**11,237**	**32,638**
Net loss for the year	–	–	(1,041)	**(1,041)**	(1,549)	**(2,590)**
Other comprehensive income	–	311	55	**366**	53	**419**
Total comprehensive income/(loss) for the year	**–**	**311**	**(986)**	**(675)**	**(1,496)**	**(2,171)**
Increase in share capital from retained earnings	1	–	(1)	**–**	–	**–**
Dividends to shareholders	–	–	(175)	**(175)**	–	**(175)**
Loss of control over JSC "Uztransgaz" *(Note 6)*	–	–	15,598	**15,598**	(8,673)	**6,925**
Balance at 31 December 2018	**14,416**	**7,998**	**13,735**	**36,149**	**1,068**	**37,217**
Net profit for the year	–	–	623	**623**	(34)	**589**
Other comprehensive income/(loss)	–	2,585	(6)	**2,579**	–	**2,579**
Total comprehensive income/(loss) for the year	**–**	**2,585**	**617**	**3,202**	**(34)**	**3,168**
Disposal of service companies *(Note 6, 21)*	–	–	(1,023)	**(1,023)**	–	**(1,023)**
Transfer of share interest in JSC "Uztransgaz" *(Note 21)*	–	–	(9,211)	**(9,211)**	–	**(9,211)**
Forgiveness of tax liabilities (*Note 18*)	–	–	607	**607**	523	**1,130**
Contribution of non-controlling interest (*Note 21*)	213	–	981	**1,194**	(1,194)	**–**
Other movements	–	–	51	**51**	–	**51**
Balance at 31 December 2019	**14,629**	**10,583**	**5,757**	**30,969**	**363**	**31,332**
Net profit/(loss) for the year	–	–	4,791	**4,791**	(87)	**4,704**
Other comprehensive income/(loss)	–	2,262	(909)	**1,353**	–	**1,353**
Total comprehensive income for the year	**–**	**2,262**	**3,882**	**6,144**	**(87)**	**6,057**
Conversion of borrowings and dividends payable *(Note 21)*	16,540	–	(1,023)	**15,517**	–	**15,517**
Contribution of non-controlling interest *(Note 21)*	1,561	–	(1,561)	**–**	–	**–**
Reduction of share capital *(Note 21)*	(11,194)	–	9,829	**(1,365)**	–	**(1,365)**
Dividends to shareholders *(Note 21)*	–	–	(515)	**(515)**	–	**(515)**
Other distributions to shareholder	–	–	(196)	**(196)**	–	**(196)**
Balance at 31 December 2020	**21,536**	**12,845**	**16,173**	**50,554**	**276**	**50,830**

Chairman of the Executive Board – Chief Executive Officer ______ *M.R. Abdullaev*

Deputy Chairman of the Executive Board – Chief Financial Officer ______ *U.M. Ashurov*

Chief accountant ______ *I.A. Obidov*

The accounting policies and explanatory notes on pages 6 through 56 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Joint-Stock Company "Uzbekneftegaz" (JSC "Uzbekneftegaz" or the "Company") is a state oil and gas enterprise of the Republic of Uzbekistan. The Company and its subsidiaries (collectively, the "Group") are principally engaged in extraction and refining of crude oil, gas and gas condensate, as well as transportation and sale of gas and refined oil products.

The Company was originally established as an Uzbek State Conglomerate of the Oil and Gas Industry pursuant to the Presidential Decree No. UP-393, dated 3 May 1992, which was subsequently superseded by the Presidential Decree No. UP-518, dated 23 December 1992, in order to mainly re-organize the legal and organizational structure of the Company from State Conglomerate of Oil and Gas Industry to National Oil and Gas Corporation. In 1998, National Oil and Gas Corporation was restructured to be National Holding Company, which subsequently became a Joint-Stock Company in June 2017, in accordance with the Presidential Decree No. PP-3107.

As of 31 December 2019, on behalf of the Government of Uzbekistan (the "Government"), the Centre for the State Asset Management under the State Property Committee owns 100% of total common shares of the Company or 99.996% of the total shares. The preferred non-voting shares consist of 0.004% of total shares and are owned by private individuals and other legal entities. On 14 December 2020, in accordance with the Decree of the President of Uzbekistan dated 27 October 2020, the Centre for the State Asset Management under the State Property Committee transferred its shares in JSC "Uzbekneftegaz" to the Ministry of Finance of the Republic of Uzbekistan (the "Shareholder").

The Company has its registered office in the Republic of Uzbekistan, Tashkent city, Yashnabod district, Istigbol Street, 21.

Under Uzbekistan law, natural resources, including oil, gas, precious metals, and minerals and other commercial resources situated in the territory of Uzbekistan, are the property of the Republic of Uzbekistan, until they are extracted. Law of the Republic of Uzbekistan, On Subsurface Resources, regulates relations arising in connection with the geological study, use and protection of subsurface resources in the territory of the Republic of Uzbekistan. Pursuant to the law, geological study and exploration activities may be conducted only on the basis of a license, unless it is financed through the state budget or it is a part of the Government approved exploration program. A separate production license is required for the development and extraction activities, which is given for the duration of field life as approved by the State Committee on Geology and Mineral Resources.

Main objectives of the Group include, but not limited, to the following:

- To determine strategic development of the oil and gas industry in Uzbekistan and to develop executable steps for achieving these strategic goals;
- To fulfill the needs of the national economy and the population of Uzbekistan for the oil and gas products.

The consolidated financial statements of the Group include the following material operating companies that are directly or indirectly controlled by the Company:

Name of the Subsidiary	Principal activities	Country of incorporation	Equity interest, % 2020	2019	2018
"Uzburneftegaz" JSC	Exploration and drilling	Uzbekistan	Not applicable**	Not applicable**	51%
"Uzneftegazdobicha" JSC	Oil and gas production	Uzbekistan	Not applicable**	Not applicable**	41%*
"Mubarekneftegaz" JSC	Oil and gas production	Uzbekistan	Not applicable**	Not applicable**	41%*
"Ustyurtgaz" LLC	Oil and gas production	Uzbekistan	Not applicable**	Not applicable**	41%*
"Gazlineftegazdobicha" LLC	Oil and gas production	Uzbekistan	Not applicable**	Not applicable**	41%*
"Shurtanneftgaz" LLC	Oil and gas production	Uzbekistan	Not applicable**	Not applicable**	41%*
"Gissarneftegaz" JV LLC	Oil and gas production	Uzbekistan	55%**	55%**	26%*
"Kokdumaloq-gaz" JV LLC	Oil and gas production	Uzbekistan	62.5%**	62.5%**	33%*
"Mubarek Gas Refinery Plant" LLC	Gas processing	Uzbekistan	Not applicable**	Not applicable**	41%*
"Shurtan Gas Chemical Complex" LLC	Petrochemicals production	Uzbekistan	100%**	100%**	41%*
"Uznefteproduct" JSC	Sales of refined oil products	Uzbekistan	Not applicable**	Not applicable**	66%
"Bukhara Refinery Plant" LLC	Oil refining	Uzbekistan	100%**	100%**	66%
"Fergana Refinery Plant" LLC	Oil refining	Uzbekistan	0%**	100%**	66%
"Uzbekistan GTL" LLC	Gas-to-liquids production	Uzbekistan	100%**	100%**	100%

* *Despite the fact that participating share in equity is less than 50 percent, the Group has a control according to IFRS 10.*

** *In 2019 according to Decree of President of the Republic of Uzbekistan No. 4388 from 9 July 2019, a number of subsidiary enterprises (JSC "Uzburneftegaz", JSC "Uzneftegazdobicha", JSC "Uznefteproduct", JSC "Mubarekneftegaz", "Mubarek Gas Refinery Plant" LLC, "Ustyurtgaz" LLC, "Gazlineftegazdobicha" LLC, "Shurtanneftegaz" LLC) were merged into JSC "Uzbekneftegaz". Following the reorganization the share interest of these enterprises in their subsidiaries ("Gissarneftegaz" JV LLC, "Kokdumalak" JV LLC, "Bukhara Refinery Plant" LLC, "Shurtan Gas Chemical Complex" LLC, "Fergana Refinery Plant" LLC) were transferred directly to JSC "Uzbekneftegaz", that led to increase in equity share (Note 21). In March 2020 the Group transferred 100% share interest in "Fergana Refinery Plant" LLC to the State Asset Management Agency (Note 6).*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. General information (continued)

The Group also has share ownership in the following material joint ventures, which are accounted for under the equity method:

Name of the equity investee	Principal activities	Country of incorporation	Equity interest, % 2020	2019	2018
"Asia Trans Gaz" JV LLC	Gas transportation	Uzbekistan	50%	50%	50%
"Uz-Kor Gas Chemical" JV LLC	Petrochemicals production	Uzbekistan	50%	50%	50%
"Uztransgaz" JSC	Gas transportation and sales	Uzbekistan	0%***	8.3%***	47.8%***

*** *At 27 December 2018 the Group has lost control over "Uztransgaz" JSC, as a result of dilution of share of the Group in share capital of "Uztransgaz" JSC according to the Order of the Cabinet of Ministers of the Republic of Uzbekistan dated 5 January 2017 (Note 6). In 2019 according to the Decree of President of Republic of Uzbekistan No. 4388 dated 9 July 2019, share interest of 39.5% was transferred to the State Asset Management Agency (Notes 6 and 17). In October 2020 the Group transferred the remaining 8.3% share interest in JSC "Uztransgaz" to the State Asset Management Agency (Note 21).*

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, including all International Financial Reporting Standards ("IFRS") and Interpretations issued by the International Accounting Standards Board ("IASB") and effective in the reporting period, and are fully compliant therewith.

These consolidated financial statements have been prepared on a historical cost basis, except as described in the accounting policies and the notes to these consolidated financial statements.

The Group's consolidated financial statements are presented in billions of Uzbek soums ("UZS"), unless otherwise indicated.

The consolidated financial statements of 2020 were approved and authorized for issue by the Management of the Group on 30 September 2021.

Going concern considerations

These consolidated financial statements have been prepared on a going concern basis. When making a going concern assessment, management considered the Group's current financial position and analyzed relevant subsequent developments.

As at 31 December 2020, the Group's current liabilities exceed its current assets by UZS 2,048 billion (31 December 2019: UZS 21,111 billion and 31 December 2018: UZS 12,154 billion).

The following factors and circumstances support the management's conclusion about the appropriateness of the use of the going concern assumption:

- The Group has been profitable with sufficient profit margins and consistently generates positive cash flows from operating activities including the current and subsequent reporting periods.
- According to its cash flow forecasts, the Group expects to generate sufficient cash from operations in 2021–2022 as well as to attract new and restructure existing loans to settle current liabilities when they become due.
- As at the date of authorization of these consolidated financial statements, the Group's short-term borrowings included UZS 1,708 billion payable to one of the lenders, which confirmed its intention to prolong the indebtedness for the period beyond 12 months since the date of authorization of these consolidated financial statements.
- As at the date of authorization of these consolidated financial statements, the Group has available undrawn borrowing facilities from financial institutions comprised UZS 4,642 billion.
- The Group's liquidity position may be further supported by financing from foreign and local banks who indicated their intent to negotiate terms of working capital financing for the amount not less than UZS 500 billion.
- Also, management believes that the Group will be compliant with the financial and non-financial covenants stipulated by the loan agreement within 12 months from the date of authorization of these consolidated financial statements or will be able to renegotiate their terms in advance so that the lenders will not request an accelerated repayment of the existing debts.
- The Group's shareholders have neither the intention nor the need to liquidate or significantly reduce the range of the activities of the Group.
- The Group has strategic importance for the Government of Uzbekistan which can positively influence Group's cash flows by regulating prices for gas sales to related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Basis of preparation (continued)

Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities included in these consolidated financial statements are measured using the currency of the primary economic environment in which the entities operate ("the functional currency"). The consolidated financial statements are presented in Uzbek soums, which is the Company's and the majority of subsidiaries' functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss.

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.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Group Companies

The results and financial position of all the Group's subsidiaries, joint ventures and associates (none of which operate in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at that reporting date;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognized as a separate component of other comprehensive income.

Exchange rates

The exchange rates established by the Central Bank of Uzbekistan ("CBU") are used as official currency exchange rates in the Republic of Uzbekistan.

The currency exchange rate of CBU as of 31 December 2020 was 10,476 UZS to 1 US dollar. This rate was used to translate monetary assets and liabilities denominated in United States dollars ("US dollar", or "USD") as of 31 December 2020 (31 December 2019: 9,508 UZS to 1 US dollar, 31 December 2018: 8,340 UZS to 1 US dollar). The currency exchange rate of CBU as of 30 September 2021 was 10,692 UZS to 1 US dollar.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Significant accounting policies

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, revenue and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Profit or loss and each component of other comprehensive income are attributable to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets, liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss, or, as in certain cases of under common control transactions, directly in equity. Any investment retained is recognized at fair value.

Business combinations, goodwill and other intangible assets

Acquisitions by the Group of controlling interests in third parties are accounted for using the acquisition method.

The date of acquisition is the date when effective control over the acquiree passes to the Group.

The cost of an acquisition is measured as an aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

3. Significant accounting policies (continued)

Business combinations, goodwill and other intangible assets (continued)

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognized in the consolidated statement of profit or loss in accordance with IFRS 9. If the contingent consideration is not within the scope of IFRS 9, it is measured at fair value through profit and loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations achieved in stages

The acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

In a business combination achieved in stages the acquirer recognizes goodwill as of the acquisition date measured as the excess of (a) over (b) below:

(a) The aggregate of: (i) the consideration transferred measured in accordance with this IFRS 3 *Business Combinations*, which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with this IFRS; and (iii) the acquisition-date fair value of the acquirer’s previously held equity interest in the acquire;

(b) The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Acquisition of subsidiaries from parties under common control

Acquisitions of subsidiaries from parties under common control are accounted for using the pooling of interest method.

The assets and liabilities of the subsidiary transferred under common control are recorded in the consolidated financial statements at the carrying amounts of the transferring entity (the Predecessor) at the date of the transfer. Related goodwill, if any, inherent in the Predecessor’s original acquisition is also recorded in the consolidated financial statements. Any difference between the total book value of net assets, including the Predecessor’s goodwill, and the consideration paid is accounted for in the consolidated financial statements as an adjustment to equity.

The consolidated financial statements, including corresponding figures, are presented as if the subsidiary had been acquired by the Group on the date it was originally acquired by the Predecessor.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but which does not comprise control or joint control over those policies.

3. Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint ventures and associates are accounted for using the equity method. Under the equity method, the investment in a joint venture or an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture or associate since the acquisition date. Goodwill relating to the joint venture or associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the joint venture or associate, deducted by the amount of dividends declared from joint venture or associate to the Group. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture or associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity.

Unrealized gains and losses resulting from transactions between the Group and the joint venture or associate are eliminated to the extent of the interest in the joint venture or associate.

The aggregate of the Group's share in profit or loss of a joint venture and an associate is shown on the face of the consolidated statement of profit or loss and represents profit or loss after tax and non-controlling interest in the subsidiaries of the joint venture or associate. The financial statements of the joint venture or associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring their accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its joint venture or associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture or associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as 'Impairment of investment in joint venture or associate' in the consolidated statement of profit or loss.

Upon loss of joint control over the joint venture or significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture or associate upon loss of joint control or significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss, or, as in certain cases of under common control transactions, directly in equity.

Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Significant accounting policies (continued)

Current versus non-current classification (continued)

A liability is current when:

- It is expected to be settled in normal 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 Group classifies all other liabilities as non-current.

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. In order for a debt financial asset to be classified and measured at amortized cost or fair value through OCI, 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. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized 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 amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include trade and other receivables, loans due from related parties and bank deposits.

3. Significant accounting policies (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include certain loans due from related parties, which contain embedded derivative financial instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss.

Derecognition

A financial asset is primarily derecognized (removed from the consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group 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 Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss.

ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group 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.

ECL are recognized in three stages. First stage relates to credit exposures for which there has not been a significant increase in credit risk since initial recognition and which are required to recognize ECL within the next 12-months (a 12-month ECL). The second stage relates to credit exposures for which there has been significant increase in credit risk since initial recognition. For those credit exposures, ECL should be recognized over the remaining life of the exposure (a lifetime ECL). Third stage represent losses for financial instruments that are already credit impaired (defaulted). For financial assets in stage three, entities will continue to recognize lifetime ECL.

For trade and other receivables the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Significant accounting policies (continued)

Financial assets (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. 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, loans borrowings and payables, or as derivatives financial instruments.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Trade and other payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the EIR.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR. Gains and losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense when incurred.

Financial guarantee contracts

Financial guarantee contracts issued by the Group 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 recognized 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 expected credit losses allowance calculated under IFRS 9 and the amount initially recognized liability less cumulative amortization, if any.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Significant accounting policies (continued)

Financial liabilities (continued)

Derecognition

A financial liability is derecognized 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 recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

Cash and cash equivalents

Cash represents cash on hand, in the Group's bank accounts, in transit and interest-bearing deposits which can be effectively withdrawn at any time without prior notice or any penalties reducing the principal amount of the deposit. Cash equivalents are highly liquid, short-term investments that are readily convertible to known amounts of cash and have original maturities of three months or less from their date of purchase. Restricted cash is presented separately in the consolidated statement of financial position if its amount is significant.

Inventories

Inventories consisting primarily of natural gas, crude oil, petroleum products, petrochemicals and materials and supplies are measured at the lower of cost and net realizable value. Cost of product inventories is determined using the weighted average cost method. Materials and supplies inventories are carried at first-in, first-out (FIFO) method. Cost comprises direct purchase costs, cost of production, transportation and manufacturing expenses (based on normal operating capacity).

Exploration and evaluation costs

Subsoil use rights for geological activities

In accordance with Uzbekistan law, if geological activities are approved by the Government or financed with government grant, subsoil use rights are considered granted by the competent government authorities upon the receipt of Government approved cost estimates. Such subsoil use rights are granted with no substantial cost to the Group.

Exploration and evaluation cost or drilling activities

The Group recognizes exploration and evaluation costs using the successful efforts method as permitted by IFRS 6 *Exploration for and Evaluation of Mineral Resources*. Under this method, costs related to exploration and evaluation (exploration and appraisal drilling) are temporarily capitalized in cost centers by wells until the drilling program results in the discovery of economically feasible oil and gas reserves.

The length of time necessary for this determination depends on the specific technical or economic difficulties in assessing the recoverability of the reserves. If a determination is made that the well did not encounter oil and gas in economically viable quantities, the well costs are expensed to Exploration expenses in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Significant accounting policies (continued)

Exploration and evaluation costs (continued)

Expenditures related to drilling of exploration and evaluation wells are capitalized. Costs of seismic, topographical, geological, geophysical research are expensed as incurred. Exploration and evaluation assets are recognized at cost less impairment, if any, until the existence (or absence) of commercial reserves has been established. The initial cost of exploration and evaluation assets acquired through a business combination is formed as a result of purchase price allocation. The cost allocation to mineral rights to prove properties and mineral rights to unproved properties is performed based on the respective oil and gas reserves information. Exploration and evaluation assets are subject to technical, commercial and management review as well as review for indicators of impairment at least once a year. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When indicators of impairment are present, an impairment test is performed.

If, subsequently, commercial reserves are discovered, the carrying value, less losses from impairment of the respective exploration and evaluation assets, is classified as oil and gas properties. However, if no commercial reserves are discovered, such costs are expensed after exploration and evaluation activities have been completed.

