“Sovereign Wealth Fund “Samruk-Kazyna” JSC

Consolidated financial statements

For the year ended December 31, 2023
with independent auditor’s report

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Independent auditor's report

To the Shareholder, Board of Directors and Management of "Sovereign Wealth Fund "Samruk-Kazyna" JSC

Opinion

We have audited the consolidated financial statements of "Sovereign Wealth Fund "Samruk-Kazyna" JSC and its subsidiaries (hereinafter - the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA)International 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 Kazakhstan, 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.

Key audit matters

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

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

Key audit matter	*How our audit addressed the key audit matter*
Impairment of non-current assets	
We considered this matter to be one of the matters of most significance in our audit due to the high level of subjectivity in respect of assumptions underlying impairment analysis of non-current assets and significant judgements and estimates made by the management. In addition, increased cost of debt and uncertainty regarding future economic growth affects the Group's business prospects and triggers potential impairment of the Group's assets. Significant assumptions included discount rates, commodities prices, tariffs forecasts, inflation and exchange rate forecasts. Significant estimates included production forecasts, future capital expenditures and commodity reserves available for development and production. Information on non-current assets and the impairment tests performed is disclosed in *Note 4* to the consolidated financial statements.	We obtained management's impairment analysis, including analysis of impairment indicators and impairment test models. We involved our internal business valuation specialists in the testing of the impairment analysis and calculation of recoverable amounts performed by the management. We analysed the assumptions underlying management forecast. We compared natural resource and commodity prices used in the calculation of recoverable amounts to available market forecasts. We compared the discount rate and long-term growth rates to general market indicators and other available information. We tested the mathematical accuracy of the impairment models and assessed their sensitivity to changes in assumptions. We analysed the disclosures made in the consolidated financial statements in respect of the impairment of non-current assets.
Compliance with loan covenants	
In accordance with the terms of certain financing arrangements, the Group should comply with certain loan covenants. Breaching covenants could result in significant fines and penalties along with funding shortages. In addition, cross default provisions are in place under many of the Group's financing arrangements. Compliance with covenants was one of the matters of most significance in our audit since it can have a major impact on the going concern assumption used in the preparation of the consolidated financial statements, and on classification of interest-bearing liabilities in the consolidated statement of financial position. Information on compliance with covenants is disclosed in *Note 20* to the consolidated financial statements.	We examined the terms of financing arrangements on covenants including additional clauses on cross default conditions. We compared data used in the calculations with the consolidated financial statements and with the financial statements of subsidiaries. We assessed arithmetic accuracy of financial covenants calculations. We analysed the forecast made in approved budgets as of 31 December 2023, to assess if a breach is likely to occur in the next 12 months, we obtained and analysed management's analysis for the potential impact on going concern. We analysed communication with creditors in respect of compliance with covenants as at 31 December 2023. We also analysed the information disclosed in the consolidated financial statements.

Provisions and contingent liabilities

Provisions are recognized and contingent liabilities are disclosed by the Group in respect of government inspections, provisions for asset retirement obligations (ARO) and general legal proceedings, as well as other matters.

The assessment as to whether, or not, a liability should be recognized and whether amounts can be reliably measured involves estimates and judgements. Predicting the outcome of the matter and estimating the potential impact if the outcome is unfavorable represents a complex process and the potential exposure on the consolidated financial statements may be significant.

Calculation of ARO requires significant judgment due to the inherent complexity in estimating future costs and due to significance of this liability. Most of these obligations are expected to be settled in a long-term perspective. The Group involved specialists to assess the ARO. Management's assumptions used in the calculation include expected approach to decommissioning and discount rates, along with the effects of changes in inflation rates.

Assessment of legal and constructive obligations of the Group according to the contractual agreements and relevant local legislation requires management's judgement and evaluation and implies variability.

We considered provisions and contingent liabilities to be one of the matters of most significance in our audit because of their significance to the consolidated financial statements and the level of judgment required.

Information on provisions, contingent liabilities and commitments is disclosed in notes 22 and 38 to the consolidated financial statements.

We inquired the Group's management and legal department for instances of non-compliance with laws and regulations and the status of any pending and ongoing litigations, claims and proceedings. We obtained legal letters from internal and external legal advisers.

We inspected relevant correspondence, the minutes of the meetings of the Group's management and Board of Directors.

Our procedures in respect of ARO included assessment of legal and constructive obligations related to the liquidation of assets on the basis of contractual agreements and relevant local legislation.

We considered the competence and objectivity of the specialists involved by the Group, who produced the cost estimates as a basis for ARO. We compared the discount and inflation rates used to available external data. We checked mathematical accuracy of the calculations.

We have also assessed changes in estimated future costs related to ARO and assessed how the Group took into consideration the recent changes in the related legislation.

We analysed the Group's management's estimates underlying the amounts recognized as provisions in the consolidated financial statements and assessed judgements in respect of the probability of potential outcomes of contingent liabilities in the consolidated financial statements.

We analysed the related disclosures in the consolidated financial statements.

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Other information included in the Group's 2023 Annual Report

Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of management and the Audit Committee 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.

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 Audit Committee 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 Audit Committee 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.

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

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

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

Ernst & Young LLP

Adil Syzdykov Auditor	Rustamzhan Sattarov General Director Ernst & Young LLP
Auditor Qualification Certificate No. МФ - 0000172 dated 23 December 2013	State audit license for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of finance of the Republic of Kazakhstan on 15 July 2005

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19 April 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

In millions of tenge	Note	2023	2022 (restated)*
Assets			
Non-current assets			
Property, plant and equipment	8	**15,429,527**	14,428,771
Intangible assets	9	**2,017,748**	1,945,639
Exploration and evaluation assets	10	**205,074**	294,300
Investment property		**33,273**	36,529
Investments in joint ventures and associates	11	**6,900,007**	6,735,441
Amounts due from credit institutions	13	**55,684**	270,568
Loans issued and net investment in finance lease	12	**102,538**	151,726
Other non-current financial assets	14	**594,194**	743,213
Other non-current assets	15	**1,180,393**	473,725
Deferred tax assets	34	**108,379**	89,252
		26,626,817	25,169,164
Current assets			
Inventories	16	**1,008,646**	866,290
VAT receivable		**386,977**	203,658
Income tax prepaid		**190,850**	125,227
Trade accounts receivable	17	**1,292,858**	1,083,292
Amounts due from credit institutions	13	**1,243,196**	1,433,305
Loans issued and net investment in finance lease	12	**131,472**	66,889
Other current financial assets	14	**1,134,317**	347,750
Other current assets	17	**485,975**	250,117
Cash and cash equivalents	18	**2,740,336**	2,945,616
		8,614,627	7,322,144
Assets classified as held for sale or distribution to the Shareholder	7	**1,684,900**	1,140,071
		10,299,527	8,462,215
Total assets		**36,926,344**	33,631,379

The accounting policies and explanatory notes on pages 9 through 120 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

In millions of tenge	Note	2023	2022 (restated)*
Equity and liabilities			
Equity attributable to equity holder of the Parent			
Share capital	19.1	**5,492,783**	5,268,819
Currency translation reserve	19.10	**1,270,562**	2,220,063
Revaluation reserve of investments at fair value through other comprehensive income		**36,091**	35,519
Hedging reserve	19.11	**(3,469)**	(5,900)
Other capital reserves	19.12	**(17,003)**	(16,986)
Retained earnings		**10,349,822**	9,787,891
		17,128,786	17,289,406
Non-controlling interests	19.9	**4,608,529**	2,504,016
Total equity		**21,737,315**	19,793,422
Non-current liabilities			
Borrowings	20	**5,383,218**	5,400,163
Loans from the Government of the Republic of Kazakhstan	21	**861,818**	679,844
Provisions	22	**471,062**	407,211
Lease liabilities	23	**282,171**	482,968
Employee benefit liabilities		**128,229**	126,562
Other non-current financial liabilities	24	**101,714**	66,618
Other non-current liabilities	24	**132,334**	112,062
Deferred tax liabilities	34	**1,760,332**	1,659,131
		9,120,878	8,934,559
Current liabilities			
Borrowings	20	**980,684**	1,267,512
Loans from the Government of the Republic of Kazakhstan	21	**11,028**	3,760
Provisions	22	**96,453**	155,119
Income taxes payable		**38,834**	79,110
Trade and other payables	25	**1,597,615**	1,126,850
Lease liabilities	23	**70,906**	138,192
Employee benefit liabilities		**15,451**	13,488
Other current financial liabilities	25	**533,042**	435,871
Other current liabilities	25	**1,150,318**	638,403
		4,494,331	3,858,305
Liabilities associated with assets classified as held for sale or distribution to the Shareholder	7	**1,573,820**	1,045,093
		6,068,151	4,903,398
Total liabilities		**15,189,029**	13,837,957
Total equity and liabilities		**36,926,344**	33,631,379

* *Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 6.*

Managing Director for Economy and Finance –
Member of the Management Board

Aidar Ryskulov

Chief accountant

Almaz Abdrakhmanova

The accounting policies and explanatory notes on pages 9 through 120 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31

In millions of tenge	Note	2023	2022 (restated)*
Revenue	26	**15,434,005**	14,815,147
Government grants		**61,042**	53,392
		15,495,047	14,868,539
Cost of sales	27	**(11,773,450)**	(11,300,892)
Gross profit		**3,721,597**	3,567,647
General and administrative expenses	28	**(526,381)**	(483,812)
Transportation and selling expenses	29	**(870,498)**	(906,869)
Expected credit losses on financial assets, net		**(38,814)**	(19,584)
Impairment loss, net	30	**(325,807)**	(71,682)
Gain/(loss) on disposal of subsidiaries, net	7	**193,585**	(1,882)
Other operating income	38	**32,182**	–
Other operating loss	25	**(55,700)**	(30,093)
Operating profit		**2,130,164**	2,053,725
Finance costs	31	**(709,947)**	(653,989)
Finance income	32	**486,364**	320,983
Other non-operating loss		**(57,852)**	(79,400)
Other non-operating income		**45,456**	65,886
Share in profit of joint ventures and associates, net	33	**945,079**	1,449,389
Net foreign exchange gain/(loss), net		**20,428**	(9,898)
Profit before income tax		**2,859,692**	3,146,696
Income tax expenses	34	**(731,609)**	(772,632)
Net profit for the year		**2,128,083**	2,374,064

The accounting policies and explanatory notes on pages 9 through 120 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

In millions of tenge	Note	2023	2022 (restated)*
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)			
Exchange differences on translation of foreign operations	19.10	**(193,838)**	710,833
Gain/(loss) from hedge instruments for the net investment in the foreign operations	19.10	**46,478**	(224,708)
Unrealized gain/(loss) on debt instruments at fair value through other comprehensive income		**1,102**	(1,424)
Share of the other comprehensive income of associates and joint ventures	11	**5,362**	5,188
Gain on transactions with hedge instruments	19.11	**5,002**	44,675
Net realized (loss)/gain on debt instruments at fair value through other comprehensive income		**(566)**	66
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods, net of tax		**(136,460)**	534,630
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)			
Share of the other comprehensive gain/(loss) of associates and joint ventures	11	**554**	(18)
Actuarial gain on defined benefit plans		**1,855**	9,474
Other comprehensive gain not to be reclassified to profit or loss in subsequent periods		**2,409**	9,456
Other comprehensive (loss)/income for the year, net of tax		**(134,051)**	544,086
Total comprehensive income for the year, net of tax		**1,994,032**	2,918,150
Net profit for the year attributable to:			
Equity holder of the Parent		**1,698,074**	1,926,689
Non-controlling interests		**430,009**	447,375
		2,128,083	2,374,064
Total comprehensive income for the year, attributable to:			
Equity holder of the Parent		**1,601,388**	2,435,584
Non-controlling interests		**392,644**	482,566
		1,994,032	2,918,150
Earnings per share in net profit for the period attributable to Equity holder of the Parent – tenge			
Basic and diluted	19.13	**487.68**	553.33

* *Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 6.*

Managing Director for Economy and Finance –
Member of the Management Board

Aidar Ryskulov

Chief accountant

Almaz Abdrakhmanova

The accounting policies and explanatory notes on pages 9 through 120 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31

		Attributable to the equity holder of the Parent								
In millions of tenge	Note	Share capital	Revaluation reserve of investments at fair value through other comprehensive income	Currency translation reserve	Hedging reserve	Other capital reserves	Retained earnings	Total	Non-controlling interests	Total
Balance as at December 31, 2021		5,268,580	32,694	1,894,545	(48,906)	(16,984)	8,125,704	15,255,633	1,917,459	17,173,092
Restatements	6	–	–	–	–	–	48,837	48,837	–	48,837
Balance as at December 31, 2021 (restated)*		5,268,580	32,694	1,894,545	(48,906)	(16,984)	8,174,541	15,304,470	1,917,459	17,221,929
Net profit for the year (restated)*		–	–	–	–	–	1,926,689	1,926,689	447,375	2,374,064
Other comprehensive income for the year (restated)*		–	2,825	453,184	43,365	–	9,521	508,895	35,191	544,086
Total comprehensive income for the year (restated)*		–	2,825	453,184	43,365	–	1,936,210	2,435,584	482,566	2,918,150
Issue of shares	19.1	239	–	–	–	–	–	239	–	239
Equity contribution to subsidiary		–	–	–	–	–	–	–	433	433
Distributions to the Shareholder		–	–	–	–	–	(386,934)	(386,934)	(186,073)	(573,007)
*Dividends (restated)**	19.2	–	–	–	–	–	(174,290)	(174,290)	(186,073)	(360,363)
Other distributions to the Shareholder	19.4	–	–	–	–	–	(212,644)	(212,644)	–	(212,644)
Other transactions with the Shareholder	19.5	–	–	–	–	–	(4,201)	(4,201)	–	(4,201)
Discount on loans from the Government	19.7	–	–	–	–	–	68,684	68,684	–	68,684
Acquisition of joint venture		–	–	–	–	–	9,937	9,937	1,052	10,989
Change in ownership interests of subsidiaries – disposal of interest that does not result in the loss of control	19.8	–	–	(128,297)	272	(2)	(9,470)	(137,497)	288,571	151,074
Other equity movements		–	–	631	(631)	–	(876)	(876)	8	(868)
Balance as at December 31, 2022		5,268,819	35,519	2,220,063	(5,900)	(16,986)	9,787,891	17,289,406	2,504,016	19,793,422

The accounting policies and explanatory notes on pages 9 through 120 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

		Attributable to the equity holder of the Parent								
In millions of tenge	Note	Share capital	Revaluation reserve of investments at fair value through other comprehensive income	Currency translation reserve	Hedging reserve	Other capital reserves	Retained earnings	Total	Non-controlling interests	Total
Balance as at December 31, 2022		5,268,819	35,519	2,220,063	(5,900)	(16,986)	9,738,130	17,239,645	2,504,016	19,743,661
Restatements	6	–	–	–	–	–	49,761	49,761	–	49,761
Balance as at December 31, 2022 (restated)*		5,268,819	35,519	2,220,063	(5,900)	(16,986)	9,787,891	17,289,406	2,504,016	19,793,422
Net profit for the year		–	–	–	–	–	**1,698,074**	**1,698,074**	**430,009**	**2,128,083**
Other comprehensive income/(loss) for the year		–	**574**	**(107,271)**	**2,866**	–	**7,145**	**(96,686)**	**(37,365)**	**(134,051)**
Total comprehensive income/(loss) for the year		–	**574**	**(107,271)**	**2,866**	–	**1,705,219**	**1,601,388**	**392,644**	**1,994,032**
Issue of shares	19.1	**223,964**	–	–	–	–	**(66,075)**	**157,889**	–	**157,889**
Distributions to the Shareholder		–	–	–	–	–	**(1,423,899)**	**(1,423,899)**	**(172,201)**	**(1,596,100)**
Dividends	19.2	–	–	–	–	–	**(1,268,852)**	**(1,268,852)**	**(172,201)**	**(1,441,053)**
Distributions to the Public Foundation "Qazaqstan halqyna"	19.3	–	–	–	–	–	**(66,614)**	**(66,614)**	–	**(66,614)**
Other distributions to the Shareholder	19.4	–	–	–	–	–	**(88,433)**	**(88,433)**	–	**(88,433)**
Other transactions with the Shareholder	19.5	–	–	–	–	–	**(29,848)**	**(29,848)**	–	**(29,848)**
Transfer of assets to the Shareholder	19.6	–	–	–	–	–	**(3,796)**	**(3,796)**	–	**(3,796)**
Discount on loans from the Government	19.7	–	–	–	–	–	**177,932**	**177,932**	–	**177,932**
Change in ownership interests of subsidiaries – acquisition of non-controlling interest	19.1	–	–	–	–	–	**145,967**	**145,967**	**(235,172)**	**(89,205)**
Change in ownership interests of subsidiaries – disposal of interest that does not result in the loss of control	19.8	–	**(2)**	**(842,858)**	**193**	**(17)**	**56,431**	**(786,253)**	**2,119,242**	**1,332,989**
Other equity movements		–	–	**628**	**(628)**	–	–	–	–	–
Balance as at December 31, 2023		**5,492,783**	**36,091**	**1,270,562**	**(3,469)**	**(17,003)**	**10,349,822**	**17,128,786**	**4,608,529**	**21,737,315**

* *Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 6.*

Managing Director for Economy and Finance – Member of the Management Board

Aidar Ryskulov

Chief accountant

Almaz Abdrakhmanova

The accounting policies and explanatory notes on pages 9 through 120 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31