Property, plant and equipment

The initial cost of an asset purchased comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of decommissioning obligation, if any, and, for qualifying assets, borrowing costs. Non-recoverable value-added tax related to the acquisition of property, plant and equipment is capitalized by the Group. Non-recoverable value-added tax related with operational activities is charged to profit or loss.

At each reporting date management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss, if any, is recognized in the consolidated statement of profit or loss. An impairment loss recognized for an asset or cash generating unit in prior years is reversed if there are indicators that impairment loss may no longer exist or may have decreased.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. Gains and losses are recognized in profit or loss.

The cost of maintenance, repairs, and the replacement of minor items of property is charged to operating expenses. Renewals and betterments of assets are capitalized. Cost of replacing major parts or components of property, plant and equipment items are capitalized and the replaced part is written-off.

Oil and gas properties

Expenditure on the construction, installation or completion of infrastructure facilities such as separators, compressors, the pipelines and the drilling of commercially proven development wells is capitalized within tangible and intangible assets according to nature. When development is completed on a specific field, it is transferred to production assets (oil and gas properties).

The present value of the estimated costs of decommissioning oil and gas production wells and facilities, including abandonment and site restoration costs, are recognized when the obligation is incurred and are included within the carrying value of property, plant and equipment, subject to depletion using unit-of-production method.

Depreciation, depletion and amortization

Property, plant and equipment related to oil and gas properties are depleted using a unit-of-production method.

Depletion of oil and gas assets is computed on a field-by-field basis over proved developed reserves or over total proved reserves, as appropriate. Shared oil and gas properties and equipment (e.g. gathering and initial processing systems, etc.) are depleted over total proved reserves.

Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives from the time they are ready for use.

3. Significant accounting policies (continued)

Depreciation, depletion and amortization (continued)

Components of other property, plant and equipment and their respective estimated useful lives are as follows:

Property, plant and equipment	Useful life
Buildings and structures	30-45 years
Refinery assets	5-30 years
Machinery and equipment	5-20 years
Vehicles and other property, plant and equipment	3-10 years

The expected useful lives of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life unless scrap value is significant. The assets' residual values are reviewed, and adjusted if appropriate, at each reporting date.

Impairment of non-financial assets

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and 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, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Impairment losses of continuing operations are recognized in the consolidated statement of profit or loss in those expense categories consistent with the function of the impaired asset.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of 5 (five) years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized 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 recognized. 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 accumulated depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Significant accounting policies (continued)

Non-current assets held for sale and discontinued operations (continued)

In the consolidated statements of profit or loss of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the consolidated statement of profit or loss.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

Asset retirement (decommissioning) obligations

The Group has asset retirement (decommissioning) obligations (ARO) associated with its core business activities.

The Group's exploration, development and production activities involve the use of wells, related equipment and operating sites, oil gathering and treatment facilities, tank farms and in-field pipelines. Generally, licenses and other regulatory acts require that such assets be decommissioned upon the completion of production. According to these requirements, the Group is obliged to decommission wells, dismantle equipment, restore the sites and perform other related activities. The Group's estimates of these obligations are based on current regulatory or license requirements, as well as actual dismantling and other related costs. These liabilities are measured by the Group using the present value of the estimated future costs of decommissioning of these assets. The discount rate is reviewed at each reporting date and reflects current market assessments of the time value of money and the risks specific to the liability.

In accordance with "IFRIC" Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, the provision is reviewed at each balance sheet date as follows:

- Upon changes in the estimates of future cash flows (e.g., the costs of and timeframe for abandoning one well) or the discount rate, changes in the amount of the liability are included in the cost of the item of property, plant, and equipment, whereby such cost may not be negative and may not exceed the recoverable value of the item of property, plant, and equipment;
- Any changes in the liability due to its nearing maturity (change in the discount) are recognized in Finance expenses.

The Group's refining and distribution activities involve refining operations, and other distribution terminals, and retail sales. The Group's refining operations consist of major petrochemical operations and industrial complexes. Legal or contractual asset retirement (decommissioning) obligations related to petrochemical, oil refining and distribution activities are not recognized due to the limited history of such activities in these segments, the lack of clear legal requirements as to the recognition of obligations, as well as the fact that decommissioning periods for such assets are not determinable.

Because of the reasons described above, the fair value of an asset retirement (decommissioning) obligation in the refining and distribution segment cannot be reasonably estimated.

Due to continuous changes in the regulatory and legal environment in Uzbekistan, there could be future changes to the requirements and contingencies associated with the retirement of long-lived assets.

Capitalized interest

Interest expense on borrowed funds used for capital construction projects and the acquisition of property, plant and equipment is capitalized provided that the interest expense could have been avoided if the Group had not made capital investments. Interest is capitalized only during the period when construction activities are actually in progress and until the resulting properties are put into operation.

Capitalized borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

3. Significant accounting policies (continued)

Government grants

Grants from the Government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Provisions for liabilities and charges

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

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 recognized as a finance cost.

Taxes collected from customers and remitted to governmental authorities

Refundable taxes (excise and value-added tax ("VAT")) are deducted from revenues. Other taxes and duties are not deducted from revenues and are recognized as expenses in Taxes other than income tax in the consolidated statement of profit or loss.

Pension and other post-retirement benefits

The Group provides long-term employee benefits to employees before, on and after retirement, in accordance with the collective agreements between the Group's entities and their employees. The collective agreement provides for certain one-off retirement payments, payments on holidays, pension supplements, financial aid for employees' disability, anniversaries, funeral and other benefits. The entitlement to benefits is usually conditional on the employee remaining in service up to retirement age.

The expected costs of the benefits associated with one-off retirement payments are accrued over the period of employment using the same accounting methodology as used for defined benefit post-employment plans with defined payments upon the end of employment. Net interest expense relating to pensions and other post-retirement benefits, which is recognized in the consolidated statement of profit or loss, represents the net change in present value of plan obligations and the value of plan assets resulting from the passage of time, and is determined by applying the discount rate to the present value of the benefit obligation at the start of the year, and to the fair value of plan assets at the start of the year, taking into account expected changes in the obligation or plan assets during the year. Remeasurements of the defined benefit liability and asset, comprising actuarial gains and losses are recognized within other comprehensive income in the period in which they occur. Other movements are recognized in the current period, including current service cost, any past service cost and the effect of any curtailments or settlements. Past service costs, resulting from amendment to a plan are recognized immediately when the Group becomes committed to a change.

Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specifically, sales of refined oil products, gas and gas products and petrochemical products and other sales are usually recognized at the point in time when title passes. The entity recognizes revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

3. Significant accounting policies (continued)

Revenue recognition (continued)

Interest income and costs

For all financial instruments measured at amortised cost and interest cost is interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income and interest expense is included in finance costs in the consolidated statement of profit or loss.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Expense recognition

Expenses are recognized as incurred and are reported in the consolidated financial statements in the period to which they relate on an accrual basis.

Refinery maintenance costs

The Group recognizes the costs of overhauls and preventive maintenance performed with respect to oil refining assets as expenses when incurred.

Income taxes

Corporate income taxes have been provided for in the consolidated financial statements in accordance with the applicable legislation enacted or substantively enacted by the reporting date. The income tax charge comprises current tax and deferred tax and is recognized on the profit or loss unless it relates to transactions that are recognized, in the same or a different period, in other comprehensive income or directly in equity. Deferred income tax assets and liabilities are recognized in the accompanying consolidated financial statements in the amount determined by the Group in accordance with IAS 12 *Income Taxes*.

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.

A deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which:
    - Is not a business combination; and
    - Affects neither accounting profit, nor taxable profit;
- Investments in subsidiaries when the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

A prior period tax loss planned to be used to reduce the current or future amount of income tax is recognized as a deferred tax asset.

3. Significant accounting policies (continued)

Income taxes (continued)

A deferred tax asset is recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, unless the deferred tax asset 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 accounting profit nor taxable profit (tax loss).

The Group recognizes deferred tax assets for all deductible temporary differences arising from investments in subsidiaries and associates, and interests in joint ventures, to the extent that the following two conditions are met:

- The temporary difference will reverse in the foreseeable future; and
- Taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date.

The Group reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax assets and liabilities are classified as non-current deferred tax assets and non-current deferred tax liabilities, respectively.

Deferred tax assets and liabilities are not discounted.

Accounting for contingencies

Certain conditions may exist as of the date of these consolidated financial statements which may further result in a loss to the Group, but which will only be resolved when one or more future events occur or fail to occur. The Group's management makes an assessment of such contingent liabilities which is based on assumptions and is a matter of opinion. In assessing loss contingencies relating to legal or tax proceedings that involve the Group or unasserted claims that may result in such proceedings, the Group, after consultation with legal or tax advisors, evaluates the perceived merits of any legal or tax proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a loss will be incurred and the amount of the liability can be estimated, then the estimated liability is accrued in the Group's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve financial guarantees, in which case the nature of the guarantee would be disclosed. However, in some instances in which disclosure is not otherwise required, the Group may disclose contingent liabilities or other uncertainties of an unusual nature which, in the judgment of management after consultation with its legal or tax counsel, may be of interest to shareholders or others.

Equity

Non-controlling interest

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the Group's owners. Total comprehensive income is attributed to the Group's owners and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Dividends

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorized for issue.

3. Significant accounting policies (continued)

Equity (continued)

Other distributions to the Shareholder

Expenditures incurred by the Group based on the respective resolution of the Government or decision and instructions of Cabinet of Ministers or the President are accounted for as other distributions through equity. Such expenditures include costs associated with non-core activity of the Group (construction of social assets), acquisitions and transfer of investments.

Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenues, results or assets are 10 per cent or more of all the segments are reported separately.

Related parties

Related parties are defined in IAS 24 *Related Party Disclosures.*

Governmental economic and social policies affect the Group's financial position, results of operations and cash flows. The Government imposed an obligation on the Group to provide an uninterrupted supply of oil and gas to customers in Uzbekistan at government-controlled prices. Transactions with the state include taxes, which are detailed in *Note 25.*

Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

It is the nature of transactions with related parties that they cannot be presumed to be carried out on an arm's length basis.

Subsequent events

The results of post-year-end events that provide evidence of conditions that existed at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Critical estimates and judgements

The preparation of the Group's consolidated 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 require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Consolidation of subsidiaries

Management judgment is involved in the assessment of control and the consolidation of subsidiaries in the Group's consolidated financial statements taken into account voting rights and contractual arrangements with other shareholders and other relevant facts and circumstances in assessing whether it has control over the entity in accordance with IFRS 10 *Consolidated Financial Statements.*

Oil and gas reserves

Oil and gas reserves are a material factor in the Group's computation of depreciation, depletion and amortization expenses and impairment losses. The Group estimates its oil and gas reserves in accordance with the methodology of the Society of Petroleum Engineers ("SPE"). In estimating its reserves under SPE methodology, the Group uses long-term planning prices. Using planning prices for estimating proved reserves removes the impact of the volatility inherent in using year-end spot prices. Management believes that long-term planning price assumptions, which are also used by management for their business planning and investment decisions are more consistent with the long-term nature of the upstream business and provide the most appropriate basis for estimating oil and gas reserves.

4. Critical estimates and judgements (continued)

Oil and gas reserves (continued)

All reserve estimates involve some degree of uncertainty. The uncertainty depends mainly on the amount of reliable geological and engineering data available at the time of the estimate and the interpretation of this data.

The relative degree of uncertainty can be conveyed by placing reserves into one of two principal classifications, either proved or unproved. Proved reserves are more certain to be recovered than unproved reserves and may be further sub-classified as developed and undeveloped to denote progressively increasing uncertainty in their recoverability.

Estimates are reviewed and revised annually. Revisions occur due to the evaluation or re-evaluation of already available geological, reservoir or production data, availability of new data, or changes to underlying price assumptions. Reserve estimates may also be revised due to improved recovery projects, changes in production capacity or changes in development strategy. Proved developed reserves are used to calculate the unit of production rates for Depreciation, Depletion & Amortization (DD&A) in relation to oil and gas production assets. The Group has included in proved reserves only those quantities that are expected to be produced during the initial subsoil use contract period. This is due to the uncertainties surrounding the outcome of such renewal procedures, since the renewal is ultimately at the discretion of the Government. An increase in the Group's subsoil use contract periods and corresponding increase in reported reserves would generally lead to lower DD&A expense and could materially affect earnings. A reduction in proved developed reserves will increase DD&A expense (assuming constant production), reduce income and could also result in an immediate write-down of the property's book value. Given the relatively small number of producing fields, it is possible that any changes in reserve estimates year on year could significantly affect prospective charges for DD&A.

Proved reserves of the Group as of 31 December 2020 were based on reports prepared by independent reservoir engineers in accordance with Petroleum Resources Management System rules. For certain assets proved reserves are based on estimation of internal engineers.

Recoverability of oil and gas assets, midstream, refining and other assets

The Group assesses assets or CGU for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Such indicators include changes in the Group's business plans, changes in commodity prices leading to unprofitable performances, changes in product mixes, and for oil and gas properties, significant downward revisions of estimated proved reserves. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term oil prices, discount rates, future capital requirements, operating performance (including production and sales volumes) that are subject to risk and uncertainty. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered to be impaired and is written down to its recoverable amount. In assessing recoverable amount, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs to sell is identified as the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general.

Assets retirement obligations

Under the provisions of current legislation and regulations, the Group has legal or constructive obligations to dismantle and remove tangible assets and restore the land at each production site. Specifically, the Group's obligation relates to the ongoing closure of all non-producing wells. The settlement date of the final closure obligations has been assumed to be the end of production period due to economic life test of the oil and gas reserves.

Where neither subsoil use contracts nor legislation include an unambiguous obligation to undertake or finance such final abandonment and closure costs at the end of the subsoil use contract term, no liability has been recognized. There is some uncertainty and significant judgment involved in making such a determination. Management's assessment of the presence or absence of such obligations could change with shifts in policies and practices of the Government or in the local industry practice.

4. Critical estimates and judgements (continued)

Assets retirement obligations (continued)

The Group calculates asset retirement obligations separately for each field. The amount of the obligation is the present value of the estimated expenditures expected to be required to settle the obligation adjusted for expected inflation and discounted using average long-term risk-free interest rates for emerging market sovereign debt adjusted for risks specific to the Uzbekistan market.

At each reporting date the Group reviews site restoration provisions and adjusts them to reflect the current best estimate in accordance with IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities.*

Estimating the future closure costs involves significant estimates and judgments by management. Most of these obligations are many years in the future and, in addition to ambiguities in the legal requirements, the Group's estimate can be affected by changes in asset removal technologies, costs and industry practice. Uncertainties related to the final closure costs are mitigated by the effects of discounting the expected cash flows. The Group estimates future well abandonment cost using current year prices and the average long-term inflation rate.

The long-term inflation and discount rates used to determine the obligation in the consolidated statement of financial position across the Group entities at 31 December 2020 were equal to 7% and 12%, respectively (2019: 7% and 16%, 2018: 7% and 16%). Movements in the provision for asset retirement obligations are disclosed in *Note 20.*

Employee benefits

Employee-benefit obligations include post-employment benefits and other long-term benefits. Other long-term benefits include financial aid for employees' disability, anniversaries, funeral and other benefits. The cost of defined long-term employee benefits before, on and after retirement and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Measurement of liabilities under guarantees issued

As of 31 December 2020, the Company issued a number of guarantees to its related parties (see *Note 31, Financial guarantee liabilities*). As of 31 December 2020, the Group recognized the financial liabilities in respect of the issued guarantees amounting to UZS 268 billion (UZS 221 billion and UZS 87 billion in 2019 and 2018, respectively) as part of other current and non-current liabilities. ECL rate in the range of 1.9% - 2.43% was used to measure the book value of the financial guarantee liabilities as of 31 December 2020, 2019 and 2018. The Group is using general approach in calculation of expected credit losses for government companies. Country rating with appropriate downgrade based on overdue bucket is assigned and was used to estimate probability of default. Loss given default estimates are based on the external statistics using weighted average of recovery rates specific to the country.

Taxation

In assessing tax risks, management considers to be probable obligations the known areas of tax positions which the Group would not appeal or does not believe it could successfully appeal, if assessed by tax authorities. Such determinations inherently involve significant judgment and are subject to change as a result of changes in tax laws and regulations, amendments to the taxation terms of the Group's subsoil use contracts, the determination of expected outcomes from pending tax proceedings and current outcome of ongoing compliance audits by tax authorities. Uncertainties related to taxation are disclosed in *Note 29.*

Taxable income is computed in accordance with the tax legislation enacted as at 1 January 2020. Deferred income tax is calculated on temporary differences for assets and liabilities at the expected rates that were enacted by tax authorities as at 31 December 2020.

4. Critical estimates and judgements (continued)

Taxation (continued)

Deferred tax assets are recognized for all allowances and unused tax losses to the extent that it is probable that taxable temporary differences and business nature of such expenses will be proved. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies *(Note 29)*.

Value of net assets transferred and received from one organization to another, including during their reorganization and liquidation, in accordance with Government Decrees commonly is not subject to taxation for all types of taxes.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position 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 judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Useful lives of property, plant and equipment

The Group assesses the remaining useful lives of items of property, plant and equipment at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for prospectively as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

5. Adoption of new or revised standards and interpretations and new accounting pronouncements

New and amended standards and interpretations

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards and interpretations effective as of 1 January 2020.

The following amendments were applied for the first time in 2020:

Amendments to IFRS 3 Business Combinations

The amendments enhanced definition of a business set out by the standard and clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. The amendments are applicable prospectively. These amendments had no impact on the consolidated financial statements of the Group since the current practice is in line with these amendments.

Amendments to IFRS 7 Financial Instruments: Disclosures, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 9 Financial Instruments

The amendments provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

5. Adoption of new or revised standards and interpretations and new accounting pronouncements (continued)

New and amended standards and interpretations (continued)

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

These amendments introduced new definition of material. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. Since the current practice is in line with these amendments, there is no impact on the consolidated financial statements.

Revised version of Conceptual Framework for Financial Reporting

In particular, the revised version introduced new definitions of assets and liabilities, as well as amended definitions of income and expenses. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Leases in Regards of COVID-19-Related Rent Concessions

The amendments provide relief to lessees from assessment whether a COVID-19-related rent concession is a lease modification. The amendments did not have a material impact on the consolidated financial statements, as the Group has not received significant rent concessions related to pandemic.

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 Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*. IFRS 17 establishes a single framework for the accounting for insurance contracts and contains requirements for related disclosures. The new standard replaces IFRS 4 *Insurance Contracts*. The standard is effective for annual periods beginning on or after 1 January 2023. The Group does not expect the standard to have a material impact on the consolidated financial statements.

In January 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* named *Classification of Liabilities as Current or Non-current*. The amendments clarify requirements for classifying liabilities as current or non-current. The amendments are effective on or after 1 January 2023; earlier application is permitted. The Group does not expect the amendments to have a material impact on the consolidated financial statements, as the Group already applies criteria set by the amendments.

In May 2020, the IASB issued amendments to IFRS 3 *Business Combinations* named *Reference to the Conceptual Framework*. The amendments replace references to the *Conceptual Framework for Financial Reporting* with the current version issued in March 2018, without significantly changing the requirements of the standard. The amendments are effective on or after 1 January 2022; earlier application is permitted. The Group does not expect the amendments to have a material impact on the consolidated financial statements.

In May 2020, the IASB issued amendments to IAS 16 *Property, Plant and Equipment* named *Property, Plant and Equipment: Proceeds Before Intended Use*. The amendments prohibit 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 recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments are effective on or after 1 January 2022 and should be applied retrospectively. The Group does not expect the amendments to have a material impact on the consolidated financial statements.

In May 2020, the IASB issued amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* named *Onerous Contracts – Costs of Fulfilling a Contract*. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous. The amendments are effective on or after 1 January 2022; earlier application is permitted. The Group does not expect the amendments to have a material impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Adoption of new or revised standards and interpretations and new accounting pronouncements (continued)

Standards issued but not yet effective (continued)

In August 2020, the IASB issued amendments to IFRS 7 *Financial Instruments: Disclosures*, IFRS 9 *Financial Instruments* as well as IFRS 4 *Insurance Contracts* and IFRS 16 *Leases* named *Interest Rate Benchmark Reform – Phase II.* The amendments provide certain temporary reliefs which address the financial reporting effects related to the transfer to the risk-free interest rate. The amendments are effective on or after 1 January 2021; earlier application is permitted. The Group does not expect the amendments to have a material impact on the consolidated financial statements.

Additionally, a number of amendments, not yet effective, were issued during annual improvement process conducted by IASB. They include the amendments to IFRS 1 *Fist-time Adoption* named *First-time Adoption: Subsidiary as a First-time Adopter*, and the amendments to IFRS 9 *Financial Instruments* named *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities.* The Group does not expect the amendments to have a material impact on the consolidated financial statements.

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS *Practice Statement 2 Making Materiality Judgements.* The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS *Practice Statement 2* provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Separately, the Board has also issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.* The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The amendments to IAS 1 and IAS 8 will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

6. Discontinued operation and assets classified as held for distribution to the shareholder

Disposal of "Fergana Refinery Plant" LLC (2020 – 2019)

In accordance with the Decree of President of Republic of Uzbekistan No. 4275 dated 10 April 2019, it was decided to transfer 100% of share interest of "Fergana Refinery Plant" LLC to State Asset Management Agency. Assets and liabilities of "Fergana Refinery Plant" LLC were classified in the consolidated financial statement of the Group as of 31 December 2019 as disposal group.

Transfer of 100% of shares of "Fergana Refinery Plant" LLC took place in March 2020.

The main categories of assets and liabilities of "Fergana Refinery Plant" LLC as of the date of disposal are presented below:

In billions of Uzbek soums	31 December 2019	Assets and liabilities as of the date of disposal
Assets		
Property, plant and equipment	407	402
Trade and loans receivable	236	549
Inventory	561	193
Other assets	50	314
Total assets	**1,254**	**1,458**
Liabilities		
Borrowings	229	329
Trade payables	415	396
Other liabilities	357	441
Total liabilities	**1,001**	**1,166**
Net assets	**253**	**292**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Discontinued operation and assets classified as held for distribution to the shareholder (continued)

Disposal of "Fergana Refinery Plant" LLC (2020 – 2019) (continued)

The difference in the amount of UZS 208 billion, between book value of the net assets of "Fergana Refinery Plant" LLC as of the disposal date (UZS 292 billion) and nominal amount of shares by which share capital was decreased (UZS 84 billion, *Note 21 – "Reduction of share capital"*) was recognized in retained earnings.

Disposal of service companies (2019)

In accordance with the Decree of the President of Republic of Uzbekistan No. 4388 from 9 July 2019, in 2019 the Group transferred its participation share in service companies (drilling, construction and installation, transport companies) to the State Asset Management Agency.

Main categories of assets and liabilities of these entities as of the date of disposal are presented below:

	Assets and liabilities as of the date of disposal
Assets	
Trade receivables	1,611
Inventory	599
Property, plant and equipment	1,515
Other assets	724
Total assets	**4,449**
Liabilities	
Trade and other payables	2,612
Other liabilities	814
Total liabilities	**3,426**
Net assets	**1,023**

The difference between assets and liabilities of the disposed entities in the amount of UZS 1,023 billion was recognized in equity *(Note 22 – "Reduction of share capital")*.

Discontinued operation (Loss of control over "Uztransgaz" JSC) (2018)

In 2018 "Uztransgaz" JSC increased its share capital through the placement of additional 40,566,804 ordinary shares. On 27 December 2018 shares of this issue were purchased by private subscription by the "State Committee of the Republic of Uzbekistan on privatized enterprises and development of competition". As a result of this transaction share of the Group decreased to 47.8% that led to the loss of control by the Group over "Uztransgaz" JSC. The Group derecognized respective assets and liabilities as of 27 December 2018, and presented financial results of "Uztransgaz" JSC as discontinued operation in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Discontinued operation and assets classified as held for distribution to the shareholder (continued)

Discontinued operation (Loss of control over "Uztransgaz" JSC) (2018) (continued)

The operating results of "Uztransgaz" JSC for the period from 1 January till 27 December 2018 are presented below:

	For the period from 1 January till 27 December 2018
Gas and gas products sales, and transportation	12,742
Government grant and other operating income	1,464
Total revenues and other income	**14,206**
Cost of purchased oil, gas, petroleum product and other materials	(10,144)
Production expenses	(1,371)
Taxes other than income tax	(496)
Depreciation and amortization	(1,438)
Impairment of trade receivables	(1,197)
General and administrative expenses	(1,908)
Transportation and selling expenses	(623)
Loss on disposal of property, plant and equipment, net	(397)
Other operating expenses	(60)
Total costs and expenses	**(17,634)**
Operating loss	**(3,428)**
Finance income	244
Other non-operating income	5
Foreign exchange loss, net	(190)
Finance costs	(2)
Loss before income tax	**(3,371)**
Income tax benefit	766
Loss for the year	**(2,605)**
Intercompany operations	1,809
Loss for the year from discontinued operation, recognized in the consolidated statement of profit or loss	**(796)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Discontinued operation and assets classified as held for distribution to the shareholder (continued)

Discontinued operation (Loss of control over “Uztransgaz” JSC) (2018) (continued)

As of the date of loss of control, net assets of “Uztransgaz” JSC are as follows:

	On 27 December 2018
Assets	
Current assets	
Cash and cash equivalents	495
Trade receivables	8,016
Advances paid	177
Inventories	1,029
Income tax prepaid	314
Other current assets	113
Total current assets	**10,144**
Non-current assets	
Property, plant and equipment	21,216
Investments in joint ventures and associates	15
Other non-current assets	216
Total non-current assets	**21,447**
Liabilities	
Current liabilities	
Trade and other payables	19,208
Borrowings	2,675
Provisions	13
Total current liabilities	**21,896**
Non-current liabilities	
Borrowings	2,041
Provisions	358
Deferred income tax liabilities	721
Total non-current liabilities	**3,120**
Net assets	**6,575**

Net cash flows from discontinued operation:

	For the period from 1 January till 27 December 2018
Operating activities	3,891
Investing activities	668
Financing activities	(4,556)
Net cash flows	**3**

In 2018, the Group recognized its share in “Uztransgaz” JSC as investments in associated company at fair value as of the date of loss of control *(Note 17)*.

Difference in the amount of UZS 15,598 billion, between the book value of the disposed net assets (UZS 6,575 billion), non-controlling interest (UZS 8,673 billion) and fair value of investments in associated company (UZS 13,500 billion), was recognized in equity.

7. Segment information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the management of the Group and for which discrete financial information is available.

The Group is organized into business units and subsidiaries based on their products and services and has three reportable segments as follows:

- Gas, gas condensate and oil production and sales – representing extraction of gas, gas condensate and oil;
- Oil refining and retail – representing refining of crude oil and sales of oil products.
- Gas refining – representing production of products from gas, including future GTL project.

The remaining operating segments have been aggregated and presented as other operating segment due to their insignificance. In addition, in 2018 other operating segment includes JSC "Uztransgaz".

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

The Group's segments are strategic business units and subsidiaries that focus on different customers. Management monitors the operating results of its business units and subsidiaries separately for the purpose of making decisions about resource allocation and performance assessment. Transfer prices between operating segments are either on an arm's length basis or non-arm's length basis.

The Executive Management Board is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Management evaluates performance of each segment based on both revenues and profit after tax. Segment information for the reportable segments for the year ended 31 December 2020 is set out below:

In billions of Uzbek soums	Gas, gas condensate and oil production and sales	Oil refining and retail	Gas refining	Other	Adjustments and eliminations*	Total
Revenues and other income						
External customers	9,340	8,034	2,823	2,200	–	**22,397**
Inter-segment	2,538	817	222	185	(3,762)	–
Total revenues and other income	**11,878**	**8,851**	**3,045**	**2,385**	**(3,762)**	**22,397**
Costs and expenses						
Costs and expenses other than depreciation, depletion and amortization	(5,616)	(8,195)	(1,963)	(899)	3,762	**(12,911)**
Depreciation, depletion and amortization	(2,494)	(48)	(53)	(172)	–	(2,767)
Total costs and expenses	**(8,110)**	**(8,243)**	**(2,016)**	**(1,071)**	**3,762**	**(15,678)**
Operating profit	**3,768**	**608**	**1,029**	**1,314**	**–**	**6,719**
Finance income	360	150	42	74	–	**626**
Finance expense	(763)	(13)	(44)	(8)	–	**(828)**
Foreign exchange loss, net	(437)	(45)	(159)	(172)	–	**(813)**
Profit before income tax	**2,928**	**700**	**868**	**1,208**	**–**	**5,704**
Income tax expense	(664)	(145)	(164)	(27)	–	**(1,000)**
Net profit for the year	**2,264**	**555**	**704**	**1,181**	**–**	**4,704**
Other segment information						
Investments in associates and joint ventures	–	–	7,912	9,764	–	**17,676**
Capital expenditures**	7,099	217	7,082	64	–	**14,462**
Total segment assets	**40,274**	**3,711**	**44,424**	**14,401**	**(3,836)**	**98,974**
Total segment liabilities	**23,926**	**1,517**	**24,682**	**1,855**	**(3,836)**	**48,144**

* *Inter-segment balances are eliminated on consolidation.*

** *Capital expenditure represents additions to non-current assets other than financial instruments and deferred tax assets.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Segment information (continued)

Segment information for the reportable segments for the year ended 31 December 2019 is set out below:

In billions of Uzbek soums	Gas, gas condensate and oil production and sales	Oil refining and retail	Gas refining	Other	Adjustments and eliminations*	Total
Revenues and other income						
External customers	10,263	10,711	3,005	246	–	**24,225**
Inter-segment	1,073	924	51	356	(2,404)	–
Total revenues and other income	**11,336**	**11,635**	**3,056**	**602**	**(2,404)**	**24,225**
Costs and expenses						
Costs and expenses other than depreciation, depletion and amortization	(6,055)	(9,792)	(1,228)	(1,898)	2,404	**(16,569)**
Depreciation, depletion and amortization	(2,714)	(131)	(87)	(32)	–	**(2,964)**
Total costs and expenses	**(8,769)**	**(9,923)**	**(1,315)**	**(1,930)**	**2,404**	**(19,533)**
Operating profit	**2,567**	**1,712**	**1,741**	**(1,328)**	**–**	**4,692**
Finance income	226	125	15	13	–	**379**
Finance expense	(1,197)	(123)	(1)	(146)	–	**(1,467)**
Other non-operating income	234	(90)	5	119	–	**268**
Foreign exchange loss, net	(2,266)	(44)	(156)	(42)	–	**(2,508)**
Profit/(loss) before income tax	**(436)**	**1,580**	**1,604**	**(1,384)**	**–**	**1,364**
Income tax expense	(308)	(321)	(115)	(31)	–	**(775)**
Net profit/(loss) for the year	**(744)**	**1,259**	**1,489**	**(1,415)**	**–**	**589**
Other segment information						
Investments in associates and joint ventures	–	–	6,715	7,562	–	**14,277**
Capital expenditures**	7,003	133	7,598	83	–	**14,817**
Total segment assets	**35,227**	**5,235**	**33,485**	**11,381**	**(3,524)**	**81,804**
Total segment liabilities	**34,453**	**2,656**	**16,251**	**636**	**(3,524)**	**50,472**

* *Inter-segment balances are eliminated on consolidation.*

** *Capital expenditure represents additions to non-current assets other than financial instruments and deferred tax assets.*

7. Segment information (continued)

Segment information for the reportable segments for the year ended 31 December 2018 is set out below:

In billions of Uzbek soums	Gas, gas condensate and oil production and sales	Oil refining and retail	Gas refining	Other	Adjustments and eliminations*	Total
Revenues and other income						
External customers	3,858	12,575	924	18,297	–	**35,654**
Inter-segment	2,799	150	255	124	(3,328)	–
Total revenues and other income	**6,657**	**12,725**	**1,179**	**18,421**	**(3,328)**	**35,654**
Costs and expenses						
Costs and expenses other than depreciation, depletion and amortization	(4,671)	(11,645)	(858)	(18,216)	3,352	**(32,038)**
Depreciation, depletion and amortization	(1,897)	(144)	(56)	(1,538)	–	**(3,635)**
Total costs and expenses	**(6,568)**	**(11,789)**	**(914)**	**(19,754)**	**3,352**	**(35,673)**
Operating profit/(loss)	**89**	**936**	**265**	**(1,333)**	**24**	**(19)**
Finance income	4	1	–	429	–	**434**
Finance expense	(322)	(339)	(3)	(1,086)	–	**(1,750)**
Other non-operating income	43	41	–	51	(24)	**111**
Foreign exchange profit/(loss), net	(103)	9	–	(430)	–	**(524)**
Profit/(loss) before income tax	**(289)**	**648**	**262**	**(2,369)**	**–**	**(1,748)**
Income tax benefit/(expense)	(972)	(690)	(3)	823	–	**(842)**
Net profit/(loss) for the year	**(1,261)**	**(42)**	**259**	**(1,546)**	**–**	**(2,590)**
Other segment information						
Investments in associates and joint ventures	187	25	4,944	18,490	–	**23,646**
Capital expenditures**	4,918	191	6,357	2,169	–	**13,635**
Total segment assets	**22,788**	**5,205**	**19,669**	**42,052**	**(11,820)**	**77,894**
Total segment liabilities	**22,755**	**4,263**	**6,159**	**19,300**	**(11,820)**	**40,657**

* *Inter-segment balances are eliminated on consolidation.*

** *Capital expenditure represents additions to non-current assets other than financial instruments and deferred tax assets*

8. Related party transactions

For the purpose of these consolidated financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In 2020, 2019 and 2018 the Group entered into transactions with shareholder and companies controlled by shareholder (including enterprises directly or indirectly controlled by the Uzbek Government), associates and joint ventures and key management.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms as transactions between unrelated parties.

The disclosure of related party transactions is presented on an aggregate basis for shareholders and companies controlled by shareholders, joint ventures and associates. In addition, there may be additional disclosures of certain significant transactions (balances and turnovers) with certain related parties.

In the course of its ordinary business, the Group enters into transactions with other companies controlled by the Uzbek Government. Bank loans are recorded based on market interest rates. Taxes are accrued and paid in accordance with applicable tax law. The Group sells crude oil and petroleum products to related parties in the ordinary course of business at prices close to average market prices. For gas sales to related parties selling prices are set by the Government (UZS 340 thousand for 1,000 cubic meters in 2020; UZS 208-340 thousand for 1,000 cubic meters in 2019, UZS 83-208 thousand for 1,000 cubic meters in 2018).

8. Related party transactions (continued)

At 31 December 2020, 2019 and 2018, the outstanding balances with related parties were as follows:

	As at 31 December					
	2020		2019		2018	
In billions of Uzbek soums	Government and entities under government control	Associates and joint ventures	Government and entities under government control	Associates and joint ventures	Government and entities under government control	Associates and joint ventures
Trade receivables	1,765	800	748	1,535	22	3,225
Provision for expected credit losses on trade receivables	(71)	(109)	(113)	–	–	(22)
Cash and cash equivalents	1,700	–	130	–	342	–
Restricted cash	411	–	439	–	85	–
Advances paid (including for non-current assets)	392	617	19	226	118	–
Loans due from related parties	509	5,415	301	4,712	–	5,337
Provision for expected credit losses on loans due from related parties	(14)	(94)	(2)	(43)	–	(55)
Borrowings	(3,530)	–	(18,610)	–	(19,192)	–
Trade and other payables	(475)	(2,580)	(110)	(2,668)	(486)	(4,258)
Advances received	(27)	(2)	(34)	(35)	–	(71)

The transactions with related parties for the year ended 31 December 2020, 2019 and 2018 were as follows:

	2020		2019		2018	
	Government and entities under government control*	Associates and joint ventures	Government and entities under government control*	Associates and joint ventures	Government and entities under government control*	Associates and joint ventures
Sales of gas and gas products	8,238	438	6,334	584	3,714	738
Sales of refined oil products	1,567	–	1,735	–	1,852	29
Services rendered	–	286	–	127	–	139
Interest on loans due from related parties	7	362	2	206	–	165
Interest on loans due to related parties	(123)	–	(584)	–	(489)	–
Transportation and selling expenses	(80)	1	(141)	–	(899)	(615)
Purchase of inventory	–	(105)	–	–	(2)	(45)
Other operating income	7	340	3	2	–	47

* *In 2020 and 2019 all Group's transactions with JSC "Uztransgaz" were presented as transactions with entities under government control.*

Key management compensation

Key management personnel include members of the Board of Directors and members of the Management Board. All of the Group's key management are appointed by the President of the Republic of Uzbekistan. Compensation of key management personnel (6 employees in 2020, 8 employees in 2019 and 8 employees in 2018), including basic salary, bonuses and other payments, amounted to UZS 5,359 million, UZS 2,575 million and UZS 1,635 million in 2020, 2019 and 2018, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Cash and cash equivalents

In billions of Uzbek soums	As at 31 December 2020	2019	2018
Current accounts with banks – US dollars	2,129	287	210
Current accounts with banks – UZS	354	509	1,193
Current accounts with banks – other currencies	43	33	12
Cash on hand	8	–	14
Total cash and cash equivalents	**2,534**	**829**	**1,429**

10. Restricted cash

At 31 December 2020, 2019 and 2018 years, restricted cash was mainly represented by accounts held by the Group as collateral for letters of credit.

11. Trade receivables

In billions of Uzbek soums	As at 31 December 2020	2019	2018
Long-term trade receivables	81	861	683
Short-term trade receivables	3,979	2,347	3,050
Less: provision for expected credit losses	(991)	(893)	(212)
Trade accounts receivable	**3,069**	**2,315**	**3,521**

Trade receivables are mainly represented by receivables from sales of oil products and natural gas sold to customers of the Group.

As at 31 December 2020, 2019 and 2018 trade receivables were non-interest bearing.

Movements in the provision for expected credit losses of trade accounts receivable were as follows:

In billions of Uzbek soums	2020	2019	2018
At 1 January	**893**	**212**	**4,315**
Charge for the year	572	720	1,169
Recovered during the year	(474)	(39)	(41)
Discontinued operations	–	–	(5,231)
At 31 December	**991**	**893**	**212**

The impaired receivables mainly relate to overdue debts (in excess of 90 days) for oil, natural gas and oil products supplied.