In millions of tenge	Note	2023	2022 (restated)*
Cash flows from operating activities			
Receipts from customers		**16,782,090**	16,593,354
Payments to suppliers		**(9,465,532)**	(9,707,706)
Payments to employees		**(1,785,243)**	(1,461,545)
Other taxes and payments		**(2,125,159)**	(2,116,145)
Operations with financial instruments		**55,462**	12,548
Short-term lease payments and variable lease payments		**(142,511)**	(95,791)
Proceeds from subsidized interest rates on financial liabilities		**–**	29,276
Cash received under agency agreements	25	**496,331**	–
Cash paid within the framework of the implementation of the national project	17	**(190,178)**	–
Return of VAT from the budget		**43,281**	143,866
Other payments		**(204,508)**	(253,187)
Income taxes paid		**(815,837)**	(513,419)
Interest paid		**(634,980)**	(607,858)
Interest received		**384,115**	214,578
Net cash flows received from operating activities		**2,397,331**	2,237,971
Cash flows from investing activities			
Acquisition of property, plant and equipment, and exploration and evaluation assets and other non-current assets		**(2,571,821)**	(1,302,672)
Acquisition of intangible assets		**(213,388)**	(29,417)
Proceeds from sale of property, plant and equipment		**6,068**	6,849
Proceeds from sale of other non-current assets		**13,180**	42,565
Dividends received from joint ventures and associates	11	**808,125**	734,518
Acqusition of subsidiaries, net of cash acquired with the subsidiary	5	**(156,390)**	–
Issuance of bank deposits		**(1,781,998)**	(2,239,910)
Redemption of bank deposits		**2,127,548**	1,345,573
Loans issued		**(74,107)**	(20,935)
Proceeds from sale of subsidiaries, net of cash of disposed subsidiaries		**114,522**	(2,869)
(Acquisition)/ proceeds from sale of joint ventures and associates, net		**(4,488)**	44
Additional contributions to share capital of joint ventures and associates without change in ownership	11	**(21,229)**	(15,418)
Repayment of loans issued		**34,554**	239,040
Purchase of equity and debt instruments		**(4,297,186)**	(1,171,329)
Proceeds from sale/repayment by issuers of equity and debt instruments		**3,865,808**	1,051,685
Other payments		**(878)**	(12,956)
Net cash flows used in investing activities		**(2,151,680)**	(1,375,232)

The accounting policies and explanatory notes on pages 9 through 120 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

In millions of tenge	Note	2023	2022 (restated)*
Cash flows from financing activities			
Proceeds from borrowings	20, 21	**1,601,116**	1,341,055
Repayment of borrowings	20	**(1,550,405)**	(1,618,738)
Reservation of cash for payment of borrowings	14	**(2,530)**	(152)
Repayment of lease liabilities	23	**(161,898)**	(153,822)
Contributions to the share capital by the Equity holder of the Parent	19.1	**49,478**	–
Contributions by non-controlling interests		**–**	50
Distributions to the Public Foundation "Qazaqstan halqyna"	19.3	**(20,650)**	–
Other distributions to the Shareholder	19.4	**(96,671)**	(132,204)
Other transactions with the Shareholder		**(20,885)**	–
Dividends paid to non-controlling interests of subsidiaries	19.2	**(173,976)**	(184,145)
Disposal of interest that does not result in the loss of control	19.8	**1,332,944**	153,860
Dividends paid to the Shareholder	19.2	**(1,268,852)**	(174,290)
Bonds early extinguishment premium and fees paid	20	**–**	7,370
Repo transactions		**(11,458)**	8,549
Other payments		**(5,957)**	(3,939)
Net cash flows used in financing activities		**(329,744)**	(756,406)
Net (decrease)/increase in cash and cash equivalents		**(84,093)**	106,333
Effects of exchange rate changes on cash and cash equivalents		**(35,288)**	102,497
Changes in cash and cash equivalents disclosed as part of assets held for sale		**(86,072)**	(80,760)
Change in allowance for expected credit losses		**173**	274
Cash and cash equivalents at the beginning of the year		**2,945,616**	2,817,272
Cash and cash equivalents at the end of the year	18	**2,740,336**	2,945,616

* *Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 6.*

Managing Director for Economy and Finance –
Member of the Management Board

Aidar Ryskulov

Chief accountant

Almaz Abdrakhmanova

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

1. GENERAL INFORMATION

Corporate information

"Sovereign Wealth Fund "Samruk-Kazyna" JSC (hereinafter − the "Fund" or "Samruk-Kazyna") was established on November 3, 2008 in accordance with the Decree of the President of the Republic of Kazakhstan No. 669 dated October 13, 2008 and the Resolution of the Government of the Republic of Kazakhstan No. 962 dated October 17, 2008. The formation was enacted by the merger of "Sustainable Development Fund "Kazyna" JSC and "Kazakhstan Holding Company for State Assets Management "Samruk" JSC and the additional transfer to the Fund of interests in certain entities owned by the Government of the Republic of Kazakhstan (hereinafter − the "State" or the "Government"). The Government is the sole shareholder of the Fund (hereinafter − the "Shareholder" or the "Parent").

During this process the Government's overall objective was to increase management efficiency and to optimise organisational structures for them to successfully achieve their strategic objectives as set in the respective Government programs.

The Fund is a holding company combining companies listed in *Note 35* (hereinafter − the "Group"). Prior to February 1, 2012, the Fund's activities were governed by the Law of the Republic of Kazakhstan *On National Welfare Fund* No. 134-4 dated February 13, 2009 and were aimed to assist in provision of stable development of the state economy, modernization and diversification of economy, and improvement of the Group companies' efficiency. According to the Law of the Republic of Kazakhstan enacted on February 1, 2012 *On Sovereign Wealth* Fund No. 550- 4, the Fund's activity is focused on improving sovereign wealth of the Republic of Kazakhstan by increasing the long-term value of the Group companies and by effective management of the Group assets.

For management purposes, the Group is organized into organizational business units based on their products and services, and has 8 (eight) reportable operating segments as follows *(Note 39)*:

- Oil-and-gas and petrochemical segment includes operations related to exploration and production of oil and gas, transportation of oil and gas, refining and trading of crude oil, gas and refined products, and production of oil-and-gas and petrochemical products;
- Transportation segment includes operations related to railway and air transportation of cargo and passengers;
- Communication segment includes operation of fixed line communication, including local, long-distance intercity and international telecommunication services (including CIS and non-CIS countries); and also renting out of lines, data transfer services and wireless communication services;
- Energy segment includes operations related to production and distribution of electricity, the function of oversight over the input of electricity into the energy system and consumption of imported electricity, the function of centralized operation and dispatch of facilities in the Unified Energy System of Kazakhstan;
- Mining segment includes exploration, mining, processing, sales of mineral resources and geological exploration;
- Industrial segment includes industry enterprises and projects of chemical industry;
- Corporate center segment covers Fund's investing and financing activities, including provision of loans to related and third parties;
- Other segment includes operations related to assisting the Government in increasing housing availability by investing into residential development and other operations.

The address of the Fund's registered office is 17/10 Syganak str., Astana, the Republic of Kazakhstan (hereinafter- "RK").

These consolidated financial statements were authorised for issue by the Managing Director for Economy and Finance − Member of the Management Board and Chief accountant of the Fund on April 19, 2024 and preliminary approved by the Audit Committee of the Board of Directors of the Fund. These consolidated financial statements should be further approved by the Board of Directors and the Sole Shareholder.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. GENERAL INFORMATION (continued)

Privatization plan

On April 30, 2014 the Government approved the initial Complex privatization plan for 2014-2016. On December 30, 2015 the Government approved the new 2016-2020 Complex privatization plan (replacing previous 2014-2016 Complex privatization plan) and the list of all state owned assets to be privatized, including certain Fund subsidiaries. On December 29, 2020, by the Resolution of the Government of the Republic of Kazakhstan No. 908 On Some Issues of Privatization for 2021-2025, a new comprehensive Complex privatization plan for 2021-2025 was approved, which includes a new list of state owned organizations and assets of the Fund's group to be transferred to a competitive environment.

2. BASIS OF PREPARATION

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.

These consolidated financial statements are presented in Kazakhstan tenge ("tenge") and all monetary amounts are rounded to the nearest million tenge except when otherwise indicated.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board ("IASB").

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in *Note 4*.

The Group has prepared these consolidated financial statements on the basis that it will continue to operate as a going concern. The management consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

Foreign currency translation

Functional and presentation currency

Items included in these consolidated financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in tenge, which is the Group's presentation 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 the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and 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 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.

2. BASIS OF PREPARATION (continued)

Foreign currency translation (continued)

Group entities

Gains, losses and financial position of all of the Group's subsidiaries, joint ventures and associates (none of which has the currency of 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

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange ("KASE") are used as official currency exchange rates in the Republic of Kazakhstan.

The following table presents currency exchange rates to tenge:

	December 31, 2023	December 31, 2022	**Weighted average for 2023**	Weighted average for 2022	**April 19, 2024**
United States dollar ("USD")	**454.56**	462.65	**456.21**	460.93	**446.49**
Euro ("EUR")	**502.24**	492.86	**493.22**	485.29	**475.38**
Russian ruble ("RUR")	**5.06**	6.43	**5.41**	6.92	**4.79**

For the year ended December 31, 2023, the Group had foreign exchange loss of 7,051,068 million tenge and foreign exchange gain of 7,071,496 million tenge, due to fluctuations in foreign exchange rates to tenge.

3. MATERIAL ACCOUNTING POLICY INFROMATION

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 December 31, 2022, except for the adoption of new standards and interpretations effective as of January 1, 2023.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the consolidated financial statements of the Group.

The Group presented only the list of standards effective and applicable for the Group.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 *Insurance Contracts* that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

3. MATERIAL ACCOUNTING POLICY INFROMATION (continued)

New and amended standards and interpretations (continued)

IFRS 17 Insurance Contracts (continued)

IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The amendments had no significant impact on the Group’s consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group’s consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group’s financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group’s consolidated financial statements.

International Tax Reform – Pillar II Model Rules - Amendments to IAS 12 Income Taxes

The amendments to IAS 12 have been introduced in response to the OECD’s BEPS Pillar II rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar II model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity’s exposure to Pillar II income taxes arising from that legislation, particularly before its effective date.

The Group’s subsidiaries are presented in the following jurisdictions where Pillar II Model Rules have been enacted (or substantially enacted), and will enter into force in tax years 2024 and beyond: the Republic of Bulgaria, Federal Republic of Germany, Kingdom of the Netherlands, Romania, the Swiss Confederation and the United Kingdom of Great Britain and Northern Ireland.

The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar II income taxes.

The Group is in the process of assessing the potential exposure to Pillar II income taxes as at December 31, 2023. The potential exposure, if any, to Pillar II income taxes is currently not known or reasonably estimable. The Group continues to progress on the assessment and expects to complete the assessment in 2024.

3. MATERIAL ACCOUNTING POLICY INFROMATION (continued)

Standards that have been issued but not yet effective

There are new pronouncements issued as at December 31, 2023:

- Amendments to *IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements* (issued on May 25, 2023);
- Amendments to *IAS 1 Presentation of Financial Statements: classification of Liabilities as Current or Noncurrent* (issued on January 23, 2020), *deferral of effective date of classification of Liabilities as Current or Noncurrent* (issued on July 15, 2020), *non-current Liabilities with Covenants* (issued on October 31, 2022);
- Amendments to *IFRS 16 Leases: Lease Liability in a Sale and Leaseback* (issued on September 22, 2022);
- Amendments to *IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (issued on August 15, 2023).

These amendments and interpretations are not expected to have a material impact on the consolidated financial statements of the Group.

Basis of consolidation

These consolidated financial statements comprise the financial statements of the Fund and its controlled subsidiaries *(Note 35)*.

Subsidiaries

Subsidiaries are the entities controlled by the Group. 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;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results 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 over the subsidiary.

Assets, liabilities, revenue and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Except for acquisition in transactions between entities under common control, subsidiaries are consolidated from the date when control is obtained by the Group and are de-consolidated from the date when control ceases. At the acquisition of the subsidiary, acquisition cost is distributed between assets and liabilities based on their fair value as at the date of acquisition. Financial statements of the subsidiaries are prepared for the same reporting period as those of the Fund, using consistent accounting policies.

All intra-group balances and transactions, including unrealized gains resulting from intra-group transactions are eliminated in full. Unrealized losses are eliminated in the same manner as unrealized gains, except that they are eliminated to the extent that there is no evidence of impairment.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation (continued)

Subsidiaries (continued)

Non-controlling interests represents a portion of equity in subsidiaries, which is not owned by the Group, and is recorded separately in equity in the consolidated statement of financial position separately from the equity attributable to the Parent. Losses within a subsidiary are attributed to the non-controlling interests even if that results in its deficit balance.

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:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the Parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Business combinations

Business combinations are accounted for using the acquisition method. 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 interests in the acquiree. For each business combination, the acquirer measures the non-controlling interests 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 general and 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 an analysis of the need of separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, equity interest previously held by the Group in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised 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 recognised in the 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 recognised 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 recognised 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 recognised in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation (continued)

Business combinations (continued)

After initial recognition, the 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 of an entity by the Group, 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 operations disposed off 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 on the basis of the relative values of the operation disposed off and the portion of the cash-generating unit retained.

Acquisition of subsidiaries from parties under common control

Acquisition of subsidiaries from parties under common control (entities under the Government's control) is accounted for using the pooling of interest method.

Assets and liabilities of the subsidiary transferred under common control are recorded in these 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 these 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 these consolidated financial statements as an adjustment to equity.

These consolidated financial statements are presented as if the subsidiary had been acquired by the Group on the date it was originally acquired by the Predecessor.

Change in ownership interests in subsidiaries

In transactions where part of the interest in existing subsidiary is either sold or acquired, but control is retained, the differences between the carrying amounts of net assets attributable to interests in subsidiaries acquired or disposed and the consideration given or received for such increases or decreases are charged or credited to retained earnings.

Joint operations

A joint operation is a type of 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. In relation to its interests in joint operations, the Group recognizes its: Assets, including its share of any assets held jointly; Liabilities, including its share of any liabilities incurred jointly; Revenue from the sale of its share of the output arising from the joint operation; Share of the revenue from the sale of the output by the joint operation; Expenses, including its share of any expenses incurred jointly.

Investment in joint ventures and associates

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its joint ventures and associates are accounted for using the equity method.

The consolidated statement of comprehensive income reflects the share of the results of operations of the joint venture / associate. Where there has been a change in net assets recognized directly in the equity of the joint venture / associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and joint venture / associate are eliminated to the extent of the Group's interest in the joint venture / associate.

The share in profit of joint ventures / associates is shown on the face of the consolidated statement of comprehensive income. This is the profit attributable to equity holders of the joint venture / associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the joint ventures / associates.

Financial statements of the joint venture / associate are prepared for the same reporting period as those of the Parent. Where 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 recognise an additional impairment loss on the Group's investment in its joint ventures / associates.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation (continued)

Investment in joint ventures and associates (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture / associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of investment in the joint venture / associate and its carrying amount and recognises impairment loss in the consolidated statement of comprehensive income.

Upon loss of joint control over the joint venture and significant influence over associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the investment in the joint venture / associate upon loss of joint control / significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Assets classified as held for sale

Assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through the 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 1 (one) year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated.

Oil and natural gas exploration, evaluation and development expenditure

Costs incurred before obtaining subsoil use rights (licenses)

Costs incurred before obtaining full subsoil use rights (licenses) are expensed in the period in which they are incurred, except when costs are incurred after signing preliminary agreements with the Government of the Republic of Kazakhstan, in such cases costs incurred after this date are capitalized.

Expenditures for acquisition of subsurface use rights

Expenditures for acquisition of subsurface use rights (exploration and production) comprise signature bonuses, historical costs, obligatory expenditures for ecological and social programs and are capitalized within intangible assets as subsurface use rights at exploration and evaluation phase.

Expenditures for acquisition of subsurface use rights are accounted for on a field-by-field basis. Each field is tested for impairment on an annual basis. If no future activity is planned, the remaining balance of the acquisition costs is written off. Starting from the commercial production on fields subsurface use rights (remaining costs) shall be transferred to the property, plant and equipment and shall be amortized using unit-of-production method on actual production based on total proved reserves.

Exploration and evaluation expenditures (construction in progress)

Exploration and evaluation expenditures include geological and geophysical costs; costs directly related to exploration drilling; stripping activities; overhead and other expenses on exploration and evaluation, which could be related to a certain field. These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors. Except for geological and geophysical costs, exploration and evaluation expenditures are capitalized within exploration and evaluation assets, accounted for by subsurface use contracts and are not amortized. If mineral or hydrocarbon resources are not found, this could be an indication of impairment. All capitalized costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. If mineral or hydrocarbon resources are determined and development is sanctioned, relevant costs are then transferred to oil and gas or mining assets subclasses.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Oil and natural gas exploration, evaluation and development expenditure (continued)

Development and production expenditures (oil and gas and mining assets)

Development and production expenditures comprise previously capitalized (and reclassified in commencement of production) expenditures for acquisition of subsurface use rights and exploration and evaluation costs; drilling of producing wells regardless of the drilling results; construction of landfills; development of surface technological facilities required for production, collection and preparation of hydrocarbons and mineral resources at fields; other costs incurred in the process of organization of commercial production at fields; capitalized discounted costs for wells and mines abandonment and site restoration.

Development and production expenditures are capitalized within property, plant and equipment (oil and gas and mining assets), and are accounted for on a field-by-field basis. Oil and gas and mining assets are depreciated using a unit-of-production method based on actual production from commencement of commercial production at fields. Certain oil and gas and mining assets (surface facilities and equipment) with useful lives significantly differing from those of the fields are depreciated on a straight-line basis over their useful lives. The cost of acquisition of subsurface use rights including discounted decommissioning costs are depreciated over total proved reserves. The other field development costs are amortized over proved developed reserves.