Set out below is the information about credit risk exposure on the Group's trade receivables using a provision matrix:

	Days past due					
In billions of Uzbek soums	Not overdue	<30 days	30-60 days	61-90 days	>90 days	Total
31 December 2020						
ECL rate	*12%*	*17%*	*65%*	*69%*	*100%*	
Trade accounts receivable	2,651	853	23	86	447	**4,060**
ECL	321	149	15	59	447	991
31 December 2019						
ECL rate	*8%*	*8%*	*17%*	*77%*	*100%*	
Trade accounts receivable	1,444	451	659	95	559	**3,208**
ECL	113	36	112	73	559	**893**
31 December 2018						
ECL rate	*5%*	*5%*	*4%*	*11%*	*100%*	
Trade accounts receivable	1,737	1,464	105	416	11	**3,733**
ECL	84	66	4	47	11	**212**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Inventories

In billions of Uzbek soums	As at 31 December 2020	2019	2018
Refined oil products (at cost or net realizable value)	1,039	438	781
Materials and supplies (at cost or net realizable value)	802	829	1,294
Crude oil (at cost)	321	346	625
Work-in-progress (at cost)	78	31	24
Gas products (at cost)	6	5	6
Other	26	32	62
Total inventories	**2,272**	**1,681**	**2,792**

13. Loans due from related parties

In billions of Uzbek soums	Maturity	Interest rate	As at 31 December 2020	2019	2018
Loans due from JV “Uz-Kor Gas Chemical” in US dollars	December 2024	10%	5,125	4,463	3,640
Loans due from JV “Natural Gas Stream” in US dollars	December 2021	3.5%	290	249	1,674
Loans due from JSC “Uztransgaz” in US dollars	July, November 2021	3%	318	277	–
Loans due from JSC “Uzbekgeofizika” in US dollars	October 2028	2%	113	–	–
Loans due from other related parties in other currencies			78	24	23
Less: provision for expected credit losses			(108)	(45)	(55)
Total loans due from related parties			**5,816**	**4,968**	**5,282**
Current portion of loans due from related parties			(662)	(550)	(1,654)
Non-current portion of loans due from related parties			**5,154**	**4,418**	**3,628**

14. Other current assets

In billions of Uzbek soums	As at 31 December 2020	2019	2018
Other current non-financial assets			
Prepayments on other taxes	792	748	319
Other current financial assets			
Dividends receivable	69	58	136
Other receivables	333	585	208
	402	**643**	**344**
Total other current assets	**1,194**	**1,391**	**663**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Property, plant and equipment

In billions of Uzbek soums	Oil and gas	Gas pipelines	Refinery assets	Buildings and structures	Machinery and equipment	Other	CIP	Total
Cost								
At 1 January 2018	**17,942**	**20,407**	**1,069**	**5,098**	**2,472**	**467**	**9,597**	**57,052**
Additions	144	9	42	186	527	189	11,035	**12,132**
Disposals	(132)	(80)	(55)	(175)	(82)	(89)	(185)	**(798)**
Transfers from CIP	4,408	415	42	407	129	26	(5,427)	**–**
Transfers from E&E assets	61	–	–	–	–	–	–	**61**
Translation to presentation currency	–	–	–	–	–	–	385	**385**
Discontinued operations *(Note 6)*	–	(20,751)	–	(3,124)	(958)	(271)	(235)	**(25,339)**
At 31 December 2018	**22,423**	**–**	**1,098**	**2,392**	**2,088**	**322**	**15,170**	**43,493**
Additions	459	–	12	21	15	56	14,254	**14,817**
Disposals	(297)	–	(15)	(88)	(51)	(47)	(111)	**(609)**
Transfer to assets to be transferred to shareholder *(Note 6)*	–	–	(564)	–	–	(63)	(1)	**(628)**
Disposal of service companies *(Note 6)*	(78)	–	–	(622)	(970)	(29)	(293)	**(1,992)**
Transfers from CIP	5,592	–	121	54	20	28	(5,815)	**–**
Transfers from E&E assets	31	–	–	–	–	–	–	**31**
Translation to presentation currency	–	–	–	–	–	–	2,641	**2,641**
At 31 December 2019	**28,130**	**–**	**652**	**1,757**	**1,102**	**267**	**25,845**	**57,753**
Additions	303	–	15	29	131	47	10,973	**11,498**
Disposals	(219)	–	(6)	(196)	(119)	(16)	–	**(556)**
Transfers from CIP	2,404	–	22	38	32	19	(2,515)	**–**
Transfers from E&E assets	268	–	–	–	–	–	–	**268**
Translation to presentation currency	–	–	–	–	–	3	2,544	**2,547**
At 31 December 2020	**30,886**	**–**	**683**	**1,628**	**1,146**	**320**	**36,847**	**71,510**
Depreciation and impairment								
At 1 January 2018	**(2,719)**	**(2,069)**	**(265)**	**(704)**	**(453)**	**(157)**	**–**	**(6,367)**
Charge for the year	(1,802)	(1,068)	(86)	(346)	(400)	(90)	–	**(3,792)**
Disposals	20	15	4	24	71	29	–	**163**
Discontinued operations *(Note 6)*	–	3,122	–	722	215	64	–	**4,123**
At 31 December 2018	**(4,501)**	**–**	**(347)**	**(304)**	**(567)**	**(154)**	**–**	**(5,873)**
Charge for the year	(2,684)	–	(79)	(116)	(102)	(57)	–	**(3,038)**
Disposals	100	–	25	15	21	19	–	**180**
Transfer to assets to be transferred to the shareholder *(Note 6)*	–	–	180	–	–	41	–	**221**
Disposal of service companies *(Note 6)*	39	–	–	66	383	(11)	–	**477**
At 31 December 2019	**(7,046)**	**–**	**(221)**	**(339)**	**(265)**	**(162)**	**–**	**(8,033)**
Charge for the year	(2,477)	–	(48)	(77)	(84)	(36)	–	**(2,722)**
Disposals	125	–	–	52	57	12	–	**246**
At 31 December 2020	**(9,398)**	**–**	**(269)**	**(364)**	**(292)**	**(186)**	**–**	**(10,509)**
Net book value								
At 1 January 2018	15,223	18,338	804	4,394	2,019	310	9,597	50,685
At 31 January 2018	17,922	–	751	2,088	1,521	168	15,170	37,620
At 31 December 2019	21,084	–	431	1,418	837	105	25,845	49,720
At 31 December 2020	21,488	–	414	1,264	854	134	36,847	61,001

15. Property, plant and equipment (continued)

In 2020, the Group capitalized borrowing costs in the amount of UZS 1,120 billion (2019: UZS 330 billion, in 2018: UZS 231 billion).

The construction-in-progress balance mainly relates to two subsidiaries of the Group, "Uzbekistan GTL" LLC (UZS 28,788 billion, UZS 22,192 billion and UZS 13,206 billion as of 31 December 2020, 2019 and 2018, respectively) and "Shurtan Gas Chemical Complex" LLC (UZS 2,428 billion in 2020 and UZS 1,005 billion as of 31 December 2019 and 2018, respectively).

"Uzbekistan GTL" LLC, a wholly owned subsidiary of the Group, is in process of the construction of the capital project related to the development of synthetic liquid fuel using gas-to-liquid (GTL) technology. "Uzbekistan GTL" LLC is planning to use methane rich gas as feedstock for the GTL facility and produce GTL diesel, GTL aviation kerosene, GTL naphtha and liquified petroleum gas (LPG) in Uzbekistan. As of 31 December 2020, advances for non-current assets given under this project amounted to UZS 189 billion (as of 31 December 2019 and as of 31 December 2018 – UZS 203 billion and UZS 45 billion, respectively).

Also, another subsidiary of the Group, Shurtan Gas Chemical Complex is in process of the construction of the capital project related to the expansion of the production of polyethylene, polypropylene and pyrolysis gasoline in Uzbekistan. As of 31 December 2020, advances for non-current assets given under this project amounted to UZS 2,205 billion (as of 31 December 2019: UZS 729 billion, as of 31 December 2018: nil).

16. Exploration and evaluation assets

In billions of Uzbek soums	
Net book value as at 1 January 2018	**325**
Additions	658
Transfer to property, plant and equipment	(61)
Expensed	(405)
Net book value as at 31 December 2018	**517**
Additions	658
Transfer to property, plant and equipment	(31)
Expensed	(613)
Disposal of service companies	(106)
Net book value as at 31 December 2019	**425**
Additions	544
Transfer to property, plant and equipment	(268)
Expensed	(247)
Net book value as at 31 December 2020	**454**

17. Investments in joint-ventures and associates

In billions of Uzbek soums	Place of business	Main activity	Percentage ownership	As at 31 December 2020	2019	2018
"Uz-Kor Gas Chemical" LLC	Uzbekistan	Manufacturing of the polymer products	50%	7,912	6,623	4,944
"Asia Trans Gas" LLC	Uzbekistan	Natural gas transportation	50%	8,877	6,894	4,979
"Uztransgaz" JSC*	Uzbekistan	Transportation and sale of natural gas		–	–	13,500
Other joint ventures and associates	Uzbekistan			887	760	265
Total investments in joint ventures and associates				**17,676**	**14,277**	**23,688**

* *In November 2019, according to the Decree of President of Republic of Uzbekistan No. 4288 from 9 July 2019, the Group transferred 39.5% of the share interest in JSC "Uztransgaz" to the State Asset Management Agency without any consideration. Remaining 8.3% share interest in JSC "Uztransgaz" was recognized as financial assets measured at fair value through other comprehensive income. The difference in the amount of UZS 9,211 billion between the book value of investment in associate (UZS 11,128 billion) and fair value of the remaining 8.3% share interest in JSC "Uztransgaz" (UZS 1,917 billion) was recognized in the equity.*

17. Investments in joint-ventures and associates (continued)

The following table summarizes the movements in the investments in 2020, 2019 and 2018:

In billions of Uzbek soums	2020	2019	2018
At 1 January	**14,277**	**23,688**	**8,446**
Recognition of associated companies	–	–	13,500
Share in profits of joint ventures and associates, net	1,875	(125)	1,823
Dividends received	–	–	(135)
Foreign currency translation	1,524	1,619	186
Disposal of JSC "Uztransgaz" *(Note 21)*	–	(11,128)	–
Other	–	223	(132)
At 31 December	**17,676**	**14,277**	**23,688**

The equity share in profits/(losses) of associates and joint ventures comprises the following:

In billions of Uzbek soums	2020	2019	2018
"Uz-Kor Gas Chemical" JV LLC	590	916	658
"Asia Trans Gaz" JV LLC	1,230	1,131	1,039
"Uztransgaz" JSC	–	(2,372)	–
Other joint ventures and associates	55	200	126
Total equity share in profits of associates and joint ventures	**1,875**	**(125)**	**1,823**

The following tables illustrate summarized financial information of material joint ventures, based on financial statements of these entities for 31 December 2020, 2019 and 2018:

	As at 31 December		
"Uz-Kor Gas Chemical" LLC	**2020**	**2019**	**2018**
Non-current assets	26,707	25,691	24,691
Current assets, including	14,306	12,409	8,951
Cash and cash equivalents	*3,883*	*4,178*	2,536
Non-current liabilities, including	9,138	8,207	6,549
Non-current financial liabilities	*9,089*	*8,165*	6,516
Current liabilities	16,051	16,648	17,205
Equity	**15,824**	**13,245**	**9,888**
Share of ownership of the Group	50%	50%	50%
Carrying amount of the investment	**7,912**	**6,623**	**4,944**
Revenue	7,005	6,777	6,538
Cost of sales	(3,109)	(2,806)	(2,705)
General and administrative expenses	(281)	(377)	(500)
Allowance for expected credit losses	(1,355)	(146)	–
Interest expense	(2,031)	(2,039)	(2,070)
Finance income	762	91	–
Other income	189	332	53
Profit for the year	**1,180**	**1,832**	**1,316**

	As at 31 December		
"Asia Trans Gas" JV LLC	**2020**	**2019**	**2018**
Non-current assets	28,843	28,149	26,056
Current assets, including	4,945	3,285	4,309
Cash and cash equivalents	*1,593*	*3,285*	*2,920*
Non-current liabilities	12,222	14,320	17,548
Current liabilities, including	3,813	3,327	2,859
Current financial liabilities	*17*	–	*13*
Equity	**17,753**	**13,787**	**9,958**
Share of ownership of the Group	50%	50%	50%
Carrying amount of the investment	8,877	6,894	4,979

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Investments in joint-ventures and associates (continued)

"Asia Trans Gas" JV LLC	2020	2019	2018
Revenue	5,585	5,794	5,841
Cost of sales	(2,351)	(2,323)	(2,426)
General and administrative expenses	(149)	(157)	(126)
Interest expense	(562)	(931)	(956)
Other income	11	6	8
Other operational expenses	(2)	–	(64)
Foreign exchange loss, net	(1)	–	–
Finance costs	(3)	–	–
Income tax expense	(68)	(126)	(199)
Profit for the year	**2,460**	**2,263**	**2,078**

"Uztransgaz" JSC	As at 31 December 2018
Non-current assets	43,115
Current assets, including	10,144
Cash and cash equivalents	*495*
Non-current liabilities, including	3,120
Non-current financial liabilities	*2,041*
Current liabilities, including	21,896
Current financial liabilities	*21,883*
Equity	**28,243**
Share of ownership of the Group	47.8%
Carrying amount of the investment	**13,500**

18. Trade and other payables

	As at 31 December		
In billions of Uzbek soums	2020	2019	2018
Trade accounts payable	5,739	6,961	11,219
Other financial payables			
Dividends payable	605	549	1,227
Other non-financial payables			
Advances received	2,095	–	–
Other tax payables	658	760	2,317
Contract liabilities	254	300	507
Total trade and other payables	**9,351**	**8,570**	**15,270**

Trade payables mainly represent payables for crude oil, oil products, gas, construction, drilling, transportation and utilities provided by vendors of the Group.

As at 31 December 2020, 2019 and 2018 trade and other payables were not interest bearing.

In 2020 the Group received UZS 2,095 billion from Air Products Netherlands Gases B.V. under the Advance Payment Agreement as a prepayment for future supply of certain equipment that will be constructed in the plant of "Uzbekistan GTL" LLC *(Note 15)*.

Forgiveness of tax liabilities

In 2019, a liability on other taxes of "Gissarneftegaz" JV LLC due to the budget was decreased in the amount of UZS 1,130 billion in return to the certain fixed assets, which were immediately transferred to JSC "Uzneftegazdobicha" by the State Asset Management Agency as a contribution to the share capital. Effect of the decrease of other tax payables in the amount of UZS 1,130 billion was recognized by the Group in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Borrowings

At 31 December 2020, borrowings of the Group were represented by the following facilities:

Facilities	Interest rate	Maturity date	Balance as at 31 December 2020 Non-current portion	Current portion
USD 1,200 million	6M Libor + 3.5%	June 2031	9,400	877
USD 500 million	6M Libor + 3.61%	June 2031	4,254	365
USD 86 million	LIBOR + 3.25%	July 2029	3,431	401
EURO 250 million	6m EURIBOR + 4.95%	April 2022	3,265	16
CNY 1,600 million	SHIBOR + 0.5%	July 2031	2,418	179
USD 280 million	6M Libor + 1.15%	June 2031	2,393	205
USD 100 million	6M Libor + 1.15%	June 2031	852	73
USD 120 million	6M Libor + 4.85%	June 2031	802	88
USD 57 million	2%	December 2024	719	12
USD 100 million	6M Libor + 1.86%	June 2031	573	73
USD 53 million	2%	October 2028	544	10
USD 53 million	2%	July 2024	485	9
USD 45 million	5.5%	August 2027	393	47
USD 55 million	10.0%	August 2024	313	20
USD 172 million	3.50%	January 2023	269	188
EURO 43 million	EURIBOR 1m + 4.95%	December 2022	192	10
RUB 4,000 million	2.1%	December 2022	197	4
USD 11 million	5.5%	October 2027	72	43
USD 30 million	5.0%	December 2021	–	331
UZS 166,476 million	1.0%	April 2021	–	166
Others			280	206
Total borrowings			**30,852**	**3,323**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Borrowings (continued)

At 31 December 2019, borrowings of the Group were represented by the following facilities:

Facilities	Interest rate	Maturity date	Balance as at 31 December 2019 Non-current portion	Current portion
USD 1,200 million**	LIBOR + 3.5%	June 2031	–	7,202
USD 740 million	2.0%	December 2030	6,055	150
USD 600 million**	LIBOR + 1.15% and LIBOR + 3.61%	December 2031	–	3,658
USD 200 million	2.0%	October 2026	2,116	30
USD 200 million	2.0%	January 2026	1,995	19
USD 164 million	2.0%	June 2027	1,503	31
USD 300 million*	6m EURIBOR + 4.95%	April 2022	–	1,402
USD 144 million	2.0%	June 2027	1,296	27
USD 280 million**	LIBOR + 1.15%	December 2031	–	1,459
USD 120 million**	LIBOR + 1.86% or LIBOR + 4.85%	June 2031	–	749
USD 57 million	2.0%	December 2024	647	11
USD 48 million	2.0%	July 2024	485	7
USD 48 million	2.0%	December 2026	472	9
USD 43 million	2.0%	July 2024	438	7
USD 172 million	3.5%	January 2023	410	172
USD 15 million	2.0%	June 2024	405	3
USD 45 million	5.5%	August 2027	379	49
USD 37 million	2.0%	June 2027	337	7
USD 55 million	2.3%	August 2024	326	4
USD 32 million	2.0%	September 2024	321	5
USD 100 million**	LIBOR + 1.86% or LIBOR + 4.85%	June 2031	–	308
USD 22 million	2.0%	September 2024	235	3
USD 40 million	2.0%	July 2024	186	4
UZS 675,000 million	0.0%	April 2020	–	254
USD 86 million*	LIBOR + 3.25%	July 2029	–	820
CNY 1,600 million*	SHIBOR + 0.5%	July 2031	–	2,189
USD 200 million	11.0%	May 2020	–	114
USD 200 million	3.5%	August 2020	–	232
Others			92	480
Total borrowings			**17,698**	**19,405**

* *On or before 31 December 2019 the Group did not comply with certain covenants of the loan agreements with the Silk Road Fund and Gazprombank JSC. As a result, the Group recognized all outstanding amounts under these loan agreements as at 31 December 2019 in the amount of UZS 3,009 billion and UZS 1,402 billion, respectively, as short-term loans. Subsequent to 31 December 2019, any event of default associated with the above-mentioned non-compliance with covenants under these loan agreements were waived by the lenders.*

** *As of 31 December 2019 "Uzbekistan GTL" LLC, the Company's 100% subsidiary, had the outstanding debt of UZS 13,367 billion under a loan agreement with the consortium of lenders ("GTL loans"). The Company is acting as a sponsor for this loan, while State of Uzbekistan is acting as a guarantor. This loan agreement contains a cross-default provision entitling its lender to declare the event of default if the Company's creditors obtained the right to declare its loans due and payable. As stated above, the Company's lenders obtained such right thus launching cross default clause at GTL loans.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Borrowings (continued)

At 31 December 2018, borrowings of the Group were represented by the following facilities:

Facilities	Interest rate*	Maturity date	Balance as at 31 December 2018 Non-current portion	Current portion
USD 740 million	2.25%	December 2030	5,274	–
USD 200 million	5.00%	October 2026	1,733	231
USD 200 million	5.00%	January 2026	1,664	235
USD 164 million	2.00%	June 2027	1,167	170
USD 144 million	2.00%	June 2027	1,031	150
USD 178 million	3.50%	January 2023	504	144
USD 57 million	5.00%	June 2024	464	97
USD 48 million	6.50%	December 2026	390	57
USD 49 million	3.50%	July 2023	350	86
USD 44 million	3.50%	July 2023	298	78
USD 55 million	2.25%	February 2023	283	6
USD 41 million	5.00%	July 2021	274	124
USD 37 million	2.00%	June 2027	261	39
USD 33 million	4.50%	September 2027	224	59
USD 20 million	5.50%	November 2027	163	–
USD 23 million	4.00%	September 2022	154	51
USD 15 million	7.00%	December 2024	114	26
USD 15 million	8.50%	December 2020	111	–
USD 70 million***	Libor + 1.86-4.85%	December 2031	–	534
USD 140 million	7.0%	December 2019	–	519
USD 110 million	7.0%	November 2019	–	459
UZS 725,000 million	0.0%	December 2019	–	579
UZS 675,000 million	0.0%	December 2019	–	506
UZS 183,089 million	3.0%	June 2019	–	183
USD 200 million	3.5%	2019	–	1,674
UZS 250,000 million	3.0%	June 2019	–	250
Other			287	796
Total borrowings			**14,746**	**7,053**

*** *On or before 31 December 2018 the Group did not comply with certain covenants of GTL loans. As a result, the Group recognized all outstanding amounts under these loan agreements as at 31 December 2018 in the amount of UZS 534 billion as short-term loans. Subsequent to 31 December 2018, any event of default associated with the above-mentioned non-compliance with covenants under these loan agreements were waived by the lenders.*

In 2020, 2019 and 2018 lenders of the Group comprise of financial institutions.

Changes in liabilities arising from financing activities:

In billions of Uzbek soums	2020	2019	2018
As at 1 January	**37,103**	**21,799**	**20,851**
Proceeds from borrowings	10,459	16,191	3,214
Transfer from trade payables	–	–	4,716
Translation to presentation currency	1,582	1,494	1,691
Finance costs, including capitalized to property, plant and equipment	1,539	1,530	–
Foreign exchange effect	1,326	2,587	520
Conversion of borrowings *(Note 21)*	(15,401)	–	–
Repayment of borrowings	(1,228)	(3,377)	(4,137)
Interest paid	(1,214)	(1,909)	(232)
Discontinued operations *(Note 6)*	–	–	(4,716)
Transfer to liabilities, related to assets held for distribution to the shareholder	–	(229)	–
Offset with trade receivables	–	(518)	–
Other	9	(465)	(108)
As at 31 December	**34,175**	**37,103**	**21,799**

51,536,810 of common shares of JSC "Uztransgaz" (approximately 8.3% of total common shares), owned by the Group, were pledged as collaterals for borrowings as of 31 December 2019 and 2018.

20. Provisions

In billions of Uzbek soums	Asset retirement obligations	Employee benefit: Post-employment benefits	Employee benefit: Other long-term payments	Legal claims	Total
As at 1 January 2018	**826**	**894**	**47**	**81**	**1,848**
Provision for the year / current service cost	3	–	–	–	3
Change in estimate	(167)	(116)	–	–	(283)
Unwinding of discount *(Note 28)*	106	139	10	–	255
Use of provision/payment	–	(56)	(1)	–	(57)
Discontinued operations	–	(242)	(48)	(81)	(371)
As at 31 December 2018	**768**	**619**	**8**	**–**	**1,395**
Provision for the year / current service cost	51	–	–	–	51
Change in estimate	5	6	–	–	11
Unwinding of discount *(Note 28)*	131	–	–	–	131
Interest cost *(Note 28)*		70	57	–	127
Use of provision/payment	–	(17)	(1)	–	(18)
Disposal of service companies	–	–	(8)	–	(8)
As at 31 December 2019	**955**	**678**	**56**	**–**	**1,689**
Provision for the year / current service cost	30	53	7	–	90
Change in estimate	(115)	68	–	–	(47)
Experience-based adjustments	–	9	–	–	9
Unwinding of discount *(Note 28)*	103	–	–	–	103
Interest cost *(Note 28)*	–	97	8	–	105
Use of provision/payment	(2)	(14)	(4)	–	(20)
As at 31 December 2020	**971**	**891**	**67**	**–**	**1,929**
As at 31 December 2018					
Current portion	–	15	–	–	15
Long-term portion	768	604	8	–	1,380
As at 31 December 2018	**768**	**619**	**8**	**–**	**1,395**
As at 31 December 2019					
Current portion	–	20	15	–	35
Long-term portion	955	658	41	–	1,654
As at 31 December 2019	**955**	**678**	**56**	**–**	**1,689**
As at 31 December 2020					
Current portion	–	2	6	–	8
Long-term portion	971	889	61	–	1,921
As at 31 December 2020	**971**	**891**	**67**	**–**	**1,929**

Key actuarial assumptions

The principal assumptions used in determining defined benefit obligations for the Group's defined benefit plan are shown below:

	2020	2019	2018
Discount rate	13.03%	14.31%	13.83%
Future salary increases	10.72%	10.4%	9.8%
Growth of the minimum wage	14.7%	15.86%	16.9%
Increase in surcharges	12.1%	12.05%	11.8%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Provisions (continued)

Key actuarial assumptions (continued)

A quantitative sensitivity analysis for significant assumption as at 31 December 2020 is as shown below:

Assumptions	Discount rate		Future salary increases		Staff turnover		Mortality	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	10% increase	10% decrease
Impact on post-employment benefits	(139)	181	178	(139)	(72)	87	(40)	45
Impact on other long-term payments	(4)	6	6	(4)	(4)	6	–	–

A quantitative sensitivity analysis for significant assumption as at 31 December 2019 is as shown below:

Assumptions	Discount rate		Future salary increases		Staff turnover		Mortality	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	10% increase	10% decrease
Impact on post-employment benefits	(94)	119	119	(96)	(53)	62	(25)	28
Impact on other long-term payments	(4)	4	5	(4)	(4)	5	–	–

The sensitivity analysis above were made based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

21. Shareholders' equity

As of 31 December 2020, the share capital of the Company consisted of 43,048,493,329 common shares (2019: 14,628,597,094 common shares, 2018: 14,415,056,795 common shares) issued at UZS 500 par value (2019: UZS 1,000 par value, 2018: UZS 1,000 par value) as well as preferred non-voting shares of 24,312,673 (31 December 2019: 519,856 preferred shares, 31 December 2018: 519,856 preferred shares) issued at UZS 500 par value (2019: UZS 1,000 par value, 2018: UZS 1,000 par value).

Contributions to share capital

i) Contribution of non-controlling interest (2019 and 2020)

In 2019 according to the Decree of President of Republic of Uzbekistan No. 4388 from 9 July 2019, a number of subsidiary entities (JSC "Uzburneftegaz", JSC "Uzneftegazdobicha", JSC "Uznefteproduct", JSC "Mubarekneftegaz", "Mubarek Gas Refinery Plant" LLC, "Ustyurtgaz" LLC, "Gazlineftegazdobicha" LLC, "Shurtanneftegaz" LLC) were merged with JSC "Uzbekneftegaz" *(Note 1)*. For the purpose of merging the Centre for the State Asset Management transferred its non-controlling interest in the above-mentioned entities to the Group. The formal registration of the share capital contribution in respect of this transfer partially took place in 2019 (nominal value of shares issued: UZS 213 billion) and 2020 (nominal value of shares issued: UZS 1,561 billion – 1,544,755,227 common shares and 11,478,425 preferred shares with par value UZS 1,000). As an actual transfer of the non-controlling interest in all above-mentioned entities and the merger was fully completed in 2019, the difference in the amount of UZS 981 billion, between nominal value of issued shares in 2019 (UZS 213 billion) and the book value of the received non-controlling interest (UZS 1,194 billion) was recognized in retained earnings in 2019.

In 2020, when the formal registration of the remaining part of the share capital contribution was completed, the Group recognized the increase in share capital by the amount of UZS 1,561 billion (nominal value of shares issued) with an adjustment of the retained earnings for the same amount.

21. Shareholders' equity (continued)

Contributions to share capital (continued)

ii) Conversion of borrowings and dividends payable (2020)

In April 2020, the Company issued 33,079,989,640 of common shares with UZS 500 par value per share. As consideration, the Company converted the loans provided by Fund for Reconstruction and Development of the Republic of Uzbekistan to the Group during 2010-2019 for financing investments projects in the total amount UZS 16,425 billion and dividends payable in the amount UZS 115 billion into shareholders' equity. The difference in the amount of 1,023 billion UZS between the nominal amount and book value of the converted borrowings was recognized in retained earnings of the Group.

Reduction of share capital

In December 2020, the Group officially registered a decrease in the share capital in the total amount of UZS 11,194 billion (22,378,567,524 common shares with par value UZS 500) in return of Group's interest in certain companies transferred to the State Asset Management Agency in 2019 and 2020:

i) JSC "Uztransgaz" (2018, 2019 and 2020)

In November 2019, according to the Decree of President of Republic of Uzbekistan No. 4288 from 9 July 2019, the Group transferred 39.5% of the share interest in JSC "Uztransgaz" to the State Asset Management Agency without any consideration. Remaining 8.3% share interest in JSC "Uztransgaz" was recognized as financial assets measured at fair value through other comprehensive income. The difference in the amount of UZS 9,211 billion between the book value of investment in associate (UZS 11,128 billion) and fair value of the remaining 8.3% share interest in JSC "Uztransgaz" (UZS 1,917 billion) was recognized in the equity.

In October 2020 the Group transferred the remaining 8.3% share interest in JSC "Uztransgaz" to the State Asset Management Agency without any consideration. The fair value of these shares as at the disposal date in the amount of UZS 1,073 billion was recognized as a reduction of retained earnings.

In December 2020, when the formal registration of the share capital reduction was completed, the Group recognized the decrease in share capital at the amount of UZS 10,233 billion, related to the transfer of 47.8% shares of JSC "Uztransgaz", with an adjustment of the retained earnings in the amount of UZS 9,160 billion.

ii) "Fergana Refinery Plant" LLC (2020)

In accordance with the Decree of President of Republic of Uzbekistan No. 4275 dated 10 April 2019, it was decided to transfer 100% of share interest of "Fergana Refinery Plant" LLC to State Asset Management Agency. Transfer of 100% of shares of "Fergana Refinery Plant" LLC took place in March 2020. The difference in the amount of UZS 208 billion, between book value of the net assets of "Fergana Refinery Plant" LLC as of the disposal date (UZS 292 billion) and nominal amount of shares by which share capital was decreased (UZS 84 billion, *Note 6*) was recognized in retained earnings.

iii) Transfer of other entities (2019 and 2020)

In accordance with the Decree of the President of Republic of Uzbekistan No. 4388 from 9 July 2019, in 2019 the Group has transferred its participation share in certain service companies (drilling, construction and installation, transport companies) to the State Asset Management Agency (*Note 6*, Disposal of service companies).

The difference between assets and liabilities of the disposed entities in the amount of 1,023 million UZS was recognized in retaining earnings.

In December 2020, when the formal registration of the share capital reduction was completed, the Group recognized the decrease in share capital at the amount of UZS 877 billion, related to the transfer of these companies, with an adjustment of the retained earnings for the same amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Shareholders' equity (continued)

Dividends

In 2020 based on decision of the Shareholders the Group declared dividends:

- UZS 8.28 per common share in the total amount of UZS 121 billion and UZS 250 per preferred share in the total amount of UZS 0.13 billion for 2018;
- UZS 5.98 per common share in the total amount of UZS 391 billion and UZS 125 per preferred share in the total amount of UZS 3 billion for 2019.

22. Oil, gas, petroleum products and petrochemicals sales

In billions of Uzbek soums	2020	2019	2018
Sales of gas and gas products	9,403	9,723	2,716
Sales of refined oil products	7,695	11,265	11,669
Sales of petrochemical products	1,132	1,243	873
Gas processing and tolling fees	715	436	458
Oil refinery tolling fees	139	106	117
Gas transportation fees	98	103	49
Sales of other products	172	322	381
Total oil, gas, petroleum products and petrochemicals sales	**19,354**	**23,198**	**16,263**
Geographical markets			
Uzbekistan	18,828	22,245	14,479
Other countries	526	953	1,784
	19,354	**23,198**	**16,263**

The Group recognized oil, gas, petroleum and petrochemical sales at the point in time during the years 2020, 2019 and 2018.

23. Cost of purchased oil, gas, petroleum products and other materials

In billions of Uzbek soums	2020	2019	2018
Purchased crude oil	4,057	6,016	6,199
Materials and supplies	310	680	1,018
Purchased gas for resale	68	–	239
Total cost of purchased oil, gas, petroleum products and other materials	**4,435**	**6,696**	**7,456**

24. Production expenses

In billions of Uzbek soums	2020	2019	2018
Payroll	1,167	1,500	1,561
Services	520	471	348
Utilities	559	472	186
Repair and maintenance	471	409	235
Transportation costs	1	90	170
Other	135	233	297
Total production expenses	**2,853**	**3,175**	**2,797**

25. Taxes other than income tax

In billions of Uzbek soums	2020	2019	2018
Subsoil tax	1,593	1,581	912
Property tax	108	141	1,011
Excise tax	91	67	603
Value added tax	12	143	1,316
Contributions to non-budget funds	–	92	248
Other taxes	167	145	173
Total taxes other than income tax	**1,971**	**2,169**	**4,263**

26. General and administrative expenses

In billions of Uzbek soums	2020	2019	2018
Payroll	335	243	149
Charitable donations and sponsorship	150	2	127
Consulting services	122	119	5
Repair and maintenance	95	21	81
Materials and supplies	38	6	8
Other	251	257	30
Total transportation and selling expenses	**991**	**648**	**400**

27. Transportation and selling expenses

In billions of Uzbek soums	2020	2019	2018
Payroll	542	504	454
Services	374	155	113
Transportation	202	453	345
Other	103	112	82
Total transportation and selling expenses	**1,221**	**1,224**	**994**

28. Finance income and finance costs

Finance income

Finance income mainly comprises of interest accrued on loans due from related parties (*Note 8*) and other finance income.

Finance costs

In billions of Uzbek soums	2020	2019	2018
Interest expenses	324	833	843
Loss on initial recognition of financial assets	159	–	–
Unwinding of discount on borrowings	95	367	615
Total interest expense	**578**	**1,200**	**1,458**
Provision: unwinding of discount of asset retirement obligations *(Note 20)*	103	131	106
Provision: interest cost on employee benefit obligations *(Note 20)*	105	127	149
Other	42	9	35
Total finance costs	**828**	**1,467**	**1,748**

29. Income tax

The major components of income tax expense for the years ended 31 December are:

In billions of Uzbek soums	2020	2019	2018
Current tax charge	562	596	904
Deferred tax charge	438	179	704
Income tax expense reported in the consolidated statement of profit or loss	**1,000**	**775**	**1,608**

The Group measures and records its current income tax payable and its tax bases in its assets and liabilities in accordance with the tax regulations of the Republic of Uzbekistan may differ from IFRS.

The Group is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Temporary differences as at 31 December 2020, 2019 and 2018 relate mostly to different methods/timing of income and expense recognition as well as to temporary differences generated by tax-book bases' differences for certain assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Income tax (continued)

A reconciliation of income tax expenses applicable to profit before income tax at the statutory income tax rate (15% in 2020, 12% in 2019 and 14% in 2018) to income tax expenses was as follows for the years ended 31 December:

In billions of Uzbek soums	2020	2019	2018
Profit/(loss) before income tax from continuing operations	**5,704**	**1,364**	**(186)**
Profit/(loss) before income tax from discontinued operations	**–**	**–**	**(1,562)**
Statutory tax rate	15%	12%	14%
Theoretical income tax expense/(benefit) at the statutory rate	**856**	**164**	**(245)**
Non-deductible expenses / (non-taxable income), net	64	66	(8)
Utilized tax losses carried forward, not recognized previously	(227)	–	–
Excess profit tax	–	–	144
Unrecognized deferred tax assets	275	360	641
Income of subsidiaries taxed at different rates	32	185	290
Income tax expense	**1,000**	**775**	**822**
Less income tax benefit from discontinued operations	–	–	(786)
Income tax expense from continuing operations	**1,000**	**775**	**1,608**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Income tax (continued)

Deferred tax assets and liabilities as of 31 December 2020, 2019 and 2018 were calculated using the expected income tax rates of 15%. Deferred tax assets and liabilities as of 31 December and their movements for the respective years comprise:

In billions of Uzbek soums	1 January 2018	In the consolidated statement of profit or loss	In the consolidated statement of other comprehen-sive income	Discontinued operations	31 December 2018	In the consolidated statement of profit or loss	In the consolidated statement of other comprehen-sive income	31 December 2019	In the consolidated statement of profit or loss	In the consolidated statement of other comprehen-sive income	31 December 2020
Deferred tax assets											
Trade receivables	670	131	–	(776)	25	81	–	106	(26)	–	80
Advances paid	202	(131)	–	(71)	–	–	–	–	–	–	–
Inventories	438	(106)	–	(211)	121	(72)	–	49	(22)	–	27
Provisions	121	19	(8)	(2)	130	73	–	203	144	12	359
Other	108	211	–	(304)	15	(1)	–	14	(14)	–	–
Deferred tax assets	**1,539**	**124**	**(8)**	**(1,364)**	**291**	**81**	**–**	**372**	**82**	**12**	**466**
Deferred tax liabilities											
Property, plant and equipment	(2,395)	(140)	–	2,051	(484)	42	–	(442)	(217)	–	(659)
Investments in joint ventures and associates	(1,042)	133	(26)	–	(935)	(302)	(194)	(1,431)	(303)	(229)	(1,963)
Accrued liabilities and other payables	–	(34)	–	34	–	–	–	–	–	–	–
Deferred tax liabilities	**(3,437)**	**(41)**	**(26)**	**2,085**	**(1,419)**	**(260)**	**(194)**	**(1,873)**	**(520)**	**(229)**	**(2,622)**
Net deferred tax liabilities	**(1,898)**	**83**	**(34)**	**721**	**(1,128)**	**(179)**	**(194)**	**(1,501)**	**(438)**	**(217)**	**(2,156)**

The temporary differences associated with investments in the Group's subsidiaries for which a deferred tax liability was not recognized in the periods presented, aggregate to UZS 4,545 billion (2019: UZS 5,519 billion, 2018: UZS 5,258 billion). The Group determined that the undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

30. Financial risk management

The Group's principal financial instruments mainly consist of borrowings, cash and cash equivalents, loans due from related parties as well as accounts receivable and accounts payable. The Group is exposed to interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group further monitors the market risk and liquidity risk arising from all financial instruments.

Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in interest rate, currency, and securities, all of which are exposed to general and specific market movements. The Group manages market risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and establishing appropriate margin and collateral requirements.

The sensitivity analyses in the following sections relate to the position as at 31 December 2020, 2019 and 2018.

Foreign exchange risk

The Group's main financial instruments in foreign currencies include Cash and cash equivalents, trade receivables and payables denominated in US dollar, and borrowings denominated in US dollar, Euro and CNY.

As a result of significant borrowings denominated in the US dollars, Euro and CNY, and cash and cash equivalents, trade receivables and payables denominated in US dollars, the Group's consolidated statement of financial position can be affected significantly by movement in the US dollar / UZS, Euro/UZS and CNY/UZS exchange rates. The Group also has transactional currency exposures. Such exposure arises from revenues in the US dollars.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar, Euro and CNY exchange rate, with all other variables held constant, of the Group's profit before income tax (due to changes in the fair value of monetary assets and liabilities). The sensitivity of possible the changes in exchange rates for other currencies are not considered due to its insignificance to the consolidated financial results of Group's operations.