Property, plant and equipment (other than oil and gas and mining assets)

On initial recognition, property, plant and equipment is measured at cost. Subsequently, property, plant and equipment are stated at cost less accumulated depreciation, depletion and impairment. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Property, plant and equipment, other than oil and gas and mining assets, principally comprise the following classes of assets, which are depreciated on a straight-line basis over the expected useful lives:

Unified power system assets	8-100 years
Refinery assets	4-100 years
Pipelines	2-30 years
Buildings and premises	2-100 years
Railway tracks and infrastructure	10-80 years
Machinery, equipment and vehicles	2-50 years
Other	2-20 years

In cases when items of property, plant and equipment are subject to major inspection, the cost is recognized in the carrying amount of property, plant and equipment as a replacement of component if the recognition criteria set out in IAS 16 are satisfied.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the reporting period the asset is derecognised.

Residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets (continued)

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with the finite useful life principally comprise the following classes of assets which are amortised on a straight-line basis over the expected useful lives:

Licenses	3-20 years
Software	1-14 years
Other	2-15 years

Indefinite lives intangible assets are not amortized, but tested for impairment annually or whenever there are indications of impairment and, if necessary, written down to the recoverable amount.

Investment properties

Investment property is initially measured at cost, including transaction costs.

Since the Group adopted cost model, after initial recognition, investment property is accounted for in accordance with the cost model as set out in IAS 16 *Property, Plant and Equipment*, that is, at cost less accumulated depreciation and less accumulated impairment losses.

The depreciation is calculated based on straight line method basis over the expected remaining useful average life of 2-100 years.

Investment property is derecognised (eliminated from the consolidated statement of financial position) on its disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected in the future. The difference between the net inflows arisen from the disposal and carrying amount of the asset is recognised in the consolidated statement of comprehensive income for the period in which it was derecognized.

Impairment of exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when reclassified to oil and gas development tangible or intangible assets or whenever facts and circumstances indicate impairment. One or more of the following facts and circumstances indicate that the Group should test exploration and evaluation assets for impairment (the list is not exhaustive):

- The period for which the Group entity has the right to explore and appraise in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on the further exploration for and evaluation of hydrocarbon resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of hydrocarbon resources in the specific area have not led to the discovery of commercial viable quantities of hydrocarbon resources and the Group entity has decided to discontinue such activities in the specific area;
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised 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 financial asset to be classified and measured at amortised cost or FVOCI, 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 recognised 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 three categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through other comprehensive income;
- Financial assets at fair value through profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, loans due from third and related parties, debt securities of third and related parties and bank deposits. Also, the Group includes in its financial assets measured at amortized cost notes of the National Bank of the Republic of Kazakhstan with a maturity of up to 3 months due to the fact that these investments are part of the Group's investment activities and not part of cash management.

The Group's financial assets at FVOCI include mainly debt securities of third and related parties.

The Group's financial assets at FVPL include mainly loans issued, debt and equity securities of third and related parties.

Derecognition

A financial asset is primarily derecognised (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 recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial assets (continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the 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.

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

For trade and other receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs 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.

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.

Hedge accounting

The Group designates certain hedging instruments in respect of foreign currency risk, as either hedges of net investments in foreign operations or cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values of foreign operations or cash flows of the hedged item attributable to the hedged risk.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

Hedge accounting is discontinued:

- When the Group revokes the hedging relationship;
- When the hedging instrument expires or is sold, terminated, or exercised; or
- When it no longer qualifies for hedge accounting.

Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Investments in foreign operations hedge

Foreign currency gain or loss arising on items that are designated as part of the hedge of the Group's net investment in foreign operations are recognized in consolidated statement of comprehensive income within currency translation reserve.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Hedge accounting (continued)

Cash flow hedges

Foreign currency gain or loss arising from financial instruments that are designated and qualify as cash flow hedges is recognized in consolidated statement of comprehensive income within hedge reserve.

Inventories

Inventories are valued at cost or net realisable value, whichever is lower. Costs comprise charges incurred in bringing inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to sell. The same cost formula is used for all inventories having a similar nature and use. Inventories of oil and gas and energy operating segments are valued on a first-in first-out (“FIFO”) basis. All other inventories are valued on the weighted-average cost basis.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits, short-term and highly liquid investments with original maturity of not more than 3 (three) months readily convertible to known amounts of cash and subject to insignificant risk of change in value.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans borrowings and payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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 and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Trade and other payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (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 comprehensive income 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.

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 recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the financial guarantee contracts after initial recognition at the higher of the amount initially recognized less, when appropriate, the cumulative amount of income/amortization in accordance with the principles of IFRS 15 *Revenue from Contracts with Customers* and the amount of the estimated allowance for expected credit losses.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases

Determining whether the agreement is a lease or whether it contains evidence of a lease is based on an analysis of the content of the agreement at the date of the commencement of the lease. The agreement is a lease or contains signs of a lease if the implementation of the agreement depends on the use of a particular asset (or assets), and the right to use the asset or assets as a result of this agreement is transferred from one party to the other, even if this asset (or these assets) is not indicated (not specified) in the agreement explicitly.

The Group as lessee

For the lease contracts (or separate components of the contracts), under which the Group is granted the right to control the use of an identified asset (as defined by IFRS 16 *Leases*) for a certain period of time in exchange for consideration, the Group recognizes a right-of-use asset and a corresponding lease liability at the inception of the contract. Non-lease components of the contracts are accounted for in accordance with other relevant standards.

In accordance with IFRS 16 *Leases*, the Group applies practical expedient for not recognising the lease for the lease contracts with lease term of less than 12 months at lease inception and without purchase option, for the leases with variable lease rates that do not depend on an index or rate and for the leases of low value assets.

The Group recognizes short-term leases and leases of low value assets as expense on a straight-line basis over the term of the lease. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease payments are discounted by using the Group incremental borrowing rate, except when the rate is implicit in the lease and can be readily determined.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

At the commencement date, the Group measures the right-of-use asset at cost that includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee. The right-of-use asset is subsequently measured according to the accounting policy that is applied for own assets, including for depreciation and amortization and impairment measurement.

The recognised right-of-use asset is depreciated over the shorter period of expected useful life of the underlying asset or lease term.

The Group presents lease liabilities in the consolidated statement of financial position as a separate line *(Note 23)*, while right-of-use assets are presented within the same line item as that within which the corresponding underlying assets would be presented if they were owned, i.e. within property, plant and equipment *(Note 8)*.

In accordance with the requirements of IFRS 16, the Group classifies repayment of principal in cash flows from financial activities. In accordance with the Group's accounting policy, interest paid is classified as part of the cash flows from operating activities. Payments on short-term leases, leases of low value assets and variable rental payments not included in the valuation of the lease liability are presented as part of operating activities.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its property, plant and equipment items.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Provisions

Asset retirement obligation (decommissioning)

Provision for decommissioning is recognized in full, on a discounted cash flow basis, when the Group has an obligation to dismantle and remove a facility or an item of property, plant and equipment and to restore the site on which it is located, and when a reasonable estimate of that provision can be made.

The amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding addition to the carrying amount of the related item of property, plant and equipment in the amount equivalent to the provision is also recognized. This amount is subsequently depreciated as part of the capital costs of the production and transportation facilities in accordance with respective depreciation method.

Changes in the measurement of an existing decommissioning provision that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or change in the discount rate, is accounted for so that:

- Changes in the provision are added to, or deducted from, the carrying amount of the related asset in the current period;
- The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the provision exceeds the carrying amount of the asset, the excess is recognized immediately in the consolidated statement of comprehensive income; and
- If the adjustment results in an addition to the cost of an asset, the Group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the Group tests the asset for impairment by estimating its recoverable amount, and accounts for any impairment loss, in accordance with IAS 36.

Other provisions

Provisions are recognized in the consolidated financial statements 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.

Employee benefits

Contributions to pension funds

The Group withholds 10% from the salary of its employees limited to certain annual amounts as the employees' contribution to their designated pension funds. Under the legislation, employees are responsible for their retirement benefits payable by that pension funds and the Group has no present or future obligation to further compensate its employees upon their retirement in relation to these arrangements.

Social tax

The Group pays social tax on salaries payable to employees according to the current statutory requirements of the Republic of Kazakhstan. Social tax is expensed as incurred.

Defined benefit plan

In accordance with the Collective Agreements signed with trade unions and other benefit regulations, some subsidiaries of the Group provide certain benefits to its employees upon their retirement ("Defined Benefit Plan").

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employee benefits (continued)

Defined benefit plan (continued)

The Group recognises actuarial gains and losses arising from the reassessment of the employee benefit liability in the period they are identified in OCI and profits and losses, and recognises benefit costs and obligations based on estimates determined in accordance with IAS 19 *Employee Benefits*.

The obligation and cost of benefits under the defined benefit plan are determined using the projected unit credit method. This method considers each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The cost of providing benefits is charged to profit and loss, so as to attribute the total benefit cost over the service lives of employees in accordance with the benefit formula of the defined benefit plan. This obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest on government bonds where the currency and terms of these bonds are consistent with the currency and estimated terms of the defined benefit plan obligation. The defined benefit plans of Group’s subsidiaries are unfunded.

Equity

Share capital

Common shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess or deficiency of the fair value of consideration received over the par value of shares issued is recognized as an increase or decrease in the retained earnings.

Non-controlling interests

Non-controlling interests are initially recognized in proportion to identifiable net assets at the acquisition date.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the equity holders of the Parent. Losses of subsidiaries are attributed to the non-controlling interests even if this results in 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 in the consolidated financial statements when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

Other distributions to the Shareholder

Other distributions to the Shareholder recognized as deductions from retained earnings are represented by expenses incurred or asset distribution made at the discretion of the Shareholder, including property, plant and equipment, interest in another entities, other disposal groups, cash and other assets in accordance with accounting policy of the Group.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured.

Sale of goods

Revenues are recognized when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset, which usually occurs when the title is passed, provided that the contract price is fixed or determinable and collectability of the receivable is reasonably assured. For export sales, title generally passes at the border of the Republic of Kazakhstan. Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts, volume rebates and reimbursable taxes.

Sales of support services are recognized as services are performed provided that the service price can be determined and no significant uncertainties regarding the receipt of revenues exist.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

Rendering of services

Revenue from rendering of services is recognized when the services have been performed.

In respect of services related to transportation, revenue is recognized with reference to the stage of completion of the transportation at the reporting date provided that the stage of completion of transportation and the amount of revenue can be measured reliably. Prepayments received from customers relating to transportation services that have not been started yet are recognized upon receipt as "advances received from customers". Deferred income is credited to current revenue, as the service is provided.

The Group's revenue in the energy, communications and transportation segments is primarily recognized over a period of time, while the rest of the Group's revenue is primarily recognized at a point in time.

Sale and lease back transactions

The Group accounts for a transfer of an asset in a sale and leaseback transaction as a sale only if the transfer meets the requirements of IFRS 15 *Revenue from Contracts with Customers*.

If, under IFRS 15, a sale is to be recognised by the seller-lessee, then the right-of-use asset leased back is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. The seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

If the transfer of an asset by the seller-lessee does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the asset, the seller-lessee continues to recognize the transferred asset and recognizes a financial liability equal to proceeds for the transfer by applying IFRS 9 *Financial Instruments*.

Interest and finance income and expenses

Interest income and expenses on financial instruments, issued and received in the framework of achieving the goal, fulfilling the tasks and carrying out the core activities of the Group is disclosed as interest income and expense. All other interest income and expense not related to the core activities of the Group are disclosed in finance income and expenses. Finance income includes interest on cash and cash equivalents, amounts due from credit institutions, loans issued, financial guarantees and other financial assets and liabilities. Finance expenses include amortization of discount on borrowings, costs associated with attracting and servicing borrowed funds internally and externally, including interest expenses and other similar expenses.

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as investments held at FVOCI, 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.

Contract liabilities from contracts with customers

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Costs to obtain a contract

The Group pays commission to sales agents for new connected subscribers in the communication segment. The commission to sales agents is capitalized within other non-current assets in the consolidated statements of financial position. Costs to obtain a contract are amortized over the period the service is provided to the customer.

Establishment of tariffs

A number of subsidiaries of the Group are subject to regulation by the Committee for regulation of natural monopolies of the Republic of Kazakhstan ("CRNM"). This Committee is responsible for approval of the methodology for tariff calculation and tariff rates, under which the subsidiaries derive a significant portion of their revenues.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Government grants

Due to the fact that the Government of the Republic of Kazakhstan is the sole shareholder of the Fund, the Group analyses all transactions with the Government to assess its role: where the Government acts primarily in its capacity of the Shareholder or where it acts as a regulator.

If it is determined that in a specific transaction the Government acts in capacity of the Shareholder any gains or losses incurred by the Group as a result of such transaction are reflected directly in equity as either a contribution or withdrawal of equity by the Shareholder.

If it is determined that in a specific transaction the Government does not act in capacity of the Shareholder such transactions are accounted for using provisions of IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*. In such circumstances, government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments. Grants related to income are presented separately in the consolidated statement of comprehensive income within revenues from operating activities.

Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognized in the profits and losses, except to the extent that it relates to items charged or credited to other comprehensive income or equity, in which case it is recognized in other comprehensive income. Current tax expense is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Excess profit tax ("EPT") is treated as an income tax and forms part of income tax expense. In accordance with the subsurface use contracts, the Group accrues and pays EPT, at specified rates of after tax profit which has been adjusted for specific deductions in accordance with the applicable subsurface use contracts, when certain internal rates of return are exceeded.

Deferred tax is calculated with respect to both corporate income tax ("CIT") and EPT. Deferred EPT is calculated on temporary differences for assets allocated to subsurface use contracts at the expected rate of EPT to be paid under the contract.

Deferred tax is provided using the statement of financial position method, in relation to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences arising due to the following are not provided for:

- 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 or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Value added tax ("VAT")

Tax authorities permit the settlement of sales and purchases VAT on a net basis. VAT receivable represents VAT on domestic purchases net of VAT on domestic sales. Export sales are zero rated.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Related parties

Related parties include the Group's Shareholder, key management personnel, associates, joint ventures and entities in which a substantial interest in the voting power is owned, directly or indirectly, by the Group's shareholders or key management personnel.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent assets and liabilities at the reporting date and reported amounts of assets, liabilities, revenues, expenses and contingent assets and liabilities during the reporting period. Actual outcomes could differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Recoverability of oil and gas assets, downstream, refining and other assets

The Group assesses assets or cash generating units (hereibafter- "CGU") for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. 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 values, 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.

Impairment testing assumptions

The Group assessed the existence of impairment indicators of non-current assets and where impairment indicators were identified, the Group performed the impairment tests.

The Group's long-term assumptions for Brent oil prices, KZT/USD exchange rate and inflation projections have been revised and are based on externally sourced forecasts and rates of the independent research organizations considering long-tern market expectations. Production volumes estimates are based on proved developed and undeveloped reserves for subsidiaries, and on proved and probable reserves for significant investments in joint ventures and associates. Production period is either based on subsoil use contracts' expiration date or on extended license period, to which the Group has strong intention to extend its licenses. Estimated production volumes are based on the Group's production plans that are mostly used for the purposes of application filing for extension of subsoil use contracts.

Discount rates were estimated on the weighted average cost of capital of the individual cash generating unit and ranged between 11.60-16.60% depending on the functional currency, production period, size, equity risk premium, beta and gearing ratio of the relevant CGU.

The long-term price assumptions applied were derived from Bloomberg consensus; so did the near-term commodity price assumptions, a summary of which, in real 2023 terms, is provided below:

	2024	2025	2026	2027	2028
Brent oil (ICE Brent $/bbl)	84.60	83.00	78.00	73.00	74.47

In Oil-and-gas and petrochemical segment net impairment charges were 278,177 million tenge for 2023. Impairment charges mainly relate to the exploration and evaluation assets of Aktoty and Kairan project in the amount of 74,255 million tenge and Jenis project in the amount of 40,244 million tenge (December 31, 2022: 8,895 million tenge of Southern Urikhtau project and 3,172 million tenge of Isatay project), and the CGU KMGI in the amount of 97,636 million tenge (December 31, 2022: no impairment loss was recognized) (*Note 30*).

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Recoverability of oil and gas assets, downstream, refining and other assets (continued)

Headroom of the majority of oil and refining assets are sensitive to changes in price or other assumptions. The changes within next financial periods may result in recoverable amount of these assets above or below the current carrying amounts and therefore there is a risk of impairment reversals or charges in those periods.

KMG International N.V. (hereinafter KMGI CGU), including goodwill

For the year ended December 31, 2023, the Group performed its impairment tests for goodwill and downstream, refining and other assets due to existence of impairment indicators at the CGUs of KMGI: CGU Refining, CGU Petrochemicals and CGU Downstream. As the result of the impairment test, recoverable amount of KMGI CGUs were lower than its carrying values. The total impairment loss for the analyzed KMGI's CGUs was 94,962 million tenge, of which CGU Refining was estimated at 80,761 million tenge, for CGU Petrochemicals at 340 million tenge and for CGU Downstream at 13,861 million tenge (*Note 30*).

The main impairment indicators have been i) the increased oil & gas market refining margins volatility and decreased market demand in the context of strict decarbonization regulations and geopolitical instability, ii) lack of a long-term decarbonization plan of KMGI, iii) the change in the tax environment in Romania, in particular the introduction at the end of 2023 of a turnover tax in the oil and gas sector in the amount of 0.5%, starting from 2024 to 2025, and further 1% or more depending on the turnover of enterprises.

The Group considered forecasted refining margins and production volumes, among other factors, when analyzing the impairment indicators. The recoverable amount of KMGI CGU Refining was determined based on fair value less costs of disposal (FVLCD), which was calculated using the discounted cash flow method. The key assumptions used in the FVLCD calculations for the CGU were operating profit, including the assumption that KMGI will be able to recover, through an increase in the final selling price, the costs of turnover tax from 2026, discount rates and growth rate used to extrapolate cash flows beyond the budgeted period.

In addition, KMGI applied the assumption that introduced in 2024 an additional tax burden on KMGI turnover will be recovered by a phased increase in the price for the final users.