In billions of Uzbek soums	**Increase/ decrease in UZS to US dollar exchange rate**	**Effect on profit before tax**	**Increase/ decrease in UZS to CNY exchange rate**	**Effect on profit before tax**	**Increase/ decrease in UZS to Euro exchange rate**	**Effect on profit before tax**
2020	**+3%**	**569**	**+12%**	**306**	**21.3%**	**730**
	-20%	**(3,791)**	**-12%**	**(306)**	**-21.3%**	**(730)**
2019	+14%	3,085	+12%	265	–	–
	-14%	(3,085)	-12%	(265)	–	–
2018	+14%	3,512	–	–	–	–
	-10%	(2,509)	–	–	–	–

Interest rate risk

Loans and borrowings raised at variable interest rates expose the Group to interest rate risk arising from the possible movement of variable elements of the overall interest rate.

The Group analyzes its interest rate exposure, including by performing scenario analysis to measure the impact of an interest rate shift on annual income before income tax. According to sensitivity analysis, which is limited to variable rate borrowings and is conducted with all other variables held constant the impact of a potential increase or decrease in interest rates on the Group's profit before tax, as applied to the variable element of interest rates on borrowings is immaterial, since the Group does not have significant exposure to interest rate risk.

The analysis is prepared with the assumption that the amount of variable rate liability outstanding at the balance sheet date was outstanding for the whole year. The interest rate on variable rate borrowings will effectively change throughout the year in response to fluctuations in market interest rates. The impact measured through the sensitivity analysis does not take into account other potential changes in economic conditions that may accompany the relevant changes in market interest rates.

30. Financial risk management (continued)

Market risk (continued)

	Increase/ decrease in Libor	Sensitivity of finance cost	Increase/ decrease in Euribor	Sensitivity of finance cost
Financial liabilities				
2020	+1%	235	+0.2%	7
	-0.25%	(59)	-0.2%	(7)
2019	+0.35%	50	+0.15%	2
	-0.35%	(50)	-0.15%	(2)
2018	+0.5%	3	+0.2%	–
	-0.15%	–	-0.01%	–

Commodity price risk

The Group generates most of its revenue from the sale of commodities, primarily oil and gas products. Historically, the prices of these products have been regulated by the Government of Uzbekistan, except for prices of oil refined and natural gas products for export sales, which are contract based with predominantly fixed prices. Starting from 2019 prices for certain oil products in the Republic of Uzbekistan is being deregulated.

Credit risk

The Group controls its own exposure to credit risk. All external customers and their financial guarantors, including related parties, undergo a creditworthiness check (including sellers of goods and services who act on a prepayment basis).

The Group performs an ongoing assessment and monitoring of the financial position and the risk of default. In the event of a default by the parties on their respective obligations under the financial guarantee contracts, the Group's exposure to credit risk will be limited to the corresponding contract amounts.

In addition, as part of its cash management and credit risk function, the Group regularly evaluates the creditworthiness of financial and banking institutions where it deposits cash and performs trade finance operations. The Group primarily has banking relationships with the reputable large financial institutions in the Republic of Uzbekistan. The Group's exposure to credit risk is limited to the carrying value of financial assets recognized on the consolidated balance sheet.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with its financial liabilities. 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.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

At 31 December 2020	<1 year	1 to 2 years	3 to 5 years	>5 years	Total
Borrowings	4,060	12,067	11,231	13,798	**41,156**
Trade accounts payable	6,538	–	–	–	**6,538**
Other current liabilities	275	–	–	–	**275**
Other non-current liabilities	–	88	–	–	**88**
Total undiscounted financial liabilities	**10,873**	**12,155**	**11,231**	**13,798**	**48,057**

30. Financial risk management (continued)

Liquidity risk (continued)

At 31 December 2019	<1 year	1 to 2 years	3 to 5 years	>5 years	Total
Borrowings	19,758	5,904	13,289	3,200	**42,151**
Trade accounts payable	7,510	–	–	–	**7,510**
Other current liabilities	351	–	–	–	**351**
Other non-current liabilities	–	24	–	–	**24**
Total undiscounted financial liabilities	**27,619**	**5,928**	**13,289**	**3,200**	**50,036**

At 31 December 2018	<1 year	1 to 2 years	3 to 5 years	>5 years	Total
Borrowings	7,907	7,100	7,956	7,006	**29,969**
Trade accounts payable	12,446	–	–	–	**12,446**
Other current liabilities	513	–	–	–	**513**
Other non-current liabilities	–	27	–	–	**27**
Total undiscounted financial liabilities	**20,866**	**7,127**	**7,956**	**7,006**	**42,955**

Management believes that the Group has access to sufficient financing resources with domestic banks as well as already existing undrawn committed borrowing facilities, in order to meet the Group's regular cash payment obligations. In April 2020, the Shareholder transferred significant portion of the borrowings in the total amount UZS 16,425 billion into shareholder's equity of the Group *(Note 21)*.

Capital management

The primary objective of the Group's capital management policy is to ensure a strong capital base to fund and sustain its business operations through prudent investment decisions and to maintain government, investor and creditor confidence to support its business activities.

Fair value of financial instruments

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the consolidated financial statements:

	31 December 2020		31 December 2019		31 December 2018	
In billions of Uzbek soums	Carrying amounts	Fair values	Carrying amounts	Fair values	Carrying amounts	Fair values
Cash and cash equivalents	2,534	2,534	829	829	1,429	1,429
Restricted cash	411	411	603	603	359	359
Trade receivables	3,069	3,069	2,315	2,315	3,521	3,521
Other current assets	402	402	643	643	344	344
Loans due from related parties	5,816	5,816	4,968	4,968	5,282	5,282
Other non-current financial assets	–	–	1,917	1,917	–	–
Other non-current assets	262	262	242	242	179	179
Total financial assets	**12,494**	**12,494**	**11,517**	**11,517**	**11,114**	**11,114**
Trade and other payables	6,344	6,344	7,510	7,510	12,446	12,446
Borrowings	34,175	33,883	37,103	31,461	21,799	16,318
Other current liabilities	275	275	351	351	513	513
Other non-current liabilities	88	88	24	24	27	27
Total financial liabilities	**40,882**	**40,590**	**44,988**	**39,346**	**34,785**	**29,304**

30. Financial risk management (continued)

Fair value of financial instruments (continued)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at 31 December 2020:

In billions of Uzbek soums	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair values are disclosed				
Cash and cash equivalents	2,534	–	–	**2,534**
Restricted cash	411	–	–	**411**
Trade receivables	–	–	3,069	**3,069**
Other current assets	–	–	402	**402**
Loans due from related parties	–	–	5,816	**5,816**
Other non-current assets	–	–	262	**262**
Liabilities for which fair values are disclosed				
Trade and other payables	–	–	6,344	**6,344**
Borrowings	–	30,623	3,260	**33,883**
Other current liabilities	–	–	276	**276**
Other non-current liabilities	–	–	88	**88**

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at 31 December 2019:

In billions of Uzbek soums	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair values are disclosed				
Cash and cash equivalents	829	–	–	**829**
Restricted cash	603	–	–	**603**
Trade receivables	–	–	2,315	**2,315**
Other current assets	–	–	643	**643**
Loans due from related parties	–	–	4,968	**4,968**
Other non-current financial assets	–	–	1,917	**1,917**
Other non-current assets	–	–	242	**242**
Liabilities for which fair values are disclosed				
Trade and other payables	–	–	7,510	**7,510**
Borrowings	–	17,787	13,674	**31,461**
Other current liabilities	–	–	351	**351**
Other non-current liabilities	–	–	24	**24**

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at 31 December 2018:

In billions of Uzbek soums	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair values are disclosed				
Cash and cash equivalents	1,429	–	–	**1,429**
Restricted cash	359	–	–	**359**
Trade receivables	–	–	3,521	**3,521**
Other current assets	–	–	344	**344**
Loans due from related parties	–	–	5,282	**5,282**
Other non-current assets	–	–	179	**179**
Liabilities for which fair values are disclosed				
Trade and other payables	–	–	12,446	**12,446**
Borrowings	–	534	15,784	**16,318**
Other current liabilities	–	–	513	**513**
Other non-current liabilities	–	–	27	**27**

31. Contingencies, commitments and operating risks

Operating environment

The Group's operations are only conducted in the Republic of Uzbekistan. The Republic of Uzbekistan continues economic reforms and the development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Uzbekistan's economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Specifically, the President of the Republic of Uzbekistan issued Decree No. 4947 dated 7 February 2017 and confirmed Action Strategy on five priority areas of development of the Republic of Uzbekistan in 2017-2021. The government is carrying large-scale political and legal socio-economic reforms, state and regional programs in accordance with the Action Strategy for 2017-2021.

The Uzbekistan's economy has been impacted by government's currency reforms in 2017, which resulted in significant devaluation of Uzbek soum against major hard currencies by 92-94%, based on official exchange rates as established by the CBU of Uzbekistan.

For the first time, the Republic of Uzbekistan obtained international credit rating in 2019. International Rating Agency Standard & Poor's Global Ratings has confirmed the long-term and short-term sovereign credit ratings of the Republic of Uzbekistan on obligations in national and foreign currencies "BB-/B".

The Group's management is monitoring economic developments in the current environment and taking precautionary measures it considered necessary in order to support the sustainability and development of the Group's business in the foreseeable future.

COVID-19

The existence of the coronavirus, COVID-19, was confirmed in early 2020 and has spread across China and beyond, causing disruptions to businesses and economic activity. Governments in affected countries, including Uzbekistan, are imposing travel bans, quarantines and other emergency public safety measures. Those measures, though temporary in nature, may continue and increase depending on developments in the virus' outbreak. The ultimate severity of the COVID-19 outbreak is uncertain at this time, and therefore the Group cannot reasonably estimate the impact it may have on future operations. There is a significant uncertainty in relation to the extent and period over which these developments will continue, but they could have a significant impact the on the Group's financial position, future cashflows and results of operations.

Legal proceedings

From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and both internal and external professional advice management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these consolidated financial statements.

Taxation

Uzbekistan currently has a number of laws related to various taxes imposed by both state and regional governmental authorities. Implementing regulations are often unclear or non-existent and few precedents have been established. Often, differing opinions regarding legal interpretation exist both among and within government ministries and organizations (like the State Tax Committee and its various inspectorates) thus creating uncertainties and areas of conflict. Tax declarations, together with other legal compliance areas (as examples, customs and currency controls matters) are subject to review and investigation by a number of authorities that are empowered by law to impose extremely severe fines, penalties and interest charges.

These facts create tax risks in Uzbekistan substantially more significant than typically found in countries with more developed tax systems. Management believes that the Group is in substantial compliance with the tax laws affecting its operations. However, the risk remains that the relevant authorities could take differing positions with regard interpretive issues.

As at 31 December 2020 management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax, currency and customs position will be sustained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Contingencies, commitments and operating risks (continued)

Capital commitments

As at 31 December 2020, the Group had capital commitments of UZS 14,572 billion (2019: UZS 17,649 billion, 2018: UZS 10,954 billion) mainly related to the construction of "Uzbekistan GTL" plant and the project on expansion of the Shurtan Gas Chemical Complex *(Note 15)*.

"Program for increasing hydrocarbon production 2017-2021"

In accordance with Presidential Decrees of the Republic of Uzbekistan the Group participates in "Program for increasing hydrocarbon production 2017-2021", under which the Group carries certain obligations and commitments.

The Management of the Group considers the commitments under the program are being fulfilled appropriately and any deviations related to volumes and deadlines, set in the program, will not lead to material negative consequences, which need to be recognized or disclosed in the consolidated financial statements.

Financial guarantees

As of 31 December 2020 the Group had issued a number guarantees for its related parties, including JSC Uztransgaz and JV Natural Gas Stream LLP, amounting to UZS 11,031 billion (31 December 2019: UZS 9,097 billion and 31 December 2018: UZS 3,593 billion). Should JSC Uztransgaz or JV Natural Gas Stream LLP default on their guaranteed obligations, the Group may receive claims and become liable for the respective amount. All financial guarantee agreements are concluded on the condition that the is no compensation to the Company. The main part of JSC Uztransgaz and JV Natural Gas Stream LLP financial obligations guaranteed by the Company is payable on demand or within 12 months period.

32. Subsequent events

Planned disposal of associate

According to the minutes of Supervisory Board Meeting dated 26 May 2021, the Group's share in an associate JV Jizzakh Petroleum LLC will be sold to Belvor Holdings Limited.

New loans received

In April and June 2021, the Group received the tranches under the loan agreement with VEB.RF in the total amount of EUR 18 million to finance exploration and drilling operations.

In 2021, the Group received new tranches under the loan agreement with Gazprombank JSC in the amount of UZS 724 billion to finance the construction and development of oil and gas assets.

In March 2021, the Group signed another loan agreement with Gazprombank JSC for the total amount of EUR 300 million to finance stage II of the "Program for increasing of hydrocarbon production for 2017-2021". In 2021, the Group received EUR 135 million under the loan agreement.

In June 2021, the Group and MUFG Bank signed a bridge facility agreement for the amount of USD 150 million, with additional uncommitted incremental amount of USD 150 million, to finance operational activities of the Group.

Market deregulation

In accordance with the Presidential Decree No. 5031 dated 17 March 2021, starting from 15 June 2021, the sale of gas condensate and liquefied gas on the domestic market is carried out exclusively through stock exchange auctions.

JSC "Uzbekneftegaz"

Interim condensed consolidated financial statements (unaudited)

For the six months ended June 30, 2021

CONTENTS

Building a better working world

Audit company Ernst & Young LLC
Inconel Business Center, 3rd floor
Mustaqillik Prospect, 75
Tashkent, 100000
Republic of Uzbekistan
Tel: +998 (78) 140 6482
Fax: +998 (78) 140 6483
www.ey.com/uz

MChJ "Ernst & Young" AT
O'zbekiston Respublikasi,
100000, Toshkent shahar,
Mustaqillik shox ko'chasi, 75
Inkonel Biznes Markazi, 3-qavat
Tel: +998 (78) 140 6482
Fax: +998 (78) 140 6483

АО «Ernst & Young» ООО
Республика Узбекистан
100000, Ташкент
Пр-т Мустакиллик, 75
Бизнес-центр «Инконель», 3 этаж
Тел.: +998 (78) 140 6482
Факс: +998 (78) 140 6483

Report on Review of Interim Financial information

To the Shareholders, Management and Supervisory Board
of Joint-Stock Company "Uzbekneftegaz"

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Joint-Stock Company "Uzbekneftegaz" and its subsidiaries (the Group), which comprise the interim consolidated statement of financial position as at 30 June 2021, and the interim consolidated statements of profit or loss, interim consolidated statement of other comprehensive income, interim consolidated statement of changes in shareholders' equity and interim consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes (interim financial information). Management is responsible for the preparation and 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.

Building a better
working world

Conclusion

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

Tashkent, Uzbekistan
24 October 2021

Audit organization „Ernst & Young LLC"
Certificate authorizing audit practice No. AF-00816 dated 17 April 2019 registered with the Ministry of Finance of the Republic of Uzbekistan

A. Azamov
Anvarkhon Azamov
Auditor's qualification certificate authorizing audit practice No. 04880 dated 9 October 2020 issued by the Ministry of Finance of the Republic of Uzbekistan

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In billions of Uzbek soums	Notes	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Assets			
Non-current assets			
Property, plant and equipment	9	65,234	61,001
Exploration and evaluation assets		386	454
Investments in joint ventures and associates	10	19,370	17,676
Trade receivables		63	81
Advances for non-current assets		3,375	3,437
Loans due from related parties		5,390	5,154
Other non-current assets		217	262
Total non-current assets		**94,035**	**88,065**
Current assets			
Cash and cash equivalents	7	3,430	2,534
Restricted cash		209	411
Trade receivables		3,387	2,988
Advances paid		561	618
Inventories		2,074	2,272
Income tax prepaid		83	230
Loans due from related parties		632	662
Other current assets		1,290	1,194
Total current assets		**11,666**	**10,909**
Total assets		**105,701**	**98,974**
Liabilities and shareholders' equity			
Shareholders' equity			
Share capital	12	21,536	21,536
Retained earnings		19,527	16,173
Currency translation reserve		13,166	12,845
Attributable to equity holders of the parent company		**54,229**	**50,554**
Non-controlling interest		264	276
Total shareholders' equity		**54,493**	**50,830**
Non-current liabilities			
Borrowings	11	30,385	30,852
Provisions		2,079	1,921
Deferred income tax liabilities		2,311	2,156
Deferred income from government grants		172	170
Other non-current liabilities		61	88
Total non-current liabilities		**35,008**	**35,187**
Current liabilities			
Trade and other payables		8,225	9,351
Borrowings	11	7,550	3,323
Income tax payables		18	–
Provisions		77	8
Other current liabilities		330	275
Total current liabilities		**16,200**	**12,957**
Total liabilities		**51,208**	**48,144**
Total liabilities and shareholders' equity		**105,701**	**98,974**

Chairman of the Executive Board – Chief Executive Officer ______ M.R. Abdullaev

Deputy Chairman of the Executive Board – Chief Financial Officer ______ U.M. Ashurov

Chief accountant ______ I.A. Obidov

The accounting policies and explanatory notes on pages 7 through 22 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

In billions of Uzbek soums	Notes	For the six months ended June 30 2021 (unaudited)	2020 (unaudited)
Oil, gas, petroleum products and petrochemicals sales	13	10,261	9,677
Equity share in profits of associates and joint ventures	10	1,467	806
Construction services and other revenues		23	186
Other operating income		164	431
Total revenues and other income		**11,915**	**11,100**
Cost of purchased oil, gas, petroleum product and other materials	14	(2,191)	(2,489)
Production expenses	15	(1,460)	(1,254)
Taxes other than income tax	16	(1,134)	(951)
Depreciation, depletion and amortization		(1,314)	(1,079)
(Impairment)/recovery of trade and loans receivable	8	(150)	10
General and administrative expenses	17	(590)	(487)
Transportation and selling expenses	18	(435)	(572)
Exploration and evaluation expenses		(188)	(148)
Loss on disposal of property, plant and equipment, net		(63)	(50)
Other operating expenses		(181)	(379)
Total costs and expenses		**(7,706)**	**(7,399)**
Operating profit		**4,209**	**3,701**
Finance income	19	147	185
Other non-operating income		12	15
Foreign exchange loss, net		(76)	(341)
Finance costs	19	(229)	(374)
Profit before income tax		**4,063**	**3,186**
Income tax expense	20	(700)	(521)
Net profit for the period		**3,363**	**2,665**
Net profit for the period attributable to:			
Equity holders of the parent company		**3,375**	**2,678**
Non-controlling interests		(12)	(13)
		3,363	**2,665**

Chairman of the Executive Board – Chief Executive Officer _______________ *M.R. Abdullaev*

Deputy Chairman of the Executive Board – Chief Financial Officer _______________ *U.M. Ashurov*

Chief accountant _______________ *I.A. Obidov*

The accounting policies and explanatory notes on pages 7 through 22 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

In billions of Uzbek soums	Notes	For the six months ended June 30 2021 (unaudited)	2020 (unaudited)
Net profit for the period		**3,363**	**2,665**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of companies with different functional currency, net of income tax		321	1,499
Total other comprehensive income to be reclassified to profit or loss in subsequent periods		**321**	**1,499**
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods			
Actuarial loss on defined benefit plans of the Group, net of income tax		(1)	(67)
Net loss on equity instruments at fair value through other comprehensive income		–	(844)
Total other comprehensive loss not to be reclassified to profit or loss in subsequent periods		**(1)**	**(911)**
Total comprehensive income for the period, net of income tax		**3,683**	**3,253**
Total comprehensive income attributable to:			
Equity holders of the parent company		3,695	3,266
Non-controlling interests		(12)	(13)
Total comprehensive income for the period, net of income tax		**3,683**	**3,253**

Chairman of the Executive Board – Chief Executive Officer — *M.R. Abdullaev*

Deputy Chairman of the Executive Board – Chief Financial Officer — *U.M. Ashurov*

Chief accountant — *I.A. Obidov*

The accounting policies and explanatory notes on pages 7 through 22 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six months ended June 30	
In billions of Uzbek soums	**Notes**	**2021 (unaudited)**	**2020 (unaudited)**
Operating activities			
Profit before income tax		4,063	3,186
Adjustments for:			
Depreciation, depletion and amortization		1,314	1,079
Unsuccessful exploration and evaluation expenditures		188	148
Impairment of trade and loans receivables	8	150	(10)
Change in provisions		5	47
Loss on disposal of property, plant and equipment		63	50
Finance income		(147)	(185)
Finance costs	19	229	374
Foreign exchange loss, net		76	341
Equity share in profit of associates and joint ventures	10	(1,467)	(806)
Operating cash flows before working capital changes		**4,474**	**4,224**
Change in trade and other receivables		(457)	(641)
Change in inventories		204	(637)
Change in trade and other payables		(244)	954
Change in advances paid, other assets and other liabilities		65	(210)
Cash generated from operations		**4,042**	**3,690**
Income taxes paid		(417)	(311)
Net cash flows from operating activities		**3,625**	**3,379**
Investing activities			
Purchase of property, plant and equipment		(5,602)	(6,347)
Change in restricted cash		202	105
Net cash flows used in investing activities		**(5,400)**	**(6,242)**
Financing activities			
Proceeds from borrowings	11	5,236	5,844
Repayment of borrowings	11	(1,747)	(866)
Interest paid	11	(760)	(615)
Dividends paid		(69)	(336)
Transactions with the shareholder		–	(40)
Net cash inflow from financing activities		**2,660**	**3,987**
Net foreign exchange difference on cash and cash equivalents		11	46
Net change in cash and cash equivalents		**896**	**1,170**
Cash and cash equivalents, at the beginning of the period		2,534	829
Cash and cash equivalents, at the end of the period		**3,430**	**1,999**

Chairman of the Executive Board – Chief Executive Officer *M.R. Abdullaev*

Deputy Chairman of the Executive Board – Chief Financial Officer *U.M. Ashurov*

Chief accountant *I.A. Obidov*

The accounting policies and explanatory notes on pages 7 through 22 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2021

	Attributable to equity holders of the parent company					
In billions of Uzbek soums	**Share capital**	**Currency translation reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total**
Balance as at January 1, 2021	**21,536**	**12,845**	**16,173**	**50,554**	**276**	**50,830**
Net profit for the period	–	–	3,375	**3,375**	(12)	**3,363**
Other comprehensive income/(loss)	–	321	(1)	**320**	–	**320**
Total comprehensive income for the period	**–**	**321**	**3,374**	**3,695**	**(12)**	**3,683**
Other distributions to shareholders	–	–	(20)	**(20)**	–	**(20)**
Balance as at June 30, 2021 (unaudited)	**21,536**	**13,166**	**19,527**	**54,229**	**264**	**54,493**

The accounting policies and explanatory notes on pages 7 through 22 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)

For the six months ended June 30, 2020

	Attributable to equity holders of the parent company					
In billions of Uzbek soums	Share capital	Currency translation reserve	Retained earnings	Total	Non-controlling interest	Total
Balance as at January 1, 2020	**14,629**	**10,583**	**5,757**	**30,969**	**363**	**31,332**
Net profit for the period	–	–	2,678	**2,678**	(13)	**2,665**
Other comprehensive income/(loss)	–	1,499	(911)	**588**	–	**588**
Total comprehensive income for the period	**–**	**1,499**	**1,767**	**3,266**	**(13)**	**3,253**
Conversion of borrowings and dividends payable *(Note 12)*	16,540	–	(1,023)	**15,517**	–	**15,517**
Contribution of non-controlling interest *(Note 12)*	1,556	–	(1,556)	**–**	–	**–**
Disposal of "Fergana Refinery Plant" LLC *(Note 4)*	–	–	(292)	**(292)**	–	**(292)**
Dividends to shareholders *(Note 12)*	–	–	(121)	**(121)**	–	**(121)**
Other distributions to shareholders	–	–	(98)	**(98)**	–	**(98)**
Balance as at June 30, 2020 (unaudited)	**32,725**	**12,082**	**4,434**	**49,241**	**350**	**49,591**

Chairman of the Executive Board – Chief Executive Officer ____________ *M.R. Abdullaev*

Deputy Chairman of the Executive Board – Chief Financial Officer ____________ *U.M. Ashurov*

Chief accountant ____________ *I.A. Obidov*

The accounting policies and explanatory notes on pages 7 through 22 form an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Joint-Stock Company "Uzbekneftegaz" (JSC "Uzbekneftegaz" or the "Company") is a state oil and gas enterprise of the Republic of Uzbekistan. The Company and its subsidiaries (collectively, the "Group") are principally engaged in extraction and refining of crude oil, gas and gas condensate, as well as transportation and sale of gas and refined oil products.

The Company was originally established as an Uzbek State Conglomerate of the Oil and Gas Industry pursuant to the Presidential Decree No. UP-393, dated May 3, 1992, which was subsequently superseded by the Presidential Decree No. UP-518, dated December 23, 1992, in order to mainly re-organize the legal and organizational structure of the Company from State Conglomerate of Oil and Gas Industry to National Oil and Gas Corporation. In 1998, National Oil and Gas Corporation was restructured to be National Holding Company, which subsequently became a Joint-Stock Company in June 2017, in accordance with the Presidential Decree No. PP-3107.

On behalf of the Government of Uzbekistan (the "Government"), the Centre for the State Asset Management under the State Property Committee owned 100% of total common shares of the Company or 99.996% of the total shares. The preferred non-voting shares consist of 0.004% of total shares and are owned by private individuals and other legal entities. On December 14, 2020, in accordance with the Decree of the President of Uzbekistan dated October 27, 2020, the Centre for the State Asset Management under the State Property Committee transferred its shares in JSC "Uzbekneftegaz" to the Ministry of Finance of the Republic of Uzbekistan (the "Shareholder").

The Company has its registered office in the Republic of Uzbekistan, Tashkent city, Yashnabod district, Istigbol Street, 21.

Under Uzbekistan law, natural resources, including oil, gas, precious metals, and minerals and other commercial resources situated in the territory of Uzbekistan, are the property of the Republic of Uzbekistan, until they are extracted. Law of the Republic of Uzbekistan, *On Subsurface Resources*, regulates relations arising in connection with the geological study, use and protection of subsurface resources in the territory of the Republic of Uzbekistan. Pursuant to the law, geological study and exploration activities may be conducted only on the basis of a license, unless it is financed through the state budget or it is a part of the Government approved exploration program. A separate production license is required for the development and extraction activities, which is given for the duration of field life as approved by the State Committee on Geology and Mineral Resources.

Main objectives of the Group include, but not limited, to the following:

- To determine strategic development of the oil and gas industry in Uzbekistan and to develop executable steps for achieving these strategic goals;
- To fulfill the needs of the national economy and the population of Uzbekistan for the oil and gas products.

The consolidated financial statements of the Group include the following material operating companies that are directly or indirectly controlled by the Company:

Name of the Subsidiary	Principal activities	Country of incorporation	Equity interest, % At June 30, 2021	Equity interest, % At December 31, 2020
"Shurtan Gas Chemical Complex" LLC	Petrochemicals production	Uzbekistan	100%	100%
"Bukhara Refinery Plant" LLC	Oil refining	Uzbekistan	100%	100%
"Uzbekistan GTL" LLC	Gas-to-liquids production	Uzbekistan	100%	100%
"Kokdumaloq-gaz" JV LLC	Oil and gas production	Uzbekistan	62.5%	62.5%
"Gissarneftegaz" JV LLC	Oil and gas production	Uzbekistan	55%	55%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. General information (continued)

The Group also has share ownership in the following material joint ventures, which are accounted for under the equity method:

Name of the equity investee	Principal activities	Country of incorporation	Equity interest, % At June 30, 2021	At December 31, 2020
"Asia Trans Gaz" JV LLC (joint venture)	Gas transportation	Uzbekistan	50%	50%
"Uz-Kor Gas Chemical" JV LLC (joint venture)	Petrochemicals production	Uzbekistan	50%	50%

The interim condensed consolidated financial statements for the six months ended June 30, 2021 were approved and authorized for issue by the Management of the Group on October 24, 2021.

2. Basis of preparation

The interim condensed consolidated financial statements for the six months ended June 30, 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2020.The Group's interim condensed consolidated financial statements are presented in billions of Uzbek soums ("UZS"), unless otherwise indicated.

Going concern considerations

These interim condensed consolidated financial statements have been prepared on a going concern basis. When making a going concern assessment, management considered the Group's current financial position and analyzed relevant subsequent developments.

As at June 30, 2021, the Group's current liabilities exceed its current assets by UZS 4,534 billion (December 31, 2020: UZS 2,048 billion).

The following factors and circumstances support the management's conclusion about the appropriateness of the use of the going concern assumption:

- The Group has been profitable with sufficient profit margins and consistently generates positive cash flows from operating activities including the current and subsequent reporting periods.
- According to its cash flow forecasts, the Group expects to generate sufficient cash from operations in 2021-2022 as well as to attract new and restructure existing loans to settle current liabilities when they become due.
- As at the date of authorization of these interim condensed consolidated financial statements, the Group's short-term borrowings included UZS 1,708 billion payable to one of the lenders, which confirmed its intention to prolong the indebtedness for the period beyond 12 months since the date of authorization of these interim condensed consolidated financial statements.
- As at the date of authorization of these interim condensed consolidated financial statements, the Group has available undrawn borrowing facilities from financial institutions comprised UZS 4,642 billion.
- The Group's liquidity position may be further supported by financing from foreign and local banks who indicated their intent to negotiate terms of working capital financing for the amount not less than UZS 500 billion.
- Also, management believes that the Group will be compliant with the financial and non-financial covenants stipulated by the loan agreement within 12 months from the date of authorization of these consolidated financial statements or will be able to renegotiate their terms in advance so that the lenders will not request an accelerated repayment of the existing debts.
- The Group's shareholders have neither the intention nor the need to liquidate or significantly reduce the range of the activities of the Group.
- The Group has strategic importance for the Government of Uzbekistan which can positively influence Group's cash flows by regulating prices for gas sales to related parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Basis of preparation (continued)

Consideration in respect of COVID-19 (coronavirus) pandemic and the current economic environment

The impacts of COVID-19 and the current economic environment on the basis of preparation of these interim condensed consolidated financial statements have been considered. The Group continues to consider it appropriate to adopt the going concern basis of accounting in preparing these interim condensed consolidated financial statements.

The significant accounting judgments and estimates of the Group were disclosed in its consolidated financial statements for the year ended December 31, 2020. As at June 30, 2021, the Group analyzed and determined that all judgments and estimates used and disclosed in the consolidated financial statements for the year ended December 31, 2020 remain applicable. No new significant accounting judgments or estimates have been identified.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities included in these interim condensed consolidated financial statements are measured using the currency of the primary economic environment in which the entities operate ("the functional currency"). The interim condensed consolidated financial statements are presented in Uzbek soums, which is the Company's and the majority of subsidiaries' functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss.

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.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Group companies

The results and financial position of all the Group's subsidiaries, joint ventures and associates (none of which operate in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at that reporting date;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognized as a separate component of other comprehensive income.

2. Basis of preparation (continued)

Foreign currencies (continued)

Exchange rates

The exchange rates established by the Central Bank of Uzbekistan ("CBU") are used as official currency exchange rates in the Republic of Uzbekistan.

The currency exchange rates of CBU as at June 30, 2021 and December 31, 2020 were 10,605 and 10,477 UZS to 1 US dollar respectively. These rates were used to translate monetary assets and liabilities denominated in United States dollars ("US dollar", or "USD") as of June 30, 2021 and December 31, 2020. The weighted average rate for the six months ended June 30, 2021 was 10,524 UZS to 1 US dollar (for the six months ended June 30, 2020: 9,790 UZS to 1 US dollar). The currency exchange rate of CBU as at October 24, 2021 was UZS 10,692 to 1 US dollar.

3. Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as of January 1, 2021. The Group 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 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

New and amended standards and interpretations

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

4. Disposal of "Fergana Refinery Plant" LLC

In accordance with the Decree of President of Republic of Uzbekistan No. 4275 dated April 10, 2019, it was decided to transfer 100% of share interest of "Fergana Refinery Plant" LLC to State Asset Management Agency. The transfer of 100% of shares of "Fergana Refinery Plant" LLC took place in March 2020.

The main categories of assets and liabilities of "Fergana Refinery Plant" LLC as of the date of disposal are presented below:

In billions of Uzbek soums	December 31, 2019	Assets and liabilities as of the date of disposal
Assets		
Property, plant and equipment	407	402
Trade and loans receivable	236	549
Inventory	561	193
Other assets	50	314
Total assets	**1,254**	**1,458**
Liabilities		
Borrowings	229	329
Trade payables	415	396
Other liabilities	357	441
Total liabilities	**1,001**	**1,166**
Net assets	**253**	**292**

The difference between assets and liabilities of "Fergana Refinery Plant" LLC as of the date of disposal in the amount of UZS 292 billion was recognized in equity.

5. Segment information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the management of the Group and for which discrete financial information is available.

The Group is organized into business units and subsidiaries based on their products and services and has three reportable segments as follows:

- Gas, gas condensate and oil production and sales – representing extraction of gas, gas condensate and oil.
- Oil refining and retail – representing refining of crude oil and sales of oil products.
- Gas refining – representing production of products from gas, including future GTL project.

The remaining operating segments have been aggregated and presented as other operating segment due to their insignificance.

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

The Group's segments are strategic business units and subsidiaries that focus on different customers. Management monitors the operating results of its business units and subsidiaries separately for the purpose of making decisions about resource allocation and performance assessment. Transfer prices between operating segments are either on an arm's length basis or non-arm's length basis.

The Executive Management Board is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Management evaluates performance of each segment based on both revenues and profit after tax.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Segment information (continued)

The following represents information about profit and loss, and assets and liabilities of operating segments of the Group as of June 30, 2021 and for the period then ended:

In billions of Uzbek soums	Gas, gas condensate and oil production and sales	Oil refining and retail	Gas refining	Other	Adjustments and eliminations*	Total
Revenues and other income						
External customers	4,353	5,062	1,313	1,187	–	**11,915**
Inter-segment	1,857	333	179	183	(2,552)	**–**
Total revenues and other income	**6,210**	**5,395**	**1,492**	**1,370**	**(2,552)**	**11,915**
Costs and expenses						
Costs and expenses other than depreciation, depletion and amortization	(3,150)	(4,523)	(978)	(293)	2,552	**(6,392)**
Depreciation, depletion and amortization	(1,234)	(46)	(17)	(17)	–	**(1,314)**
Total costs and expenses	**(4,384)**	**(4,569)**	**(995)**	**(310)**	**2,552**	**(7,706)**
Operating profit	**1,826**	**826**	**497**	**1,060**	**–**	**4,209**
Finance income	113	4	27	3	–	**147**
Finance costs	(217)	(1)	(11)	–	–	**(229)**
Other non-operating income	5	7	–	–	–	**12**
Foreign exchange loss, net	(64)	(6)	(6)	–	–	**(76)**
Profit before income tax	**1,663**	**830**	**507**	**1,063**	**–**	**4,063**
Income tax expense	(457)	(88)	(148)	(7)	–	**(700)**
Net profit for the period	**1,206**	**742**	**359**	**1,056**	**–**	**3,363**
Other segment information						
Investments in associates and joint ventures	–	–	8,411	10,959	–	**19,370**
Capital expenditures**	4,088	191	1,089	5	–	**5,373**
Total segment assets as at June 30, 2021	**44,365**	**4,065**	**46,710**	**15,616**	**(5,055)**	**105,701**
Total segment liabilities as at June 30, 2021	**22,675**	**1,608**	**25,791**	**6,189**	**(5,055)**	**51,208**

* *Inter-segment balances are eliminated on consolidation.*

** *Capital expenditure represents additions to non-current assets other than financial instruments and deferred tax assets.*

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Segment information (continued)

The following represents information about profit and loss for the period ended June 30, 2020, and assets and liabilities of operating segments of the Group as of December 31, 2020:

In billions of Uzbek soums	Gas, gas condensate and oil production and sales	Oil refining and retail	Gas refining	Other	Adjustments and eliminations*	Total
Revenues and other income						
External customers	4,580	4,144	1,381	995	–	**11,100**
Inter-segment	1,070	146	62	167	(1,445)	**–**
Total revenues and other income	**5,650**	**4,290**	**1,443**	**1,162**	**(1,445)**	**11,100**
Costs and expenses						
Costs and expenses other than depreciation, depletion and amortization	(2,294)	(3,931)	(1,022)	(518)	1,445	**(6,320)**
Depreciation, depletion and amortization	(940)	(23)	(15)	(101)	–	**(1,079)**
Total costs and expenses	**(3,234)**	**(3,954)**	**(1,037)**	**(619)**	**1,445**	**(7,399)**
Operating profit	**2,416**	**336**	**406**	**543**	**–**	**3,701**
Finance income	125	4	13	43	–	**185**
Finance costs	(367)	(7)	–	–	–	**(374)**
Other non-operating income	4	1	–	10	–	**15**
Foreign exchange loss, net	(241)	(36)	(30)	(34)	–	**(341)**
Profit before income tax	**1,937**	**298**	**389**	**562**	**–**	**3,186**
Income tax expense	(345)	(88)	(73)	(15)	–	**(521)**
Net profit for the period	**1,592**	**210**	**316**	**547**	**–**	**2,665**
Other segment information						
Investments in associates and joint ventures	–	–	7,912	9,764	–	**17,676**
Capital expenditures**	2,406	85	3,212	95	–	**5,798**
Total segment assets as at December 31, 2020	**40,274**	**3,711**	**44,424**	**14,401**	**(3,836)**	**98,974**
Total segment liabilities as at December 31, 2020	**23,926**	**1,517**	**24,682**	**1,855**	**(3,836)**	**48,144**

* *Inter-segment balances are eliminated on consolidation.*

** *Capital expenditure represents additions to non-current assets other than financial instruments and deferred tax assets.*

Seasonality

The Group's business is not significantly affected by seasonality. Therefore, the additional disclosure of financial information for the 12-month period ended on the interim reporting date, encouraged by IAS 34 *Interim Financial Reporting* is not presented.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Related party transactions

As at June 30, 2021 and December 31, 2020, the outstanding balances with related parties were as follows:

	As at June 30, 2021		As at December 31, 2020	
In billions of Uzbek soums	Government and entities under government control	Associates and joint ventures	Government and entities under government control	Associates and joint ventures
Trade receivables	1,813	857	1,765	800
Provision for expected credit losses on trade receivables	(212)	(154)	(71)	(109)
Cash and cash equivalents	1,175	–	1,700	–
Restricted cash	183	–	411	–
Advances paid (including for non-current assets)	193	648	392	617
Loans due from related parties	475	5,600	509	5,415
Provision for expected credit losses on loans due from related parties	(14)	(94)	(14)	(94)
Borrowings	(3,248)	–	(3,530)	–
Trade and other payables	(439)	(1,729)	(475)	(2,580)
Advances received	(46)	–	(27)	(2)

The transactions with related parties for the six months ended June 30, 2021 and 2020 were as follows:

	Six months ended June 30, 2021		Six months ended June 30, 2020	
In billions of Uzbek soums	Government and entities under government control	Associates and joint ventures	Government and entities under government control	Associates and joint ventures
Sales of gas and gas products	3,999	256	4,142	222
Sales of refined oil products	882	–	566	11
Services rendered	–	147	–	171
Interest on loans due from related parties	14	128	3	178
Interest on loans due to related parties	(41)	–	(73)	–
Transportation and selling expenses	(21)	(1)	(16)	(1)
Purchase of inventory	–	(23)	–	(58)
Other operating income	3	5	2	175

As of 30 June 2021, the Company issued a number of guarantees to its related parties (see *Note 22*, Financial guarantees). As of 30 June 2021, the Group recognized the financial liabilities in respect of the issued guarantees amounting to UZS 236 billion (31 December 2020: UZS 268 billion) as part of other current and non-current liabilities. ECL rate in the range of 1.9% - 2.43% was used to measure the book value of the financial guarantee liabilities as of 30 June 2021. The Group is using general approach in calculation of expected credit losses for government companies. Country rating with appropriate downgrade based on overdue bucket is assigned and was used to estimate probability of default. Loss given default estimates are based on the external statistics using weighted average of recovery rates specific to the country.