Refining and Petrochemicals CGU of KMGI

The discount rate applied to cash flow projections for Refining and Petrochemicals CGU was 11.60% (2022: 12.10%) and cash flows beyond the 5-year period were extrapolated using negative 1.50% (2022: positive 2.10%) growth rate, for 2023 is the average annual growth rate during 2028-2051 for market refinery margins estimated by Platts-PIRA available as at valuation date. The capitalization rate used for residual values was 13.10% (2022:10.00%).

Downstream CGU of KMGI

The discount rate applied to cash flow projections for Downstream CGU was 11.60% (2022: 12.10%) and cash flows beyond the 5-year period were extrapolated using negative 0.40% (2022: positive 2.10%) perpetuity growth rate, taking into account expected market demand during 2029-2051 from the latest market studies available as at valuation date (Wood Mackenzie) and the long term inflation rate for USD as per PWC report Global Economy Watch Projections, issued in July 2023. The capitalization rate used for residual values was 11.20% (2022: 10.00%).

Sensitivity to changes in assumptions for CGU Refinery

The additional impairment charges of 25,595 million tenge will occur if the discount rate increases by more than 1% to 12.6%, should the volumes decrease by more than 2.0% an additional impairment charge will be 41,869 million tenge and contribution margin decrease by more than 2.0% an additional impairment charge will be 28,831 million tenge or perpetuity growth rate decrease by more than 1.50% an additional impairment charge will be 28,168 million tenge.

The additional impairment charges of 51,858 million tenge will occur if the additional tax burden is not recovered in the form of a turnover tax by increasing the price for the final users.

Sensitivity to changes in assumptions for CGU Downstream

The additional impairment charges of 18,705 million tenge will occur if the discount rate increases by more than 1.0%, should the volumes decrease by more than 2.0% an additional impairment charge will be 14,721 million tenge and gross margin decrease by more than 2.0% an additional impairment charge will be 20,318 million tenge or perpetuity growth rate decrease by more than 1.50% an additional impairment charge will be 20,076 million tenge.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Recoverability of oil and gas assets, downstream, refining and other assets (continued)

KMG International N.V. (hereinafter KMGI CGU), including goodwill (continued)

Sensitivity to changes in assumptions for CGU Petrochemicals

The additional impairment charges of 788 million tenge will occur if the discount rate increases by more than 1.0%, should the volumes decrease by more than 1.50% an additional impairment charge will be 1,422 million tenge and contribution margin decrease by more than 1.50% an additional impairment charge will be 1,320 million tenge or perpetuity growth rate decrease by more than 1.50% an additional impairment charge will be 638 million tenge.

In June 2023, an incident occurred at the Petromidia Refinery, a subsidiary of KMGI, which led to the temporary decommissioning of the Mild Hydrocracker installation. Petromidia Refinery conducted assessments to estimate the incident consequences and recognized impairment of property, plant and equipment for 2,674 million tenge (*Note 30*).

Pavlodar refinery, including goodwill

As of December 31, 2023, and 2022 the Group has goodwill of 88,553 million tenge related to acquisition of Pavlodar refinery (*Note 9*). In December 2023 and 2022 the Group performed annual impairment test for the Pavlodar refinery goodwill. In assessing the recoverable amount, the fair value less the cost of sale was calculated, determined using a marketing scheme. The Group considered the forecast for oil tolling volumes, oil tolling tariffs, capital expenditures, among other factors, when reviewing for indicators of impairment. The recoverable amount is calculated using a discounted cash flow model. In 2023, the discount rate of 16.02% (2022: 12.86%) was calculated based on the pre-tax weighted average cost of capital. The inherent risk was included by applying an individual beta factor. The beta factor was estimated based on the publicly available market data. Forecasted cash flows till to 2032 were based on five-years business plan of Pavlodar refinery 2024-2028 (2022: 2023-2027 years), which assumes current management estimates on potential changes in operating and capital costs. As at December 31, 2023 and 2022 the recoverable amount of goodwill, which was determined based on value-in-use, exceeded its book value, as such no impairment of Pavlodar refinery goodwill was recognized.

Sensitivity to changes in assumptions

Results of the assessment of recoverable amount of Pavlodar refinery goodwill are sensitive to changes in key assumptions, in particular, assumptions related to changes in discount rate and target EBITDA in terminal period. Increase in discount rates by 1.0% to 17.02% (2022: 13.86%) and decrease of target EBITDA in terminal period by 1% would not result decrease of the recoverable amount of CGU Pavlodar refinery to its carrying value.

Transportation and storage of gas by Intergas Central Asia JSC (“ICA”)

The recoverable amount of the cash-generating unit is calculated using a discounted cash flow model. The discount rate was derived from the weighted average cost of capital before tax. The weighted average cost of capital takes into account both debt and equity capital. The cost of equity is derived from the expected return on ICA investments. The cost of debt capital is based on the interest-bearing loans that ICA is obligated to service. Inherent risk was included by applying an individual beta factor. Beta factor was estimated based on publicly available market data. The business plan, approved on an annual basis, is the main source of information for projected cash flows. It contains forecasts for gas transportation volumes, revenues, expenses and capital expenditures.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Recoverability of oil and gas assets, downstream, refining and other assets (continued)

Transportation and storage of gas by Intergas Central Asia JSC ("ICA") (continued)

Various assumptions, such as transportation rates as well as inflation rates for expenses take into account existing prices, other macroeconomic factors and historical trends and fluctuations. Cash flow projections were based on the ICA's five-year business plan, considering a reverse transit agreement, transportation under which was commenced in the fourth quarter of 2023, and projections through 2055 calculated using management's current estimates of potential changes in operating cost and capital expenditures at the level of tariff growth. The main assumptions used in the calculation were projected as follows:

- Transportation volume – average annual growth rate over the five-year forecast period based on historical results and management's expectations regarding market developments;
- Transportation tariff – based on tariffs approved by the Committee for the Regulation of Natural Monopolies (CRNM) for the domestic market and tariffs under contracts with international counterparties for transportation for export and transit, taking into account the average annual growth rate and long-term inflation forecasts after a five-year forecast period;
- Annual capital expenditures – based on management's historical experience and planned costs to maintain production assets and other property, plant and equipment directly involved in the production activities, as well as investments in new projects.

Cash flows beyond the five-year period are extrapolated using the assumed growth rates shown below. These growth rates are in line with forecasts for the gas industry.

The following are the assumptions used to determine the value in use and to which the recoverable amount is most sensitive:

Assumptions regarding the recoverable amount of non-current assets:	December 31, 2023	December 31, 2022
Growth rates over 5 years	4%	4%
Discount rate before tax	16.96%;	16.60%
Transportation volumes:		
- transportation within Kazakhstan	1,073 bln. m3	2,084 bln. m3
- transportation of gas for export	17 bln. m3	72 bln. m3
- international transit	1,245 bln. m3	1,308 bln. m3
Transportation tariffs:		
- transportation within Kazakhstan (thousand m3)	From 5,425.26 Tenge	From 5,285.66 Tenge
- transportation of gas for export (thousand m3/100 km)	2.42 US Dollars – 5 US Dollars	2.42 US Dollars – 5 US Dollars
- international transit (thousand m3/100 km)	2.42 US Dollars – 2.9 US Dollars	2.42 US Dollars – 2.9 US Dollars

As at December 31, 2023 the recoverable amount of non-current assets amounted to 1,249,898 million tenge, which exceeded their carrying amount by 61,870 million tenge (at December 31, 2022: 1,154,259 million tenge that exceeded their carrying amount by 232,051 million tenge).

Sensitivity to changes in assumptions

Results of the assessment of recoverable amount of CGU's assets are sensitive to changes in key assumptions, in particular, assumption related to changes in discount rate. Increase in discount rates by 1.0% would result in impairment charge of 33,413 million tenge.

As at December 31, 2023, the recoverable amount of the cash-generating unit would have been equal to its carrying amount if the applied discount rate increases from 16.96% to 17.6%.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Recoverability of oil and gas assets, downstream, refining and other assets (continued)

Gas sales to local energy distributors, legal entities and individuals by KazTransGas Aimak JSC ("KTG Aimak")

The recoverable amount of the cash-generating unit was determined as value in use using a discounted cash flow model. Cash flow estimates include many subjective factors, including operational and financial, using the best available evidence.

The discount rate was derived from the weighted average cost of capital before tax. The weighted average cost of capital takes into account both debt and equity capital. The cost of equity is derived from the expected return on investments of KTG Aimak. The cost of borrowed capital is based on the interest-bearing loans that KTG Aimak is obliged to service. Inherent risk was included by applying an individual beta factor. Beta factor was estimated based on publicly available market data.

The main assumptions used in the calculation were predicted as follows:

- Volume of gas purchases and supplies – based on the Comprehensive Development Plan for the Gas Industry of the Republic of Kazakhstan for 2022–2026, approved by the Decree of the Government of the Republic of Kazakhstan, and the Gas Balance of the Republic of Kazakhstan for 2024-2030, approved by Order of the Minister of Energy of the Republic of Kazakhstan;
- Transportation tariffs – based on tariffs approved by the Committee for the Regulation of Natural Monopolies (CRNM) for five years and taking into account the average annual growth rate and long-term inflation forecasts after the five-year forecast period;
- Annual capital expenditures – based on management's historical experience and planned costs to maintain production assets and other property, plant and equipment directly involved in the production process, as well as investments in new projects.

Cash flows beyond the five-year period are extrapolated using the assumed growth rates shown below. These growth rates are in line with forecasts for the gas industry.

The following are the assumptions used to determined the value in use was and to which recoverable amount is most sensitive:

Assumptions regarding the recoverable amount of non-current assets:	At December 31, 2023
Growth rates over 5 years	4.44%
Discount rate before tax	16.42%;
Gas sales volumes until 2030	142.8 bln. m3
Gas transportation volumes until 2030	108.3 bln. m3
Tariffs for:	
- gas sales (thousand m3)	from 22 thousand tenge
- gas transportation (thousand m3)	from 4.9 thousand tenge

As at December 31, 2023 the recoverable amount of non-current assets amounted to 282,730 million tenge, which exceeded their carrying amount by 32,923 million tenge (as of December 31, 2022: 262,674 million tenge, which exceeded their carrying amount by 17,616 million tenge).

Sensitivity to changes in assumptions

Results of the assessment of recoverable amount of CGU's assets are sensitive to changes in key assumptions, in particular, assumption related to changes in gas sales and transportation volumes. Decrease in gas sales and transportation volumes by 5.0% would result in impairment charge of 5,686 million tenge.

As at December 31, 2023 the recoverable amount of the cash-generating unit would have been equal to its carrying amount if the applied gas sales and transportation volumes decrease from 142.8 billion m3 and 108.3 billion m3 to 136.7 billion m3 and 103.7 billion m3, respectively.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Recoverability of oil and gas assets, downstream, refining and other assets (continued)

Production of natural gas and gas condensate by Exploration and Production QazaqGaz ("EP QazaqGaz")

Exploration and evaluation assets are assessed for impairment when facts and circumstances indicate that the carrying amount of these assets may exceed their recoverable amount, which is the case when the exploration license has expired and is not expected to be renewed; significant expenditures for further exploration are not planned; exploration did not lead to commercial discovery of reserves; there are indications that exploration and evaluation assets will not be fully recovered through successful development or sale.

Proved and probable gas reserves are used in the impairment test. There are many uncertainties associated with estimating gas reserves, in particular, assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in forecast commodity prices, exchange rates, production costs, as well as expiration of exploration licenses and failure to commercially discover reserves could significantly affect recoverable amount.

The recoverable amount of the cash-generating unit was determined as value in use using a discounted cash flow model. The estimated cash flows were based on a five-year business plan with projections through 2054, calculated using management's current estimates of potential changes in operating cost and capital expenditures and projected field depletion rates. Various assumptions, such as gas and condensate prices and inflation rates for expenses, take into account existing prices, other macroeconomic factors and historical trends and fluctuations.

The discount rate was derived from the weighted average cost of capital before tax. The weighted average cost of capital takes into account equity. The cost of equity capital is derived from the expected return on investments of EP QazaqGaz. Inherent risk was included by applying an individual beta factor. Beta factor was estimated using publicly available market data.

The main assumptions used in the calculation were predicted as follows:

- Production volume – volumes from the approved five-year Business Plan with a further calculated forecast providing for a natural drop in reservoir pressure as a result of constant gas extraction;
- Selling price for commercial gas – based on a scenario, when a part of the gas can be sold for export at the corresponding market selling prices;
- Condensate sales price – average annual growth rate over the five-year forecast period; based on current industry trends and including long-term inflation forecasts;
- Annual capital expenditures —using historical inflation-adjusted depreciation and amortization, as well as management's historical experience and planned costs to maintain operating assets and other property, plant and equipment directly involved in the production process.

Assumptions regarding the recoverable amount of non-current assets:	**At December 31, 2023**
Discount rate	16.93%
Gas sales volumes	6,534 million m3
Condensate sales volumes	269 million m3
Tariffs for:	
- gas sales (thousand m3)	from 22 thousand tenge
- sales of condensate (thousand m3)	from 84 thousand tenge

As at December 31, 2023 the recoverable amount of non-current assets amounted to 44,298 million tenge, which exceeded their carrying amount by 1,176 million tenge (as of December 31, 2022: 37,528 million tenge, which exceeded their carrying amount by 3,994 million tenge).

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Recoverability of oil and gas assets, downstream, refining and other assets (continued)

Production of natural gas and gas condensate by Exploration and Production QazaqGaz ("EP QazaqGaz") (continued)

Sensitivity to changes in assumptions

The impairment charges of 1,671 million tenge will occur if the discount rate increases by more than 1.0%, should the gas sales volumes decrease by more than 5.0% an impairment charge will be 4,600 million tenge and gas sales tariffs decrease by more than 1. 0% an impairment charge will be 1,735 million tenge.

As at December 31, 2023 the recoverable amount of the cash-generating unit would have been equal to its carrying amount if the key assumptions had changed as follows:

Assumption	Assumption value used	Assumption value at which recoverable amount equals carrying amount
Discount rate	16,93%	17.33%
Gas sales volumes	6,534 million m3	6,473 million m3
Gas sales tariff	from 22 thousand tenge	from 17 thousand tenge

Other CGUs

Revision to the Group's commodity price and other assumptions have not resulted in impairment charges in any other CGUs of the Oil-and-gas and petrochemical segment.

Oil and gas reserves

Oil and gas reserves are a material factor in the Group's computation of depreciation, depletion and amortization expenses. 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.

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 and amortization 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 depreciation, depletion and amortization expense and could materially affect earnings. A reduction in proved developed reserves will increase depreciation, depletion and amortization 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 depreciation, depletion and amortization.

Please refer *Note 30* for details on annual impairment test results.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Mining reserves

Mining reserves are a critical component of the projected cash flow estimates that are used to assess the recoverable values of assets and to determine depreciation and amortisation expense in mining segment.

Group entities usually estimate reserves based on results of detailed mine exploration, which is evaluated and approved by State Reserves Commission (SRC) of Kazakhstan Geology Committee. Normally upon stripping during production actual reserves of each area are greater or lesser than geological reserves approved by SRC.

Uranium reserves (estimate)

Uranium reserves are a critical component of the Group’s projected cash flow estimates that are used to assess the recoverable values of relevant assets as well as depreciation and amortisation expense. Estimates of uranium reserves also determine the life of mines, which in turn affect asset retirement obligation calculations.

On an annual basis the Group engages an independent consultant to assess the Group’s ore reserves and mineral resources in accordance with the Australasian Code for reporting on geological exploration works, mineral resources and ore reserves (hereinafter JORC Code). Independent assessment of reserves and resources was carried out as of December 31, 2023 and 2022. The consultant reviewed all key information upon which the reported mineral resource and ore reserve statements for the mining assets of the Group are based.

The consultant’s reports contain an assessment of the tons of uranium contained in ore which has the potential to be extracted by the existing and planned mining operations (the mineral resource), and also the tons of uranium contained in ore currently planned to be extracted as envisaged by the respective life-of-mine plans (the ore reserve). The Group used the ore reserves data for calculation of impairment of long-term assets, unit of production depreciation for each of the Group’s mines as well as asset retirement obligation calculations.

Railway assets

The management assesses the recoverability of property, plant and equipment annually as of December 31 or every time when impairment indicators of the single CGU appear.

The assessment of whether there is an indication of assets impairment is based on a number of factors, such as a change in market rates, in growth expectations in the railway industry, future cash flow estimates, changes in the future availability of financing, technological obsolescence, discontinuance of service provision, current replacement costs and other changes in circumstances.

As at December 31, 2023, the Group performed the analysis of the above external and internal impairment indicators of property, plant and equipment, in particular changes in interest rates, an analysis of the achievement of actual indicators versus budgeted indicators, as well as an analysis of the transit freight turnover and changes in the exchange rate of tenge to the Swiss Franc, as the transit tariff is set in Swiss Franc.

The measurement of whether each external and internal factor is an indication of impairment requires significant management judgement. Management’s key judgement is based on the fact that amid the current geopolitical situation and disruption of traditional transportation and logistics chains, the country’s transit potential is a key factor in the promotion of transcontinental trade. In December 2022, the Concept for the Development of the Transport and Logistics Potential of Kazakhstan until 2030 stipulating further development of the rail sector in Kazakhstan was approved in accordance with the instructions of the President of Kazakhstan. In 2023, transit freight transportation traffic and revenue exceeded targets.

The management of the Group did not identify any events that occurred in 2023 that could be considered as an indicator of the impairment of the single CGU as at December 31, 2023.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Assets related to uranium production

Assets related to uranium mines include property, plant and equipment, mine development assets, mineral rights, exploration and evaluation assets, investments in associates, investments in joint ventures, and other investments. For the purpose of impairment testing assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group has identified each mine (contract territory) as a separate cash-generating unit unless several mines are technologically connected with single processing plant in which case the Group considers such mines as one cash-generating unit.