Key management compensation

Key management personnel include members of the Board of Directors and members of the Management Board. All of the Group's key management are appointed by the President of the Republic of Uzbekistan. Compensation of key management personnel (6 employees during the six months periods ended June 30, 2021 and 2020), including basic salary, bonuses and other payments, amounted to UZS 4,659 million and UZS 1,765 million for the six months ended June 30, 2021 and 2020, respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Cash and cash equivalents

In billions of Uzbek soums	June 30, 2021 (unaudited)	December 31, 2020 (audited)
Current accounts with banks – US dollars	2,253	2,129
Current accounts with banks – EURO	482	2
Current accounts with banks – UZS	354	354
Short-term bank deposits – UZS	315	–
Current accounts with banks – other currencies	17	41
Short-term bank deposits – US dollars	9	–
Cash on hand	–	8
Total cash and cash equivalents	**3,430**	**2,534**

8. Impairment of trade and loan receivables

During the six months ended June 30, 2021, the Group recognized loss allowance for expected credit losses in the amount of UZS 150 billion, that are mainly attributable to trade receivables with the overdue period more than 90 days (the six months ended June 30, 2020: recovery of allowance for expected credit losses in the amount of UZS 10 billion).

9. Property, plant and equipment

During the six months ended June 30, 2021, the Group acquired assets with a cost of UZS 4,377 billion (during the six months ended June 30, 2020: UZS 5,212 billion), including the construction-in-progress related to the capital projects of the development of synthetic liquid fuel using gas-to-liquid technology at "Uzbekistan GTL" LLC and the expansion of the production of polyethylene, polypropylene and pyrolysis gasoline in Shurtan Gas Chemical Complex in the amount of UZS 924 billion and UZS 165 billion, respectively (during the six months ended June 30, 2020: UZS 2,659 billion and UZS 552 billion, respectively). The amount of borrowing costs capitalized during the six months ended June 30, 2021 was approximately UZS 646 billion (during the six months ended June 30, 2020: UZS 541 billion).

Assets with a net book value of UZS 137 billion were disposed by the Group during the six months ended June 30, 2021 (during the six months ended June 30, 2020: UZS 254 billion), resulting in a net loss on disposal of UZS 63 billion (during the six months ended June 30, 2020: UZS 50 billion).

As at 30 June 2021, the property, plant and equipment of the Group includes certain oil and gas assets with a carrying amount of UZS 1,714 billion, which the Group plans to transfer for a long-term lease. At the moment, negotiations are underway to agree on the future rent fee and other terms of the lease agreement.

10. Investments in joint-ventures and associates

In billions of Uzbek soums	Place of business	Main activity	Percentage ownership	June 30, 2021 (unaudited)	December 31, 2020 (audited)
"Uz-Kor Gas Chemical" LLC	Uzbekistan	Manufacturing of the polymer products	50%	8,411	7,912
"Asia Trans Gas" LLC	Uzbekistan	Natural gas transportation	50%	10,046	8,877
Other joint ventures and associates	Uzbekistan			913	887
Total investments in joint ventures and associates				**19,370**	**17,676**

The following table summarizes the movements in the investments during the six months ended June 30, 2021 and 2020:

In billions of Uzbek soums	2021	2020
At January 1 (audited)	**17,676**	**14,277**
Share in profits of joint ventures and associates, net	1,467	806
Foreign currency translation	227	983
At June 30 (unaudited)	**19,370**	**16,066**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Investments in joint-ventures and associates (continued)

The equity share in profits of joint ventures and associates for the six months ended June 30, 2021 mainly consisted of the share in profits of "Uz-Kor Gas Chemical" JV LLC and "Asia Trans Gaz" JV LLC in the amount of UZS 399 billion and UZS 1,052 billion, respectively (the six months ended June 30, 2020: UZS 258 billion and UZS 543 billion, respectively).

11. Borrowings

At June 30, 2021, borrowings of the Group were represented by the following facilities:

Facilities	Interest rate	Maturity date	Non-current portion	Current portion
USD 1,200 million	6M Libor + 3.5%	December 2031	10,048	1,131
USD 500 million	6M Libor + 3.61%	December 2031	4,503	508
USD 360 million	LIBOR + 3.25%	July 2029	3,394	212
CNY 1,600 million	SHIBOR + 0.5%	July 2031	2,389	119
USD 280 million	6M Libor + 1.15%	December 2031	2,244	286
EURO 300 million	EURIBOR 3m + 4.95%	September 2022	1,705	–
USD 150 million	3M Libor + 2.25%	March 2022	–	1,591
USD 120 million	6M Libor + 4.85%	December 2031	808	93
USD 100 million	6M Libor + 1.15%	December 2031	798	102
USD 100 million	6M Libor + 1.86%	December 2031	616	74
USD 57 million	2%	December 2024	615	43
RUB 4,000 million	CBR rate + 2.1%	December 2022	586	–
EURO 43 million	EURIBOR 1m + 4.95%	December 2022	555	–
USD 53 million	2%	October 2028	442	102
USD 53 million	2%	July 2024	397	93
USD 45 million	6M Libor + 4%	August 2027	346	64
USD 55 million	10.0%	August 2024	264	64
EURO 40 million	2%	July 2024	197	39
USD 172 million	3.50%	January 2023	193	183
USD 11 million	6M Libor + 4%	October 2027	92	17
EURO 250 million	6m EURIBOR + 4.95%	April 2022	–	2,450
USD 30 million	5.0%	December 2021	–	160
Others			193	219
Total borrowings			**30,385**	**7,550**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Borrowings (continued)

At December 31, 2020, borrowings of the Group were represented by the following facilities:

Facilities	Interest rate	Maturity date	Non-current portion	Current portion
USD 1,200 million	6M Libor + 3.5%	June 2031	9,400	877
USD 500 million	6M Libor + 3.61%	June 2031	4,254	365
USD 86 million	LIBOR + 3.25%	July 2029	3,431	401
EURO 250 million	6m EURIBOR + 4.95%	April 2022	3,265	16
CNY 1,600 million	SHIBOR + 0.5%	July 2031	2,418	179
USD 280 million	6M Libor + 1.15%	June 2031	2,393	205
USD 100 million	6M Libor + 1.15%	June 2031	852	73
USD 120 million	6M Libor + 4.85%	June 2031	802	88
USD 57 million	2%	December 2024	719	12
USD 100 million	6M Libor + 1.86%	June 2031	573	73
USD 53 million	2%	October 2028	544	10
USD 53 million	2%	July 2024	485	9
USD 45 million	6M Libor + 4%	August 2027	393	47
USD 55 million	10.0%	August 2024	313	20
USD 172 million	3.50%	January 2023	269	188
EURO 43 million	EURIBOR 1m + 4.95%	December 2022	192	10
RUB 4,000 million	CBR rate + 2.1%	December 2022	197	4
USD 11 million	6M Libor + 4%	October 2027	72	43
USD 30 million	5.0%	December 2021	–	331
UZS 166,476 million	1.0%	April 2021	–	166
Others			280	206
Total borrowings			**30,852**	**3,323**

At As June 30, 2021 and December 31, 2020 lenders of the Group comprise of financial institutions.

Changes in liabilities arising from financing activities for the six months ended:

	For the six months ended June 30	
In billions of Uzbek soums	**2021 (unaudited)**	**2020 (unaudited)**
As at January 1	**34,175**	**37,103**
Proceeds from borrowings	5,236	5,844
Translation to presentation currency	282	1,083
Finance costs, including capitalized to property, plant and equipment	733	797
Foreign exchange effect	109	673
Conversion of borrowings *(Note 12)*	–	(15,402)
Repayment of borrowings	(1,747)	(866)
Interest paid	(760)	(615)
Other	(93)	(9)
As at June 30	**37,935**	**28,608**

12. Shareholders' equity

As of June 30, 2021 and December 31, 2020, the share capital of the Company consisted of UZS 21,536 billion (43,048,493,329 common shares issued at UZS 500 par value, as well as preferred non-voting shares of 24,312,673 issued at UZS 500 par value).

Contribution of non-controlling interest

In 2019 according to the Decree of President of Republic of Uzbekistan No. 4388 from July 9, 2019, a number of former subsidiary entities (JSC "Uzburneftegaz", JSC "Uzneftegazdobicha", JSC "Uznefteproduct", JSC "Mubarekneftegaz", "Mubarek Gas Refinery Plant" LLC, "Ustyurtgaz" LLC, "Gazlineftegazdobicha" LLC, "Shurtanneftegaz" LLC) were merged with JSC "Uzbekneftegaz". For the purpose of merging the Centre for the State Asset Management transferred its non-controlling interest in the above-mentioned entities to the Group. The formal registration of the share capital contribution in respect of this transfer partially took place in 2019 (nominal value of shares issued: UZS 213 billion) and February 2020 (nominal value of shares issued: UZS 1,556 billion – 1,544,755,227 common shares and 11,478,425 preferred shares with par value UZS 1,000). As an actual transfer of the non-controlling interest in all above-mentioned entities and the merger was fully completed in 2019, the difference in the amount of UZS 981 billion, between nominal value of issued shares in 2019 (UZS 213 billion) and the book value of the received non-controlling interest (UZS 1,194 billion) was recognized in retained earnings in 2019.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Shareholders' equity (continued)

Contribution of non-controlling interest (continued)

In February 2020, when the formal registration of the remaining part of the share capital contribution was completed, the Group recognized the increase in share capital by the amount of UZS 1,556 billion (nominal value of shares issued) with an adjustment of the retained earnings for the same amount.

Conversion of borrowings and dividends payable

In April 2020, the Company issued 33,079,989,640 of common shares with UZS 500 par value per share. As consideration, the Company converted the loans provided by Fund for Reconstruction and Development of the Republic of Uzbekistan to the Group during 2010-2019 for financing investments projects in the total amount UZS 16,425 billion and dividends payable in the amount UZS 115 billion into shareholders' equity. The difference in the amount of 1,023 billion UZS between the nominal amount and book value of the converted borrowings was recognized in retained earnings of the Group.

Dividends

In the six months period ended June 30, 2020, based on decision of the Shareholders the Group declared dividends:

- UZS 8.28 per common share in the total amount of UZS 121 billion and UZS 250 per preferred share in the total amount of UZS 0.13 billion for 2018.

13. Oil, gas, petroleum products and petrochemicals sales

	For the six months ended June 30	
In billions of Uzbek soums	2021 (unaudited)	2020 (unaudited)
Sales of gas and gas products	4,336	4,614
Sales of refined oil products	4,147	3,834
Sales of petrochemical products	855	544
Gas processing and tolling fees	381	369
Gas transportation fees	52	101
Sales of other products	490	215
Total oil, gas, petroleum products and petrochemicals sales	**10,261**	**9,677**
Geographical markets		
Uzbekistan	10,144	9,543
Other countries	117	134
Total oil, gas, petroleum products and petrochemicals sales	**10,261**	**9,677**

14. Cost of purchased oil, gas, petroleum products and other materials

	For the six months ended June 30	
In billions of Uzbek soums	2021 (unaudited)	2020 (unaudited)
Purchased crude oil	1,937	2,324
Materials and supplies	223	113
Other	31	52
Total cost of purchased oil, gas, petroleum products and other materials	**2,191**	**2,489**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Production expenses

In billions of Uzbek soums	For the six months ended June 30 2021 (unaudited)	 2020 (unaudited)
Payroll	704	603
Services	289	271
Utilities	263	265
Repair and maintenance	154	71
Other	50	44
Total production expenses	**1,460**	**1,254**

16. Taxes other than income tax

In billions of Uzbek soums	For the six months ended June 30 2021 (unaudited)	 2020 (unaudited)
Subsoil tax	905	792
Land tax	81	9
Property tax	66	79
Excise tax	48	42
Value added tax	16	14
Other taxes	18	15
Total taxes other than income tax	**1,134**	**951**

17. General and administrative expenses

In billions of Uzbek soums	For the six months ended June 30 2021 (unaudited)	 2020 (unaudited)
Payroll	287	238
Charitable donations and sponsorship	143	90
Repair and maintenance	65	47
Consulting services	58	49
Materials and supplies	18	14
Other	19	49
Total general and administrative expenses	**590**	**487**

18. Transportation and selling expenses

In billions of Uzbek soums	For the six months ended June 30 2021 (unaudited)	 2020 (unaudited)
Payroll	232	231
Services	78	130
Transportation	73	121
Other	52	90
Total transportation and selling expenses	**435**	**572**

19. Finance income and finance costs

Finance income

Finance income mainly comprises of interest accrued on loans due from related parties *(Note 6)* and other finance income.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Finance income and finance costs (continued)

Finance costs

In billions of Uzbek soums	For the six months ended June 30 2021 (unaudited)	2020 (unaudited)
Interest expenses	86	175
Unwinding of discount on borrowings	12	81
Total interest expense	**98**	**256**
Provision: interest cost on employee benefit obligations	77	68
Provision: unwinding of discount of asset retirement obligations	54	50
Total finance costs	**229**	**374**

20. Income taxes

The major components of income tax expense for the six months ended June 30 are:

In billions of Uzbek soums	For the six months ended June 30 2021 (unaudited)	2020 (unaudited)
Current tax charge	579	320
Deferred tax charge	121	201
Income tax expense reported in the consolidated statement of profit or loss	**700**	**521**

The Group measures and records its current income tax payable and its tax bases in its assets and liabilities in accordance with the tax regulations of the Republic of Uzbekistan, which may differ from IFRS.

21. Financial risk management

Fair value of financial instruments

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments as at June 30, 2021 and December 31, 2020:

	June 30, 2021		December 31, 2020	
In billions of Uzbek soums	Carrying amounts	Fair values	Carrying amounts	Fair values
Cash and cash equivalents	3,430	3,430	2,534	2,534
Restricted cash	209	209	411	411
Trade receivables	3,450	3,450	3,069	3,069
Other current assets	571	571	402	402
Loans due from related parties	6,022	6,022	5,816	5,816
Other non-current assets	217	217	262	262
Total financial assets	**13,899**	**13,899**	**12,494**	**12,494**
Trade and other payables	4,704	4,704	6,344	6,344
Borrowings	37,935	37,453	34,175	33,883
Other current liabilities	330	330	275	275
Other non-current liabilities	61	61	88	88
Total financial liabilities	**43,030**	**42,548**	**40,882**	**40,590**

21. Financial risk management (continued)

Fair value of financial instruments (continued)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at June 30, 2021:

In billions of Uzbek soums	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair values are disclosed				
Cash and cash equivalents	3,430	–	–	**3,430**
Restricted cash	209	–	–	**209**
Trade receivables	–	–	3,450	**3,450**
Other current assets	–	–	571	**571**
Loans due from related parties	–	–	6,022	**6,022**
Other non-current assets	–	–	217	**217**
Liabilities for which fair values are disclosed				
Trade and other payables	–	–	4,704	**4,704**
Borrowings	–	34,731	2,722	**37,453**
Other current liabilities	–	–	330	**330**
Other non-current liabilities	–	–	61	**61**

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities as at December 31, 2020:

In billions of Uzbek soums	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets for which fair values are disclosed				
Cash and cash equivalents	2,534	–	–	**2,534**
Restricted cash	411	–	–	**411**
Trade receivables	–	–	3,069	**3,069**
Other current assets	–	–	402	**402**
Loans due from related parties	–	–	5,816	**5,816**
Other non-current assets	–	–	262	**262**
Liabilities for which fair values are disclosed				
Trade and other payables	–	–	6,344	**6,344**
Borrowings	–	30,623	3,260	**33,883**
Other current liabilities	–	–	275	**275**
Other non-current liabilities	–	–	88	**88**

There were no transfers between Level 1 and Level 2 during the reporting period, and no transfers into or out of Level 3 the fair value measurement.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to be fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the six months ended June 30, 2021 and 2020.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Contingencies, commitments and operating risks

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

Capital commitments

As at June 30, 2021, the Group had capital commitments of UZS 13,554 billion (December 31, 2020: UZS 14,572 billion) mainly related to the construction of "Uzbekistan GTL" plant and the project on expansion of the Shurtan Gas Chemical Complex *(Note 9)*.

Financial guarantees

As at June 30, 2021, the Group had issued a number guarantees for its related parties, including JSC Uztransgaz and JV Natural Gas Stream LLP, amounting to UZS 12,212 billion (December 31, 2020: UZS 11,031 billion). Should JSC Uztransgaz or JV Natural Gas Stream LLP default on their guaranteed obligations, the Group may receive claims and become liable for the respective amount. All financial guarantee agreements are concluded on the condition that the is no compensation to the Company. The main part of JSC Uztransgaz and JV Natural Gas Stream LLP financial obligations guaranteed by the Company is payable on demand or within 12 months period.

23. Subsequent events

New loans received

In October 2021, the Group received new tranches under the loan agreement with Gazprombank JSC for the total amount of EUR 50 million (equivalent to UZS 622 billion) to finance the construction and development of oil and gas assets.

In July-September 2021, the Group received new tranches under the loan agreements with UzPromStroyBank JSB for the total amount of UZS 107 billion to fulfil working capital of the Group.

THE ISSUER

JSC "Uzbekneftegaz"
21, Istiqbol Street
Mirabad District
Tashkent, 100047
Republic of Uzbekistan

JOINT LEAD MANAGERS

Bank GPB International S.A. (Gazprombank)

15 rue Bender
L-1229 Luxembourg

Citigroup Global Markets Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

J.P. Morgan Securities plc

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

MUFG Securities EMEA plc

Ropemaker Place
25 Ropemaker Street
London EC2Y 9AJ United Kingdom

LEGAL ADVISORS

To the Issuer

as to English law

White & Case LLP
5 Old Broad St
London EC2N 1DW
United Kingdom

as to Uzbekistan law

Centil Law Firm
32 Taras Shevchenko Street
100060 Tashkent
Uzbekistan

To the Trustee

as to English law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

To the Joint Lead Managers

as to English law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

as to Uzbekistan law

Kinstellar LLC
12 "A", Afrosiab Street
100015 Tashkent
Republic of Uzbekistan

TRUSTEE

BNY Mellon Corporate Trustee Services Limited
One Canada Square
London, E14 5AL
United Kingdom

REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon SA/NV, Dublin Branch
Riverside Two
Sir John Rogerson's Quay
Dublin 2, Ireland

PRINCIPAL PAYING AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

AUDITORS TO THE ISSUER

Audit Organization "Ernst & Young" LLC
Mustaqillik Prospect, 75
100000
Tashkent, Uzbekistan