MC Ortalyk LLP, JV Akbastau JSC and Karatau LLP

Goodwill relates to prior period business combinations of MC Ortalyk LLP in the amount of 5,166 million tenge, Karatau LLP of 24,808 million tenge and JV Akbastau JSC of 18,520 million tenge (*Note 9*). At least annually, goodwill is tested for impairment at the level of a corresponding cash generating unit.

The recoverable amount was determined on a value in use basis, cash flows forecasts were based on approved reserves, estimated production volumes, subsurface use contracts periods and a pre-tax discount rate of 18.59% for 2023 year (2022: 19.03%).

Production volumes are consistent with those agreed with the competent authority and independent consultant’s report and are based on the production capacity of the cash-generating units. Key assumptions used in calculations include forecast sales prices, production volumes. Sales prices used in developing forecasted cash flows were based on annual spot and long-term base price projections (denominated in US Dollar per pound of uranium) published by UxC LLC in the fourth quarter of 2023.

Production costs and capital expenditures are based on approved business plans for 2024-2028 and growth of 6.39% which approximates long-term average inflation rates. The estimated values in use significantly exceed the carrying amounts of the non-current assets of the three cash-generating units, including goodwill, and therefore even reasonably possible changes in key assumptions would not lead to impairment losses being recognized.

Power generating assets

Analysis of the impairment indicators of property, plant and equipment – production of electricity and heat based on coal, transmission and distribution of electricity

The Group’s management performed the analysis of the impairment indicators of property, plant and equipment of subsidiaries "Almaty Electric Stations" ("AlES") JSC, Ekibastuz GRES-1 named after Bulat Nurzhanov LLP (“EGRES-1”), Alatau Zharyk Company JSC (“AZhK”) and "Station Ekibastuzskaya GRES-2" JSC ("EGRES-2") in accordance with IAS 36 “Impairment of Assets”.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Power generating assets (continued)

Analysis of the impairment indicators of property, plant and equipment – production of electricity and heat based on coal, transmission and distribution of electricity (continued)

The principal facts and assumptions used in the analysis of the impairment indicators are:

- Lack of negative changes in the economic efficiency of subsidiaries for the reporting period;
- Increase in marginal tariffs for electricity for energy producing organizations from June 1, 2023 in accordance with Order of the Minister of Energy of the RK dated May 26, 2023 No. 192, with the possibility of adjusting tariffs in accordance with clause 2 of Article 12-1 of the Law of the RK «On Electric Power Industry» and the Rules for approving the marginal tariff for electrical energy, approved by Order of the Minister of Energy of the RK dated February 27, 2015 No. 147;
- A change in interest rates on loans will not have a significant impact on the recoverable amount of assets, since an increase in the debt financing rate will be similarly reflected in the WACC rate when calculating the rate of return, in the next validity period of the cap tariffs, according to the methodology for determining the rate of return taken into account when approving the cap tariffs for electricity, as well as a fixed profit for balancing, taken into account when approving cap tariffs for balancing electricity approved by Order of the Minister of Energy of the RK dated May 22, 2020 No. 205, the cost part of the tariff also includes interest expenses for the previous period;
- A change in inflation rates will not have a significant impact, since the cost part of the tariff includes costs taking into account actual inflation for the previous year, as well as amendments to the Law “On Natural Monopolies” dated December 30, 2022 No. 177-VII ZRK stipulate additional conditions for adjusting tariffs approved for 5 years for the transmission of electricity before its expiration (change in the approved investment program in connection with the implementation of national projects, receipt on the balance sheet or in trust management of networks, change in the average monthly nominal wage);
- The introduction of a new target model of the electricity sales market from July 1, 2023 (Note 19) did not have a significant impact on the financial results of the Group’s power plants. The volume of purchases and sales of imbalances on the balancing electricity market amounted to less than 5% of the total sales volume, which is a minor deviation. The price of purchase and sale of electricity at centralized trading in the event of imbalances also did not have a significant impact on the Group’s results. The Group's stations primarily operate in accordance with the declared volumes and accordingly, the plan usually corresponds to the fact, which allows minimizing the volume of transactions on the balancing electricity market.
- Lack of significant changes having adverse consequences for subsidiaries, which occurred during the period or may presumably occur in the nearest future;
- Projected growth in the medium term in demand for electricity in the northern and southern zones of the RK;

Additional facts and assumptions used in the analysis of impairment indicators for AlES:

- Increase in the tariff for heat energy from August 1, 2023 with the possibility of adjusting tariffs when changing the type and cost of strategic goods, according to the Law of RK “On natural monopolies”;
- It is planned to modernize the two main power plants of AlES (Almaty CHP-2 and CHP-3). The residual value of the existing assets of the coal-fired power units of these plants, subject to conservation or dismantling, by the time the new gas turbine/combined cycle power units are put into operation will be equal to zero;
- No significant changes that have occurred during the period, or are expected to occur in the near future and can have a material effect on the asset's recoverable amount.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Power generating assets (continued)

Analysis of the impairment indicators of property, plant and equipment – production of electricity and heat based on coal, transmission and distribution of electricity (continued)

Additional facts and assumptions used in the analysis of impairment indicators for AZhK:

- Overfulfillment of the plan in terms of key operational and financial performance indicators at December 31, 2023;
- Projected growth in the medium term in demand for electricity in the Almaty city and the Almaty region;
- Increase in the tariff for electricity transmission from July 1, 2023 per joint order of the DCRNM of the Ministry of National Economy of the RK for Almaty and Almaty Region No. 50-OD dated June 23, 2023;
- Costs of purchased electricity from the Settlement and Financial Center for Support of Renewable Energy Sources LLP and on the balancing electricity market are included in the tariff estimate;
- Law of the RK dated December 30, 2022 No. 177-VII amended Law of RK “On Natural Monopolies” dated December 27, 2018 No. 204-VI ZRK allowing to adjust the tariffs for electricity transmission approved for 5 years before expiration. By the Order of the RK of the Minister of National Economy of the RK dated December 8, 2023, changes were made to the Rules for the formation of tariffs of natural monopoly entities, approved by Order of the Minister of National Economy of the RK dated November 19, 2019 No. 90, which updated the incentive method for regulating the spheres of natural monopoly, allowing the use of 50% the permissible level of profit at the discretion of the natural monopoly entity, upon achieving the performance indicators determined by the specified Rules.

As a result of the analysis of external and internal impairment indicators, the Group’s management concluded that there were no impairment indicators at the date of the analysis. Accordingly, the Group’s management has elected not to test for impairment of property, plant and equipment and intangible assets of these subsidiaries at December 31, 2023.

Ereymentau Wind Power LLP

The Group has identified an individual impairment indicator of impairment for Ereymentau Wind Power LLP due to the delay in the implementation of the 50 MW wind power plant construction project in Ereymentau and the litigation of Ereymentau Wind Power LLP with the Settlement and Financial Center for Support of Renewable Energy Sources LLP in relation to prolongation of contract on provision of tariff for electricity sales.

The Group recognized a full impairment of construction in progress objects in the amount of 4,913 million tenge and prepayments on long-term assets in the amount of 9,156 million tenge (*Note 30*) (December 31, 2022: impairment of long-term assets of 6,220 million tenge).

Expansion and reconstruction of Ekibastuz GRES-2 with the installation of power unit No. 3

In 2008, EGRES-2 began preparations for the construction of power unit No. 3 with a capacity of 500 MW. Subsequently, the construction plan was revised and until 2016 the company was at the stage of implementing design estimates, preliminary construction and purchasing the necessary equipment for the new power unit No. 3 with a capacity of 630 MW. On August 29, 2016, EGRES-2 terminated the general contract for the construction of power unit No. 3, concluded between EGRES-2 and KVARTZ KZ LLP, due to the postponement of the construction of power unit No. 3.

EGRES-2 carried out a number of activities related to the construction of power unit No. 3, including:

- On March 14, 2022, the Market Council Commission for the consideration of investment programs made a unanimous decision to recommend for consideration by the authorized body the investment program of EGRES-2 JSC “Expansion and reconstruction of EGRES-2 with the installation of a power unit st. No.3”;
- A significant part of the technological equipment for the power unit has been accepted. At the same time, in order to complete the construction of the power unit, it is necessary to make additional orders for the manufacture of the missing part of the equipment.

Due to the insufficiency of generating capacity, according to the forecast balances of electrical energy and capacity for 2024 - 2030, the Ministry of Energy of RK predicts a significant shortage of electrical energy by 2030. And also in connection with the introduction of a significant volume of renewable energy sources by 2030, the construction of additional flexible capacities for regulation is required. In the forecast balance, in order to reduce the shortage of electricity and maneuverable power, the construction of new stations was envisaged, including the expansion of EGRES-2 and the construction of a new station of GRES-3.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Power generating assets (continued)

Expansion and reconstruction of Ekibastuz GRES-2 with the installation of power unit No. 3 (continued)

The management of the Group, taking into account the above facts, is considering the possibility of using existing Chinese equipment a) for the further construction of a flexible power unit at EGRES-2, and also b) the possible sale of equipment at GRES-3 for the construction of a new station. The Group is currently developing a Preliminary Feasibility Study for the project "Construction of State District Power Plant-3. Stage I".

Management estimates the assets' recoverable amount, which is determined as the higher of its fair cost less costs to sell and its cost. The calculation of recoverable amount requires the use of estimates and professional judgment by management that are considered reasonable in the circumstances.

The fair value measurement methodology used was based on an estimate of depreciable replacement cost ("cost method"). The cost method is used if the property being valued is new or is under construction, or is a specialized property for which it is not possible to obtain information on possible sale prices in the absence of an active market.The equipment of power unit No. 3 is specialized and there are no transactions with assets similar to those being assessed. When using the cost method, certain key elements are taken into account, such as: a) understanding the specifics of the asset, b) the useful life of the asset and the date of manufacture of the equipment, c) assessing economic/external obsolescence and others.

As a result of the analysis of the asset's recoverable amount, an additional provision on equipment was recognized in the amount of 13,216 million tenge as of December 31, 2023 (*Note 30*).

Mobile Telecom Service LLP, Kcell JSC and IP TV

For impairment testing, goodwill related to *Communication* segment acquired through business combinations was allocated to three unites (further "CGUs"), Mobile Telecom Service LLP, Kcell JSC and IP TV (*Note 9*).

The carrying amount of goodwill allocated to each of CGUs was as follows:

In millions of tenge	**2023**	2022
Mobile Telecom-Service LLP	**96,206**	96,206
Kcell JSC	**53,490**	53,490
IP TV	**2,706**	2,706
	152,402	152,402

For the purposes of impairment testing, the Group assessed the recoverable amount of each cash-generating unit to which goodwill was allocated or for which impairment indicators were identified.

In 2023 the recoverable amount of all cash-generating units was determined as value in use using a discounted cash flow model. This valuation method uses cash flow forecasts based on actual operating results and business plans approved by management, as well as appropriate discount rates that reflect the time value of money and the risks associated with the underlying cash-generating units. For periods not covered by management's business plans, terminal value is used. Terminal value is calculated from cash flow forecasts by extrapolating the results of the relevant business plans using a zero real growth rate.

Assessment of future cash flows require assumptions regarding uncertain factors, including management's expectations regarding earnings before interest, taxes, depreciation and amortization (EBITDA) margins, the timing and volume of capital expenditures, terminal growth rates and appropriate discount rates to reflect associated risks. Accordingly, the EBITDA margin and capital expenditures used to calculate value in use are primarily derived from internal sources, based on past experience and expanded to reflect management's expectations. For impairment testing purposes, EBITDA is calculated as earnings before interest, taxes, depreciation and amortization, determined on the basis of IFRS consolidated financial statements.

The table below shows the EBITDA margin applied to calculate the value in use of the relevant CGUs:

	2023	2022
Mobile Telecom-Service LLP	**46.0% - 47.9%**	48.6% - 55.3%
Kcell JSC	**37.3% - 45.7%**	41.5% - 53.8%
IP TV	**2% - 7%**	(2%) - 24%
Kazakhtelecom JSC	**23.5% - 24.3%**	21.3% - 22.08%

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Mobile Telecom Service LLP, Kcell JSC and IP TV (continued)

The table below presents capital costs as a percentage of revenue used to calculate the value in use of the relevant CGU:

	2023	2022
Mobile Telecom-Service LLP	**26.3%**	21.4%
Kcell JSC	**18.0%**	15.7%
IP TV	**1.0%**	2.5%
Kazakhtelecom JSC	**10.9%**	11.93%

The table below shows the growth rates in the post-forecast period used to calculate the value in use of the corresponding CGU:

	2023	2022
Mobile Telecom-Service LLP	**4.31%**	1.50%
Kcell JSC	**3.20%**	1.50%
IP TV	**5.00%**	1.50%
Kazakhtelecom JSC	**5.00%**	1.50%

The table below presents pre-tax rates for discounting cash flows in the functional currencies of the relevant CGU:

	2023	2022
Mobile Telecom-Service LLP	**15.42%**	16.33%
Kcell JSC	**13.88%**	16.33%
IP TV	**15.41%**	14.97%
Kazakhtelecom JSC	**15.41%**	14.97%

Sensitivity to changes in assumptions – Mobile Telecom Service LLP, Kcell JSC and IP TV

Reasonably possible changes in the EBITDA margin, growth rates beyond the forecast period and discount rates do not lead to additional impairment of Mobile Telecom Service LLP, Kcell JSC and IP TV.

Sensitivity to changes in assumptions – Kazakhtelecom JSC (hereinafter- "KTC")

The calculation of value-in-use for KTC CGU is most sensitive to the following assumptions:

- EBITDA margin included in the financial plan;
- Growth rates beyond the forecast period;
- Discount rate.

Decrease in EBITDA margin by more than 1.5% from 23.5% to 22% in 2024 and gradually further in the forecast period would lead to an impairment loss of KTC CGU in the amount of 4,006 million tenge.

Decrease in growth rates of 2.5% from 5% to 2.5% would result in impairment loss of KTC CGU in the amount of 2,598 million tenge.

An increase in discount rate by 1% from 15.41% to 16.41% would do not lead to additional impairment of KTC CGU.

Gas turbine power plant and water treatment assets (Karabatan Utility Solutions LLP)

The Group analysed the availability of indicators of impairment of property, plant and equipment of the Group's subsidiary, Karabatan Utility Solutions LLP (further "KUS"), as at December 31, 2023. Approval of tariff and tariff estimates for regulated services on water supply through distribution networks and wastewater removal and treatment was determined as the main indicator of impairment of property, plant and equipment. Accordingly, the Group performed an impairment test of property, plant and equipment as at December 31, 2023. As a result of assessment, the recoverable amount of non-current assets exceeds their carrying value, thus, no impairment of non-current assets was recognized.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Gas turbine power plant and water treatment assets (Karabatan Utility Solutions LLP) (continued)

KUS calculates the recoverable amount using a discounted cash flow model. Discount rate of 16.77% was derived from the company's weighted average cost of capital. The business plan approved by the Group for the period 2024-2028 is the main source of information as it contains projections of production volumes, sales volumes, revenues, costs and capital expenditure.

Various assumptions such as electricity and water sales price forecasts, inflation rates take into account existing prices, foreign currency exchange rates and other macroeconomic factors, and historical trends and fluctuations. Estimated cash flows were limited to the end of the useful life date of property, plant and equipment in 2051. Costs up to 2028 were projected based on KUS budget and business plan, as well as current estimates by KUS management of potential changes in operating and capital expenditures.

Sensitivity of property, plant and equipment impairment test to significant assumptions

Key assumptions required for estimation of recoverable amount are inflation rate, discount rate and tariff with tariff estimates for regulated services of water supply through distribution network and wastewater removal and treatment. The sensitivity to changes in the key assumptions has been assessed. 1% increase in discount rate would result in an increase in impairment loss by 2,643 million tenge.

Decrease in tariff for regulated services of water supply through distribution network and wastewater removal and treatment by 10% from the forecast tariff of 2,180 tenge excluding VAT per 1 m^3 and 2,267 tenge excluding VAT per 1m3 respectively will lead to increase in impairment loss by 3,790 million tenge.

Assets retirement obligations

Under the terms of certain subsoil use contracts, legislation and regulations, including the Environmental Code of the Republic of Kazakhstan, the Group has legal obligations to remediate damage caused to the environment from its operations and 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 and final closure activities such as removal of pipes, buildings, decommissioning of mining assets and landfills, dismantling of equipment and recultivation of the contract territories.

The provision for asset retirement obligations is estimated based upon the Group's interpretation of current environmental legislation in the Republic of Kazakhstan and the Group's related programme for liquidation of subsurface use consequences on the contracted territory and other operations supported by the feasibility study and engineering research in accordance with the applicable restoration and retirement standards and techniques.

Provisions for asset retirement obligations are subject to potential changes in environmental regulatory requirements and the interpretation of the legislation. Provisions for mining assets and landfills retirement obligations are recognised when there is a certainty of incurring of such liabilities and when it is possible to measure the amounts reliably.

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.

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*.

Oil and gas production facilities

The Group calculates asset retirement obligations separately for each contract. 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 Kazakhstan market. Since the subsoil use contract terms cannot be extended at the discretion of the Group, the settlement date of the final closure obligations has been assumed to be the end of each subsoil use contract period.

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. The Group estimates future well abandonment cost using current year prices and the average long-term inflation rate.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Assets retirement obligations (continued)

Oil and gas production facilities (continued)

The long-term inflation and discount rates used to determine the obligation in the consolidated statement of financial position across the Group entities at December 31, 2023 were in the range from 2.03% to 14.54% and from 6.20% to 11.37%, respectively (December 31, 2022: from 2.09% to 15.05% and from 6.42% to 12.38%, respectively). As at December 31, 2023 the carrying amounts of the Group’s asset retirement obligations relating to decommissioning of oil and gas facilities were 124,246 million tenge (December 31, 2022: 91,150 million tenge) (*Note 22*).

Major oil and gas pipelines

Asset retirement obligation is calculated based on estimate of the work to decommission and rehabilitate. As at December 31, 2023, the carrying values of the Group’s asset retirement obligations relating to decommissioning of pipelines, compressor stations and land were 123,277 million tenge (December 31, 2022: 102,501 million tenge) (*Note 22*).

Assets related to uranium production

Provision is made based upon the net present values of estimated site restoration and retirement costs as soon as the obligation arises from past mining activities. The scope of work stipulated by the legislation and included in the calculations of the asset retirement obligations contains the dismantling of facilities and infrastructure (pumping, injection and observation wells, technological units for acidification and distribution of solutions, pipelines, access roads, technological sites, landfills, buildings and other facilities) and subsequent restoration of land.

The calculation of the provision for production assets retirement as at December 31, 2023 was performed by the Group’s internal specialists and reviewed by an independent consultant.

Principal assumptions used in the estimations include:

- A discount rate that reflects the current market estimates of the time value of money and those risks specific to the liability not reflected in the best estimate of the costs. The discount rate is based on a risk-free rate determined by reference to the interest rate on government bonds with maturity matching the period of the group’s each subsoil use contract, range of 11.7% - 13.3% (2022: average 11.55%);
- Long-term inflation rate applied to the nominal costs calculated at current prices of 4.01% - 6.39% in 2023 (2022: average 5.99%);
- Discounting period in accordance with the estimated life of mines and reserves depletion period;
- Low radioactive waste management program assumes removal and disposal at special landfills owned by the group.

At December 31, 2023, site restoration provision for mining assets was 38,100 million tenge (2022: 38,116 million tenge) (*Note 22)*.

Decommissioning of the Ulba plant facility

Based on the analysis carried out by the Group’s specialists, as well as based on the interpretation of current environmental legislation and IFRS requirements, in 2022 the Group recognised an obligation to decommission, dismantle and reclaim the Group’s facilities.

The liability for decommissioning, dismantling and reclamation was assessed and recognised in relation to the following facilities: facilities classified as category I (facilities that have a significant negative impact on the environment): JSC Ulba Metallurgical Plant site in Ust-Kamenogorsk, as well as assets technologically related to them and located on the territory of the industrial site. The Group assessed liquidation obligations based on the methodology approved by the Environmental Code.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Assets retirement obligations (continued)

Assets related to uranium production (continued)

Decommissioning of the Ulba plant facility (continued)

Principal assumptions used in the estimations include:

- Current prices are inflated using the expected long-term inflation rate of 6.39% for assets with liquidation term until 2027, 4.49% for assets with liquidation term until 2042, 3.76% for assets with liquidation term after 2044 (2022: 7.7% for assets with liquidation term until 2027, 4.6% for assets with liquidation term until 2042, 3.93% for assets with liquidation term after 2044), and subsequently discounted;
- The discount rate for calculation of the provision as of December 31, 2023 is 13.3% for assets with liquidation term until 2027, 12.15% for assets with liquidation term until 2042, 10.36% for assets with liquidation term after 2044. (December 31, 2022: 14.4% for assets with liquidation term until 2027, 11.3% for assets with liquidation term until 2042, 10% for assets with liquidation term after 2044);
- The discounting period equates to the remaining useful life of buildings and constructions, of not less than 50 years.

All buildings and constructions are subject to annual technical reviews to determine required capital and operating expenditure requirements.

Total provision for the Ulba Metallurgical Plant JSC as of December 31, 2023 amounted to 8,382 million tenge (2022: 9,243 million tenge).

Based on the Group's analysis of current regulation, management concluded that certain other Ulba metallurgical plant's assets should be excluded from asset retirement obligations as at December 31, 2023 since there is no reasonable calculation method for these types of assets and/or the potential amount of such liabilities is not significant.

This judgement is based on the following:

- Such assets do not have a significant negative impact on the environment and ecological legislation does not require financial provision for the assets;
- Production processes involving these assets do not lead to consequences that would require dismantlement and recultivation works to mitigate the negative environmental impact.

As the requirements of the Environmental Code are relatively new, there is no practice of applying these requirements and there are ambiguities in the legislation, management has applied significant judgment in terms of assessing liabilities and their amounts. In case of changes in environmental legislation, its interpretation and practice of its application, as well as in the judgments and in the Group's estimates, such liabilities may be revised in the future.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Assets retirement obligations (continued)

Assets retirement obligations related to the power generating facilities

The following judgments were applied by the Group in determining the amount of the obligation to eliminate the consequences of the operation of the facilities as at December 31, 2023 and December 31, 2022:

- Calculation of obligations to eliminate the consequences of the operation of the facilities was performed by the Group based on the results of assessments carried out by independent and internal specialists. The scope of work provided for by law and included in the calculation included the dismantling and disposal of the main equipment and mechanisms directly involved in the production of electrical and thermal energy (steam boilers, turbines, generators, fuel supply, etc.), engineering systems and structures intended for removal of combustion products, as well as equipment of fuel oil facilities and chemical reagents warehouse, which have a negative impact on the environment and the safety of life and/or health of people;
- There are assets (administrative buildings and other structures) on the balance sheet of facility operators in the Group, which in the future are very likely to be converted, and also have a minimal adverse impact on the environment, for which there is no need to recognize obligations to eliminate the consequences of their operation;
- For thermal power plants, referred to the I category, the amount of reserves is determined based on the expected costs that will be incurred by the facilities during the liquidation of the main equipment and mechanisms directly involved in the production of electrical and thermal energy (steam boilers, turbines, generators, fuel supply, etc.), engineering systems and structures designed to remove combustion products, as well as equipment for fuel oil facilities and a chemical reagents warehouse, as well as facilities and equipment of the fuel oil economy, which really have an adverse impact on the environment;
- The Group’s management applied the judgment that the deadline for the liquidation of category I facilities of EGRES-1 and EGRES-2, which have a negative impact on the environment, is in 2055 and 2053, respectively, based on the useful lives of the assets.

These useful lives are justified by the fact that the residual fleet life of the main and auxiliary equipment and engineering structures of the main equipment will be extended through major repairs or reconstruction until the end of filling the existing ash dumps:

- Deadlines for closing ash dumps are applied in accordance with the approved working projects for closing ash dumps per the “Rules for the formation of liquidation funds for waste disposal sites” approved by Decree of the Government of the RK dated July 10, 2007 No. 591. Coal reserves are sufficient to continue the work on these stations. These periods were determined based on the need to ensure the country’s energy security in response to a predicted shortage of electricity in the RK;
- For ales, the deadlines for the liquidation of CHPP-2 and CHPP-3 facilities were applied taking into account the timing of implementation, commissioning and technical parameters of the projects "Modernization of Almaty CHPP-2 with minimization of environmental impact" and "Reconstruction of Almaty CHPP-3";
- Hydroelectric power plants of the Group belong to category II facilities.the Shardara hydroelectric power station, as a strategic complex structure, which is an integral part of the hydrotechnical complex of the Shardara hydroelectric complex on the Syrdarya River, which has a direct purpose for flood control and irrigation, due to the specifics of its activity, does not eliminate embankments / dams and adjacent hydraulic structures; at the same time, in the opinion of the station’s management, the liquidation work of the company may be limited to the dismantling of the equipment of hydroelectric units and some surface utility facilities, and the provision to cover them is not significant at the reporting date;
- For the Moinak hydroelectric power plant, , in accordance with the legislation, the Group’s management applied the judgment that the useful lives of the main hydraulic structures, as structures of I and II classes, in the conditions of timely overhauls amount to 60 years. After the expiration of useful lives of the main building of the hydroelectric power plant, the diversion tunnel and the halfway, in accordance with the norms of the “Methodological recommendations on the procedure for extending the life of the safe operation of technical devices, equipment and structures at hazardous production facilities,” further use of these structures as a hydrological post and mudflow holders during the flood period is expected on the Sharyn River.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Assets retirement obligations (continued)

Assets retirement obligations related to the power generating facilities (continued)

At the same time, in the opinion of the plant’s management, the liquidation work of the Company may be limited to the dismantling of the equipment of hydroelectric units and some surface utility facilities, and the provision for their coverage is not material at the reporting date;

- AZhK facilities in III and IV categories. Due to the fact that AZhK's production facilities have an insignificant minimum negative impact on the environment, the Group has not accrued obligations for liquidation of the consequences of activities in these consolidated financial statements, as there is currently no reasonable calculation method for these types of assets, and the Group has received confirmation from government authorities on the absence of obligations to eliminate the consequences for the environment;
- Wind and solar power plants recognize provisions for dismantling and removal of generating and technological equipment, further, the liquidation terms are determined by the technical specifications of equipment and structures.

Key assumptions in making such estimates include estimates of the discount rate, amount and timing of future cash flows. The discount rate is based on the risk-free rate defined as the yield on government bonds with maturities that coincide with the liquidation of the facilities.

As of December 31, 2023, provision on obligations for liquidation of the consequences of operating the facilities were recalculated taking into account the updating of the costs for the liquidation of facilities based on the revision of inflation rates and the discount rate as of the reporting date.

Sensitivity analysis:

In millions of tenge	(Decrease)/increase in material assumptions	(Decrease)/increase in obligation to eliminate the consequences of operation of facilities
Inflation rates	-1%	(2,866)
	+1%	3,605
Discount rates	-1%	3,148
	+1%	(2,398)
Liquidation period	-10%	3,327
	+10%	(3,101)

Since the actual costs of eliminating the consequences of operating the facilities may differ from their estimates due to changes in relevant legislation, interpretation of regulations, technologies, prices and other conditions, and these costs will be incurred in the distant future, the carrying amount of the provisions is subject to regular review and adjustment to take into account such changes.

As of December 31, 2023 provision for assets retirement obligations related to the power generating facilities amounted to 24,883 million tenge (as of December 31,2022: 23,365 million tenge) (*Note 22*).

Provision for environmental remediation

The Group also makes judgments and estimates in establishing provisions for environmental remediation obligations. Environmental expenditures are capitalized or expensed depending upon their future economic benefit. Expenditures that relate to an existing condition caused by past operations and do not have a future economic benefit are expensed.

Liabilities are determined based on current information about costs and expected plans for remediation and are recorded on discounted basis. The Group’s environmental remediation provision represents management best estimate based on an independent assessment of the anticipated expenditure necessary for the Group to remain in compliance with the current regulatory regime in Kazakhstan and Europe. The Group has classified this obligation as non-current except for the portion of costs, included in the annual budget for 2024. For environmental remediation provisions, actual costs can differ from estimates because of changes in laws and regulations, public expectations, discovery and analysis of site conditions and changes in clean-up technology. Movements in the provision for environmental remediation obligations are disclosed in *Note 22*.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Provision for taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of the Group's international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable profits and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates.

The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

In assessing tax risks, management considers to be probable obligations the known areas of non-compliance with tax legislation, which the Group would not appeal or does not believe it could successfully appeal, if additional taxes are charged. 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 subsurface use contracts, the determination of expected outcomes from pending tax proceedings and current outcome of ongoing compliance audits by tax authorities. The provision for taxes disclosed in *Note 22* relates to the Group's other taxes. Provisions and contingent liabilities related to income tax are included or disclosed as income tax liabilities or contingencies (*Note 34*). Further uncertainties related to taxation are disclosed in *Note 38*.

Provision for construction of social objects

The Government assigns various sponsorship and financing obligations to the Group. Management of the Group believes that such Government's assignments represent constructive obligations of the Group and require recognition on the basis of respective resolution of the Government of the Republic of Kazakhstan. Furthermore, as the Government is the ultimate controlling party of the Group, the expenditures on these assignments are recognized as "other distributions to the Shareholder" directly in the equity.

Useful lives of items of property, plant and equipment

The Group assesses remaining useful lives of items of property, plant and equipment at least at each financial year-end. 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*.

VAT recoverability

The Group conducts an assessment of the recoverability of VAT and, if required, makes provisions for doubtful VAT recoverable at each reporting date. The provision for doubtful VAT recoverable is determined based on the management's anticipated VATable turnovers and the likelihood of cash refunds for VAT. As at December 31, 2023, an amount of 386,977 million tenge related to VAT recoverable has been recognized as a current asset (as at December 31,2022: 203,658 million tenge). The Group anticipates that this amount will either be refunded by the tax authorities or utilized to offset future VAT liabilities in 2024.

Deferred tax assets

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. The carrying amount of recognized deferred tax assets as at December 31, 2023 was equal to 108,379 million tenge (December 31, 2022: 89,252 million tenge). Further details are contained in *Note 34*.

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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Fair value of financial instruments (continued)

The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value of financial instruments reported in the consolidated financial statements. Further details are disclosed in *Note 37*.

Employee benefit liability

The Group uses actuarial valuation method for measurement of the present value of defined employee benefit liability and related current service cost. This involves use of demographic assumptions about the future characteristics of current and former employees who are eligible for benefits (mortality, both during and after employment, rates of employee turnover, etc.) as well as financial assumptions (discount rate, future annual financial assistance, future annual minimum salary and future average railway ticket price).

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.

Estimation of expected credit losses

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's credit grading model, which assigns PDs to the individual grades;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulae and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as oil price with one year lag, and the effect on PDs, EADs and LGDs.

Accounting treatment of financing arrangements with Industrial Development Fund JSC

The Group, represented by Passenger Transportation JSC and Tulpar Wagon Construction Plant LLP, entered into a number of trilateral purchase-sale and finance lease agreements with Industrial Development Fund JSC, which is under the common control of the Shareholder, to renew its passenger carriage fleet. Under the agreements, Industrial Development Fund JSC finances Tulpar Wagon Construction Plant LLP's construction of passenger carriages on a 100% prepayment basis for ownership with a further finance lease to Passenger Transportation JSC.

Management of the Group concluded that the transaction between Tulpar Wagon Construction Plant LLP and Industrial Development Fund JSC does not meet the requirements of IFRS 15 Revenue from Contracts with Customers to account for the asset sale at the Group level, as control over passenger carriages is not transferred to Industrial Development Fund JSC, but remains with the Group.

Industrial Development Fund JSC finances the construction of the carriages, but is limited in its ability to direct the subsequent use of and obtain all of the remaining benefits from the asset. Accordingly, the Group recognises the obligation to Industrial Development Fund JSC, before the loss of control over the Railway Passenger Coach Construction Plant LLP, separated from the Tulpar Wagon Construction Plant LLP (*Note 7*), as a financial liability (borrowing) according to IFRS 9 *Financial Instruments* and recognises passenger carriages and work-in-progress as property, plant and equipment items and construction in progress in accordance with IFRS 16.103 *Leases*.

Swap transactions

The Group sells part of its uranium products under swap transactions with separate agreements with the same counterparty, being for sales and purchase of the same volume of uranium for the same price at different delivery points or different timeframes. Effectively, this results in the exchange of own uranium (produced or purchased from the Group's entities) with purchased uranium.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Swap transactions (continued)

Normally, under a swap transaction, the Group delivers physical uranium to one destination point, and purchases the same volume of uranium at a third-party converter for sale to end customers. Swap transactions are entered into primarily to reduce transportation costs for uranium delivery from Kazakhstan to end customers.

Despite the fact that swap agreements are not formally related to each other, management concluded that these transactions are in substance linked and would not have occurred on an isolated basis, driven by the existing market demand and supply forces. In management’s view, supply of the same volume of homogeneous product (uranium) for the same price represents an exchange of products, which should be presented on a net basis in the consolidated financial statements, reflecting the economic substance of the transaction. Interpretation of terms and approach to the accounting for swap transactions requires judgement.

In 2023, the Group did not recognise sales revenue from swap transactions of 139,322 million tenge (2022: 195,958 million tenge) and related cost of sales of 149,209 million tenge (2022: 207,789 million tenge). The Group has also increased other accounts receivable for 72,978 million tenge, accounts payable for 31,215 million tenge with net effect impacting inventories. Given that swap agreements require cash payments, accounts receivable represent cash receipts expected for purchased and paid uranium under swap agreement, accounts payable represent expected cash payments for sold uranium under swap agreement, where accounts receivable was repaid by the counterparty.

Enrichment of natural uranium

The Group purchases uranium enrichment services from Uranium Enrichment Center JSC (UEC) in Russia. The transaction is structured as two separate agreements. Group sells natural uranium and purchases enriched uranium from UEC. Despite agreements with UEC are not formally related, the management concluded that these transactions are in substance linked and would not have occurred on an isoldated basis. Effectively, this results in the sales of uranium with an obligation to repurchase it in the form of enriched uranium, in accordance with IFRS 15 requirements no revenue from sales of uranium to UEC should be recognised, reflecting the economic substance of the transaction.

Interpretation of terms and approach to the accounting for transactions with UEC requires judgement. The cost of enrichment services included in cost of sales in the amount of 40,643 million tenge (2022: 13,363 million tenge) in production services rendered line item (*Note 27*).

Purchase and sales agreements with UEC assumed cash transfers, starting from 2023 the Group changed the contract terms to settle cash transfers on a net basis.

Changes in legislation on the electricity market in the RK from July 1, 2023

In accordance with the Rules for the organization and functioning of the wholesale electricity market with amendments and additions, approved by order of the Minister of Energy of the RK dated June 30, 2023 No. 249, from July 1, 2023, a transition was made to a new model of the electricity sales market with the introduction of a unified purchaser of electrical energy, Settlement and Financial Center for Support of Renewable Energy Sources LLP (hereinafter referred to as “RFC”). In accordance with the new model, all energy-producing organizations are obliged to sell electrical energy to a single purchaser of electrical energy. The RFC then sells electrical energy in accordance with sales agreements by a single purchaser of electrical energy to energy transmission and energy supply organizations, consumers of electrical energy and digital miners on the wholesale electrical energy market.

The Group conducted an analysis to assess the impact of changes on the revenue recognition process in accordance with *IFRS 15 Revenue from Contracts with Customers*. As a result, the Group determined that for Group’s consolidated financial statements, the electricity sales contracts of power plants and purchase contracts of distribution and trade entities of the Group are considered as repurchase agreements in accordance with IFRS 15. Accordingly, the Group eliminated the cost of purchasing electricity and revenue from sales of electricity by power plants at the consolidation level of the Group.

To calculate the amount of elimination, the Group used the actual electricity volume purchased by Group’s subsidiaries from the RFC and weighted average selling price of electricity in accordance with the approved cap tariffs of the Group’s power plants.

The elimination amount for 2023 amounted to 84,760 million tenge. This adjustment is reflected for the purpose of presenting the revenue and costs of sales of the Group from a single economic unit perspective and does not affect the financial results of the Group.

Apart from the above, the new model of power market, which came into force on July 1, 2023 did not have a significant impact on the revenue recognition.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Liabilities under inventory loan agreements (continued)

Uranium loans are part of the Group’s normal inventory management policy, required to mitigate logistical risks that could affect the timely delivery of Kazakhstani uranium to Western conversion enterprises due to heightened geopolitical instability. The Group enters into inventory loan agreements, according to which one party (the lender) undertakes to provide the other party (the borrower) with products, and the borrower obliges to return to the lender an identical amount of uranium products. The Group obtains inventory loans to facilitate the performance of its uranium supply obligations. The Group classifies inventory loans received as a non-financial liability.

Upon receipt of the inventory loan, the Group accounts for the inventory at the contracted cost. Liability arising from inventory loan are recognised as part of other liabilities at the fair value of the uranium products at the reporting date. Subsequent revaluation of the inventory loan is carried out through profit or loss as part of other operating income/expenses in accordance with changes in the fair value of uranium products.

As at December 31, 2023 the fair value of liability under inventory loan agreement was 91,151 million tenge (December 31, 2022: 19,147 million tenge) (*Note 25*).

Accrued payable for gas purchase agreements

As at December 31, 2023 the Group has trade payables for the purchase of gas totaling 109,819 million tenge without price agreement (*Note 25*). Due to the fact that the previous contracts were terminated and the procedure for agreeing prices and concluding new contracts has not yet been completed, the Group recognised accounts payable on an accrual basis, based on the best estimate of the Group's management.

When estimating accounts payable, management took into account gas purchase prices based on the previous contracts, the geographic distribution of purchased gas and analysis of the cost of supplies by regions, correspondence with the supplier, the status of negotiations with the supplier at the level of the Ministry of Energy of the RK, as well as the mechanism for determining the gas purchase price provided for in the Memorandum of Understanding between the Government of the RK and the supplier.

Application of the maximum purchase price after the discount offered by the supplier during negotiations, would lead to an increase in accounts payable as at December 31, 2023 by 65,319 million tenge, an increase in the inventory balance as at December 31, 2023 by 8,674 million tenge and an increase in cost of sales for 2023 by 56,645 million tenge.

At the issue date of these consolidated financial statements, management is still negotiating and expects to agree on prices and sign contracts by the end of the 1st half of 2024.

5. BUSINESS COMBINATION

Acquisition of Dunga Operating GmbH

On October 9, 2023 the subsidiaty of the Group, National Company “KazMunayGas” JSC (“KMG”), signed a purchase agreement with TOTALENERGIES EP DENMARK A/S for the acquisition of a 100% of the shares of Total E&P Dunga GmbH (renamed to Dunga Operating GmbH in December 2023), engaged in the exploration and production of crude oil and natural gas. The base consideration comprises of 358.5 million US dollars (equivalent to 165,913 million tenge). The agreement contains certain closing conditions precedent, which were met on October 30, 2023 and on November 20, 2023, the transaction was completed after the re-registration of Dunga Operating GmbH shares to KMG. The Group has obtained control over Dunga Operating GmbH, increasing the Group’s share in the hydrocarbon resource base and production of the crude oil and natural gas on the market of the Republic of Kazakhstan.

The Group assessed the fair value of the net identifiable assets and liabilities of Dunga Operating GmbH at provisional amounts being the fair value of the consideration given of 358.5 million US dollars (equivalent to 165,913 million tenge). The initial accounting for the business combination has not been completed. In accordance with *IFRS 3 Business Combinations* the valuation of property, plant and equipment will be completed and accounted for within 12 months from the date of acquisition.

5. BUSINESS COMBINATION (continued)

The provisional fair values of the identifiable assets and liabilities of Dunga Operating GmbH as at the date of acquisition are as presented below:

In millions of tenge	**At the date of acquisition**
Assets	
Non-current assets	
Property, plant and equipment	192,313
Intangible assets	7,005
Amounts due from credit institutions	5,413
Current assets	
Inventories	6,607
Income tax prepaid	2,316
Trade accounts receivable	9,426
Other current financial assets	58
Other current assets	7,792
Cash and cash equivalents	7,961
Total assets	**238,891**
Non-current liabilities	
Provisions	4,346
Deferred tax liabilities	55,196
Current liabilities	
Trade and other payables	11,881
Other current liabilities	1,555
Total liabilities	**72,978**
Total identifiable net assets at provisional fair values	**165,913**
Purchase consideration transferred, including withholding tax	165,913

The business of Dunga Operating GmbH is represented in the Group's *Oil-and-gas and petrochemical* segment in these consolidated financial statements.

The acquisition date fair value of the trade accounts receivable amounts to 9,426 million tenge, that is the gross amount of trade accounts receivable. It is expected that the full contractual amounts can be collected.

6. ACQUISITION UNDER COMMON CONTROL

"AES Shulbinskaya GES" LLP, "AES Ust-Kamenogorskaya GES" LLP and National Geological Exploration Company "Kazgeology" (hereinafter Shulbinskaya GES, UK GES and Kazgeology)

In accordance with the Resolution of the Government of the Republic of Kazakhstan No. 1033 dated December 20, 2022, on April 19, 2023 state-owned shares of Shulbinskaya GES and UK GES were transferred to the Fund. Also, in accordance with the Resolution of the Government of the Republic of Kazakhstan No. 971 dated December 30, 2021, on September 12, 2023 state-owned shares of Kazgeology were transferred to the Fund.

These transactions represent business combination of entities under common control and are accounted for retrospectively under the pooling of interest method based on the carrying value of assets and liabilities of Shulbinskaya GES, UK GES and Kazgeology in predecessor's accounting books. Accordingly, these consolidated financial statements were presented as if the shares of Shulbinskaya GES, UK GES and Kazgeology were transferred at the beginning of the earliest presented period. As a result, relevant comparative information was restated.

Assets and liabilities of Shulbinskaya GES, UK GES and Kazgeology were recorded in these consolidated financial statements at carrying amounts recorded in its financial statements, together with corresponding credit to equity.

6. ACQUISITION UNDER COMMON CONTROL (continued)

Impact on comparative data due to acquisition of Shulbinskaya GES, UK GES and Kazgeology is presented below:

In millions of tenge	**As at December 31, 2022**
Impact on financial position:	
Increase in assets	
Increase in non-current assets	
Increase in property, plant and equipment	42,827
Increase in intangible assets	277
Increase in investments in joint ventures and associates	860
Increase in other non-current financial assets	3,602
Increase in deferred tax assets	284
	47,850
Increase in current assets	
Increase in inventories	806
Increase in income tax prepaid	280
Increase in trade accounts receivable	1,890
Increase in other current financial assets	50
Increase in other current assets	95
Increase in cash and cash equivalents	5,413
	8,534
Increase in total assets	**56,384**
Increase in non-current liabilities	
Increase in employee benefit liabilities	86
Increase in deferred tax liabilities	4,915
	5,001
Increase in current liabilities	
Increase in provisions	18
Increase in trade and other payables	872
Increase in employee benefit liabilities	16
Increase in other current financial liabilities	262
Increase in other current liabilities	454
	1,622
Increase in total liabilities	**6,623**
Increase in equity	
Increase in retained earnings	49,761
Increase in equity, attributable to equity holders of the Parent	**49,761**
Increase in total equity	**49,761**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. ACQUISITION UNDER COMMON CONTROL (continued)

"AES Shulbinskaya GES" LLP, "AES Ust-Kamenogorskaya GES" LLP and National Geological Exploration Company "Kazgeology" (hereinafter Shulbinskaya GES, UK GES and Kazgeology) (continued)

In millions of tenge	**For the year ended December 31, 2022**
Impact on the results:	
Revenue	20,897
	20,897
Cost of sales	(13,620)
Gross profit	**7,277**
General and administrative expenses	(1,330)
Expected credit losses on financial assets	(198)
Operating profit	**5,749**
Finance income	883
Other non-operating loss	(316)
Other non-operating income	249
Share in profit of joint ventures and associates, net	129
Profit before income tax	**6,694**
Income tax expenses	(1,514)
Profit for the period	**5,180**
Other comprehensive income	
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	
Actuarial gain on defined benefit plans	10
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	**10**
Other comprehensive income for the period, net of tax	**10**
Total comprehensive income for the period, net of tax	**5,190**
Net profit for the period attributable to:	
Equity holders of the Parent Company	5,180
	5,180
Total comprehensive income for the period attributable to:	
Equity holders of the Parent Company	5,190
	5,190

In 2022 Shulbinskaya GES, UK GES and Kazgeology declared and paid dividends to the Shareholder in the amount of 2,241 million tenge, 1,857 million tenge and 168 million tenge, respectively, based on financial results of 2021.

The net cash flows effect for the year ended December 31, 2022 were as follows:

In millions of tenge	**For the year ended December 31, 2022**
Operating	7,344
Investing	(4,211)
Financing	(4,266)
	(1,133)
Change in allowance for expected credit losses	4
Net decrease in cash and cash equivalents	**(1,129)**

6. ACQUISITION UNDER COMMON CONTROL (continued)

Acquisition of subsidiary under common control (continued)

"AES Shulbinskaya GES" LLP, "AES Ust-Kamenogorskaya GES" LLP and National Geological Exploration Company "Kazgeology" (hereinafter Shulbinskaya GES, UK GES and Kazgeology) (continued)

Increase in equity, attributable to equity holders of the Parent Company due to the acquisition of Shulbinskaya GES, UK GES and Kazgeology amounted to 48,837 million tenge as at December 31, 2021.

The business of Shulbinskaya GES and UK GES is included in the Group's Energy segment, and the business of Kazgeology is included in the Group's Mining segment in these consolidated financial statements.

7. DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE OR DISTRIBUTION TO THE SHAREHOLDER

Disposals in 2023

Railway Passenger Coach Construction Plant LLP

On December 13, 2022 the Group entered into a sale agreement with a third party for a 100% interest in the charter capital of Railway Passenger Coach Construction Plant LLP. As at December 31, 2022 the Group classified the assets and liabilities of Railway Passenger Coach Construction Plant LLP as a disposal group held for sale at the lower of their carrying amount and fair value less costs to sell. Since this subsidiary does not represent a separate major line of business for the Group, the Group did not classify the financial performance of the subsidiary as a discontinued operation. On January 27, 2023 the Group completed the transaction on the date of the state re-registration and lost control over the subsidiary.

At the date of loss of control net assets of Railway Passenger Coach Construction Plant LLP were as follows:

In millions of tenge	**Net assets at the date of disposal**
Property, plant and equipment	5,666
Inventories	40
VAT receivable	2
Other current financial assets	40,000
Other current assets	7
Cash and cash equivalents	52
Total assets	**45,767**
Trade and other payables	20
Other current liabilities	40,029
Total liabilities	**40,049**
Net assets	**5,718**

The result of the disposal of a subsidiary is presented as follows:

In millions of tenge	
Proceeds from disposal of subsidiary	12,000
Net assets disposed	(5,718)
Result of disposal of Railway Passenger Coach Construction Plant LLP	**6,282**

Kalamkas-Khazar Operating LLP (hereinafter – "KKO")

On February 9, 2023, the Group, represented by its subsidiary the "National Company "KazMunayGas" JSC, and Lukoil PJSC signed a purchase and sale agreement for a 50% share of KKO, subsidiary of the Group, holder of a contract for the production of hydrocarbons at the Kalamkas-Sea, Khazar and Auezov subsoil blocks located in the Kazakhstani sector of the Caspian Sea. On September 11, 2023, KKO was re-registered after the parties fulfilled the suspensive conditions of a purchase and sale agreement. As a result of the transaction, the Group lost control over KKO.

7. DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE OR DISTRIBUTION TO THE SHAREHOLDER (continued)

Disposals in 2023 (continued)

Kalamkas-Khazar Operating LLP (hereinafter – "KKO") (continued)

The sale price of a 50% share was 200 million US dollars (equivalent to 93,258 million tenge at the date of disposal of subsidiary). According to the terms of the sale and purchase agreement, the sale price may be adjusted by 100 million US dollars if certain conditions are met (the Additional consideration). The Group recognized this Additional consideration as a financial asset measured at fair value through profit or loss in the amount of 29 million US dollars (equivalent to 14,154 million tenge).

On September 21, 2023, Lukoil PJSC made payment of cash consideration in the amount of 200 million US dollars (equivalent to 94,644 million tenge at the date of payment).

The investment retained in the former subsidiary is a joint venture accounted for using the equity method and its fair value is 93,258 million tenge (*Note 11*).

At the date of loss of control net assets of KKO were as follows:

In millions of tenge	**Net assets at the date of disposal**
Property, plant and equipment	5,185
Exploration and evaluation assets	14,678
VAT receivable	626
Cash and cash equivalents	20
Total assets	**20,509**
Borrowings	2,511
Trade and other payables	3,548
Other current liabilities	5
Total liabilities	**6,064**
Net assets directly associated with the disposal group	**14,445**
Cash consideration received at the date of disposal of subsidiary	93,258
Fair value of the Additional consideration at the date of disposal of subsidiary *(Note 14)*	14,154
Fair value of 50% retained interest in a joint venture *(Note 11)*	93,258
Gain from disposal of subsidiary	**186,225**

The results of KKO for the period from January 1, 2023 through the date of loss of control are presented below:

In millions of tenge	**January 1, 2023 – September 11, 2023**
General and administrative expenses	(108)
Finance income	7
Finance costs	(33)
Net foreign exchange loss	(98)
Income tax expenses	(1)
Net loss for the period	**(233)**

The net cash flows incurred by KKO for the period from January 1, 2023 through the date of loss of control are as follows:

In millions of tenge	**January 1, 2023 – September 11, 2023**
Operating	(102)
Investing	(16,937)
Financing	17,059
Net decrease in cash and cash equivalents	**20**

7. DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE OR DISTRIBUTION TO THE SHAREHOLDER (continued)

Disposals in 2022

PSA LLP (further PSA)

On December 20, 2022, the Group transferred to Corporate fund Samruk-Kazyna Trust 100% interest in PSA for 1 tenge. Samruk-Kazyna Trust is a non-commercial company, and the Group does not have control over it. As a result, the Group lost control over PSA.

The results of PSA for the period ended December 20, 2022 are presented below:

In millions of tenge	January 1, 2022 – December 20, 2022
General and administrative expenses	(8,950)
Finance costs	(58)
Net foreign exchange loss	(39)
Loss for the period	**(9,047)**

The net cash flows incurred by PSA period ended December 20, 2022 are as follows:

In millions of tenge	January 1, 2022 – December 20, 2022
Operating	(7,702)
Investing	(28)
Financing	11,871
Net increase in cash and cash equivalents	**4,141**

At the date of loss of control net assets of PSA were as follows:

In millions of tenge	Net assets at the date of loss of control
Assets	
Property, plant and equipment	36
Intangible assets	64
Right-of-use assets	255
VAT receivable	12
Other current assets	109
Cash and cash equivalents	4,137
Total assets	**4,613**
Liabilities	
Lease liabilities	286
Trade accounts payable	1,736
Other current liabilities	709
Total liabilities	**2,731**
Net assets directly associated with disposal group	**1,882**

7. DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE OR DISTRIBUTION TO THE SHAREHOLDER (continued)

Assets classified as held for sale or distribution to the Shareholder comprised the following:

In millions of tenge	**Segment**	**December 31, 2023**	December 31, 2022
Assets classified as held for sale, including		**1,684,796**	1,139,967
Kazakhstan Petrochemical Industries Inc. LLP	*Oil-and-gas and petrochemical*	***1,064,032***	*1,092,783*
Air Astana JSC	*Air transportation*	***618,826***	–
Railway Passenger Coach Construction Plant LLP	*Transportation*	**–**	*45,825*
Other		**1,938**	*1,359*
Assets classified as held for distribution to Shareholder		**104**	104
		1,684,900	1,140,071

Liabilities associated with assets classified as held for sale or distribution to the Shareholder comprised the following:

In millions of tenge	**Segment**	**December 31, 2023**	December 31, 2022
Liabilities associated with assets classified as held for sale		**(1,573,820)**	(1,045,093)
Kazakhstan Petrochemical Industries Inc. LLP	*Oil-and-gas and petrochemical*	***(1,052,257)***	*(1,045,062)*
Air Astana JSC	*Air transportation*	***(521,563)***	–
Railway Passenger Coach Construction Plant LLP	*Transportation*	**–**	*(31)*
		(1,573,820)	(1,045,093)

Kazakhstan Petrochemical Industries Inc. LLP (hereinafter - KPI)

In its consolidated financial statements, the Group had 99% share in KPI during 2022 and as at December 31, 2022 (KPI was a joint venture between two subsidiaries of the Fund, each holding per 49.5% share). On November 7, 2022, the Group signed the contract on sales of 40% share in KPI with the third party for the consideration of 180,000 thousand US dollars (equivalent to 83,601 million tenge) to be paid in installments until November 30, 2026. The sales transaction has not been completed by end of 2022 as certain conditions precedent were not met, therefore the Group retained control over KPI as at December 31, 2022 and December 31, 2023.

On February 27, 2024 upon completion of the transaction the control over KPI was lost and the investment was recognized at fair value as an investment in joint venture, as decisions about the relevant activities of KPI require the unanimous consent of the parties sharing control (*Note 40*). The fair value assessment of investment in joint venture will be completed during 2024.

Since this subsidiary does not represent a separate major line of business for the Group, the Group did not classify the financial performance of the subsidiary as a discontinued operation. The management of the Group expects the transaction will be completed within 12 months after the reporting date, therefore the assets and respective liabilities were reclassified into assets held for sale as at December 31, 2023.

7. DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE OR DISTRIBUTION TO THE SHAREHOLDER (continued)

Assets classified as held for sale or distribution to the Shareholder (continued)

Kazakhstan Petrochemical Industries Inc. LLP (hereinafter - KPI) (continued)

The assets and liabilities of KPI are presented as follows:

In millions of tenge	**December 31, 2023***	December 31, 2022*
Assets		
Property, plant and equipment	**920,956**	896,180
Intangible assets	**35,777**	38,265
Other non-current financial assets	**1,562**	–
Other non-current assets	**49,886**	57,448
Inventories	**11,683**	12,590
Income tax prepaid	**410**	475
Other current financial assets	**174**	23
Other current assets	**1,305**	7,182
Cash and cash equivalents	**42,279**	80,620
Assets classified as held for sale	**1,064,032**	1,092,783
Liabilities		
Borrowings	**957,992**	941,587
Other non-current financial liabilities	**18**	35
Deferred tax liabilities	**8,575**	8,964
Trade and other payables	**67,958**	68,161
Other current financial liabilities	**1,977**	1,105
Other current liabilities	**15,737**	25,210
Liabilities associated with assets classified as held for sale	**1,052,257**	1,045,062
Net assets held for sale	**11,775**	47,721

* *Assets and liabilities are presented after eliminations of intergroup transactions.*

For the year ended December 31, 2023 as a result of its operating activities KPI incurred revenue of 63,427 million tenge and expenses of 42,879 million tenge (for the year ended December 31, 2022: revenue of 8,966 million tenge and expenses of 5,747 million tenge) (*Notes 26, 27*).

Air Astana JSC (hereinafter - Air Astana)

In December 2023, a decision was made by the General Shareholder Meeting of Air Astana to split the outstanding shares of company to 306 million common shares and to increase the number of authorized shares to 366 million common shares.

On February 8, 2023 the Board of Directors of the Fund approved the decision to dispose 60,410,524 common shares of Air Astana on organized markets at a price of 1,073.83 tenge per common share.

On February 14, 2024 the Fund disposed 9,884,209 (10%) of common shares at a price of 1,073.83 tenge per common share for a total amount of 10,614 million tenge through their sale on the Astana International Exchange (AIX) and Kazakhstan Stock Exchange JSC (KASE).

As a result of held IPO, the Fund's share in Air Astana decreased from 51% to 41% and the control over Air Astana was lost. Since, after disposal the Group retains significant influence, the investment will be recognized at fair value as an investment in associate. The fair value assessment of investment in associate will be completed during 2024.

As at December 31, 2023 the Group classified the assets and liabilities of Air Astana as a disposal group held for sale. Since this subsidiary does not represent a separate major line of business for the Group, the Group did not classify the financial performance of the subsidiary as a discontinued operation (*Note 40*).

7. DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE OR DISTRIBUTION TO THE SHAREHOLDER (continued)

The assets and liabilities of Air Astana are presented as follows:

In millions of tenge	**December 31, 2023***
Assets	
Property, plant and equipment	**387,885**
Intangible assets	**1,289**
Other non-current financial assets	**15,748**
Other non-current assets	**8,387**
Deferred tax assets	**16,837**
Inventories	**30,705**
Income tax prepaid	**6,027**
Trade accounts receivable	**10,207**
VAT receivable	**4,419**
Other current financial assets	**1,246**
Other current assets	**11,524**
Cash and cash equivalents	**124,552**
Assets classified as held for sale	**618,826**
Liabilities	
Borrowings	**187**
Provisions	**115,362**
Lease liabilities	**326,780**
Other non-current financial liabilities	**283**
Trade and other payables	**27,885**
Other current financial liabilities	**7,615**
Other current liabilities	**43,451**
Liabilities associated with assets classified as held for sale	**521,563**
Net assets held for sale	**97,263**

* *Assets and liabilities are presented after eliminations of intergroup transactions.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. PROPERTY, PLANT AND EQUIPMENT

In millions of tenge	Oil and gas assets	Pipelines and refinery assets	Buildings and premises	Railway tracks and infra-structure	Machinery, equipment and vehicles	Mining assets	Other	Construc-tion in progress	Total
Net book value at January 1, 2022 (audited) (restated)	4,497,010	1,969,154	1,139,648	1,209,907	3,550,625	174,914	194,536	1,569,298	14,305,092
Foreign currency translation	277,367	23,332	8,885	83	27,281	–	6,690	9,227	352,865
Changes in estimates	(106,566)	(51,243)	(3,476)	–	(2,311)	1,643	(393)	–	(162,346)
Additions	86,533	2,044	46,878	324	111,016	51,572	6,373	1,315,168	1,619,908
Additions through lease agreements	1,907	111,361	8,001	–	109,863	–	5,411	–	236,543
Capitalized repair works on right-of-use assets	–	–	–	–	2,688	–	–	–	2,688
Lease modifications	6,134	88	357	–	2,523	–	4,343	–	13,445
Disposals	(54,583)	(37,281)	(18,671)	(178)	(46,905)	(4,462)	(6,080)	(5,173)	(173,333)
Loss of control over subsidiaries	–	–	–	–	–	–	(291)	–	(291)
Depreciation charge	(269,733)	(162,932)	(67,398)	(39,499)	(376,413)	(42,045)	(21,971)	–	(979,991)
Depreciation and impairment on disposals	48,339	36,650	14,662	166	44,268	–	5,409	725	150,219
Impairment, net of reversal of impairment	909	(2,366)	(19,499)	(92)	(6,590)	(4,528)	3,363	(12,914)	(41,717)
Use of provision under an onerous contract	–	–	–	–	–	–	–	(1,125)	(1,125)
Transfer from/(to) assets classified as held for sale or distribution to the Shareholder, net	–	–	(15,499)	–	(5,922)	–	(1,113)	(891,697)	(914,231)
Transfers from/(to) exploration and evaluation assets, investment property, net	3,253	–	(150)	–	–	–	–	–	3,103
Transfer from/(to) inventories, net	37	(55)	(12)	(3,601)	(124)	17,204	388	4,062	17,899
Other transfers and reclassifications	176,669	96,853	60,671	128,393	350,377	2,789	8,566	(824,318)	–
Other changes	(669)	–	–	–	9	–	–	703	43
Net book value at December 31, 2022 (audited) (restated)	4,666,607	1,985,605	1,154,397	1,295,503	3,760,385	197,087	205,231	1,163,956	14,428,771
Historical cost	7,013,924	4,006,573	1,897,164	1,633,474	6,904,896	450,309	413,990	1,266,880	23,587,210
Accumulated depreciation and impairment	(2,347,317)	(2,020,968)	(742,767)	(337,971)	(3,144,511)	(253,222)	(208,759)	(102,924)	(9,158,439)
Net book value at December 31, 2022 (audited) (restated)	4,666,607	1,985,605	1,154,397	1,295,503	3,760,385	197,087	205,231	1,163,956	14,428,771

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. PROPERTY, PLANT AND EQUIPMENT (continued)

In millions of tenge	Oil and gas assets	Pipelines and refinery assets	Buildings and premises	Railway tracks and infra-structure	Machinery, equipment and vehicles	Mining assets	Other	Construc-tion in progress	Total
Including right-of-use assets under lease agreements									
Net book value at January 1, 2022 (audited) (restated)	27,595	6,175	33,895	–	421,437	–	26,543	–	515,645
Foreign currency translation	1,963	410	1,748	–	20,836	–	1,133	–	26,090
Additions through lease agreements	1,907	111,361	8,001	–	109,863	–	5,411	–	236,543
Capitalized repair works	–	–	–	–	2,688	–	–	–	2,688
Lease modifications	6,134	88	357	–	2,523	–	4,343	–	13,445
Termination of lease agreements	(7,994)	(31,884)	(12,587)	–	(5,030)	–	(399)	–	(57,894)
Loss of control over subsidiaries	–	–	–	–	–	–	(255)	–	(255)
Depreciation charge	(5,825)	(22,637)	(8,782)	–	(87,542)	–	(5,197)	–	(129,983)
Depreciation and impairment on disposals	3,863	31,884	8,552	–	4,949	–	356	–	49,604
Impairment, net of reversal of impairment	–	–	–	–	–	–	(834)		(834)
Transfer from/(to) property, plant and equipment, net	–	–	2,346	–	–	–	(9)	–	2,337
Other transfers and reclassifications	–	–	(945)	–	945	–	–	–	–
Net book value at December 31, 2022 (audited) (restated)	27,643	95,397	32,585	–	470,669	–	31,092	–	657,386
Historical cost of right-of-use assets under lease agreements	41,945	119,188	64,981	–	825,585	–	46,546	–	1,098,245
Accumulated depreciation and impairment of right-of-use assets under lease agreements	(14,302)	(23,791)	(32,396)	–	(354,916)	–	(15,454)	–	(440,859)
Net book value at December 31, 2022 (audited) (restated)	27,643	95,397	32,585	–	470,669	–	31,092	–	657,386

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. PROPERTY, PLANT AND EQUIPMENT (continued)

In millions of tenge	Oil and gas assets	Pipelines and refinery assets	Buildings and premises	Railway tracks and infra-structure	Machinery, equipment and vehicles	Mining assets	Other	Construc-tion in progress	Total
Net book value at January 1, 2023 (audited) (restated)	4,666,607	1,985,605	1,154,397	1,295,503	3,760,385	197,087	205,231	1,163,956	14,428,771
Foreign currency translation	**(72,102)**	**(6,502)**	**(2,831)**	**(172)**	**(8,439)**	**–**	**(2,036)**	**(4,015)**	**(96,097)**
Changes in estimates	**5,903**	**5,385**	**(2,927)**	**–**	**414**	**(2,132)**	**(4)**	**(1,572)**	**5,067**
Additions	**55,727**	**71,912**	**25,898**	**591**	**150,656**	**51,242**	**16,281**	**1,869,340**	**2,241,647**
Acquisition through business combinations (*Note 5*)	**170,276**	**–**	**4,520**	**–**	**771**	**–**	**461**	**16,339**	**192,367**
Additions through lease agreements	**1,447**	**–**	**13,746**	**–**	**134,196**	**–**	**40,914**	**–**	**190,303**
Capitalized repair works on right-of-use assets	**–**	**–**	**–**	**–**	**4,782**	**–**	**–**	**–**	**4,782**
Lease modifications	**2,057**	**19**	**(781)**	**–**	**65,830**	**–**	**959**	**–**	**68,084**
Disposals	**(39,022)**	**(8,819)**	**(10,570)**	**(73)**	**(67,495)**	**(52)**	**(7,729)**	**(5,737)**	**(139,497)**
Loss of control over subsidiaries (*Note 7*)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,185)**	**(5,185)**
Depreciation charge	**(363,287)**	**(155,784)**	**(69,224)**	**(42,070)**	**(405,780)**	**(55,998)**	**(21,999)**	**–**	**(1,114,142)**
Depreciation and impairment on disposals	**23,353**	**8,438**	**6,348**	**58**	**65,220**	**9**	**7,317**	**3,128**	**113,871**
Impairment, net of reversal of impairment *(Note 30)*	–	**(83,215)**	**(12,154)**	**(922)**	**(1,517)**	**(324)**	**(4,528)**	**(26,577)**	**(129,237)**
Transfer from/(to) assets classified as held for sale or distribution to the Shareholder, net (*Note 7*)	–	**–**	**(14,529)**	**–**	**(365,214)**	**(5)**	**(6,963)**	**(1,478)**	**(388,189)**
Transfers from/(to) exploration and evaluation assets, investment property, net	**12,107**	**(702)**	**(305)**	**–**	**–**	**2,360**	**(32)**	**19**	**13,447**
Transfer from/(to) inventories, net	**58**	**600**	**137**	**(5,108)**	**1,651**	**37,351**	**897**	**9,798**	**45,384**
Other transfers and reclassifications	**263,459**	**342,743**	**77,885**	**170,921**	**706,533**	**(48)**	**12,922**	**(1,574,415)**	**–**
Other changes	**(62)**	**–**	**–**	**–**	**73**	**–**	**–**	**(1,860)**	**(1,849)**
Net book value at December 31, 2023	**4,726,521**	**2,159,680**	**1,169,610**	**1,418,728**	**4,042,066**	**229,490**	**241,691**	**1,441,741**	**15,429,527**
Historical cost	**7,624,251**	**4,390,002**	**1,990,160**	**1,785,016**	**7,184,529**	**538,700**	**463,433**	**1,581,239**	**25,557,330**
0Accumulated depreciation and impairment	**(2,897,730)**	**(2,230,322)**	**(820,550)**	**(366,288)**	**(3,142,463)**	**(309,210)**	**(221,742)**	**(139,498)**	**(10,127,803)**
Net book value at December 31, 2023	**4,726,521**	**2,159,680**	**1,169,610**	**1,418,728**	**4,042,066**	**229,490**	**241,691**	**1,441,741**	**15,429,527**

8. PROPERTY, PLANT AND EQUIPMENT (continued)

In millions of tenge	Oil and gas assets	Pipelines and refinery assets	Buildings and premises	Railway tracks and infra−structure	Machinery, equipment and vehicles	Mining assets	Other	Construc−tion in progress	Total
Including right−of−use assets under lease agreements									
Net book value at January 1, 2023 (audited) (restated)	27,643	95,397	32,585	–	470,669	–	31,092	–	657,386
Foreign currency translation	**(518)**	**(103)**	**(427)**	**–**	**(6,659)**	**–**	**(551)**	**–**	**(8,258)**
Changes in estimates	**–**	**–**	**–**	**–**	**–**	**–**	**(4)**	**–**	**(4)**
Additions through lease agreements	**1,447**	**–**	**13,746**	**–**	**134,196**	**–**	**40,914**	**–**	**190,303**
Capitalized repair works	**–**	**–**	**–**	**–**	**4,782**	**–**	**–**	**–**	**4,782**
Lease modifications	**2,057**	**19**	**(781)**	**–**	**65,830**	**–**	**959**	**–**	**68,084**
Termination of lease agreements	**(20,711)**	**–**	**(6,347)**	**–**	**(21,673)**	**–**	**(31)**	**–**	**(48,762)**
Depreciation charge	**(5,319)**	**(22,628)**	**(8,482)**	**–**	**(93,676)**	**–**	**(5,128)**	**–**	**(135,233)**
Depreciation and impairment on disposals	**6,195**	**–**	**4,047**	**–**	**21,438**	**–**	**22**	**–**	**31,702**
Transfer from/(to) assets classified as held for sale or distribution to the Shareholder, net (*Note 7*)	**–**	**–**	**(4,564)**	**–**	**(337,927)**	**–**	**–**	**–**	**(342,491)**
Transfer from/(to) property, plant and equipment, net	**–**	**–**	**820**	**–**	**(36,660)**	**–**	**(590)**	**–**	**(36,430)**
Other transfers and reclassifications	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net book value at December 31, 2023	**10,794**	**72,685**	**30,597**	**–**	**200,320**	**–**	**66,683**	**–**	**381,079**
Historical cost of right−of−use assets under lease agreements	**23,936**	**119,081**	**60,212**	**–**	**298,333**	**–**	**85,794**	**–**	**587,356**
Accumulated depreciation and impairment of right−of−use assets under lease agreements	**(13,142)**	**(46,396)**	**(29,615)**	**–**	**(98,013)**	**–**	**(19,111)**	**–**	**(206,277)**
Net book value at December 31, 2023	**10,794**	**72,685**	**30,597**	**–**	**200,320**	**–**	**66,683**	**–**	**381,079**

8. PROPERTY, PLANT AND EQUIPMENT (continued)

In 2023, additions to construction in progress were mainly attributable to the following:

- Acquisition of electric and diesel locomotives, construction of the Dostyk-Moiynty railway transport corridor and other railway infrastructure modernization and reconstruction works of 603,471 million tenge;
- Development drilling at Ozenmunaigas JSC and Embamunaigas JSC, subsidiaries of the Group, for the total amount of 289,128 million tenge;
- Replacement of the section of the pipelines "Uzen-Atyrau-Samara" and "Astrakhan-Mangyshlak" for a total of 174,799 million tenge in kaztransoil JSC;
- Construction of the second line of the Beineu-Zhanaozen main gas pipeline in the Mangystau region in the amount of 160,160 million tenge;
- Construction of an automated gas distribution station with gas branch pipelines in the amount of 29,319 million tenge;
- Construction of a reserve gas pipeline to the existing main gas pipeline "Makat-North Caucasus" in the amount 28,881 million tenge;
- A set of works on the main gas pipelines "SATS-5", "SATS-4" and "Looping SAC- 4" of 24,469 million tenge;
- Construction of the Kairat jumper between the Kazakhstan-China and Almaty-Baiserke-Talgar main gas pipelines in the amount of 23,451 million tenge.

As at December 31, 2023 property, plant and equipment with net book value of 200,191 million tenge was pledged as collateral for some of the Group's borrowings (December 31, 2022: 822,711 million tenge).

As at December 31, 2023 the cost of fully amortised property, plant and equipment of the Group was equal to 1,404,115 million tenge (December 31, 2022: 1,372,489 million tenge).

In 2023 the Group capitalized borrowing costs at an average interest rate of 13.56% in the amount of 84,178 million tenge *(Notes 20, 21)* less investment income of 1,665 million tenge (2022: at an average interest rate of 6.89% in the amount of 74,087 million tenge).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. INTANGIBLE ASSETS

In millions of tenge	Licenses	Subsur-face use rights	Goodwill	Marketing related intangible assets	Software	Other	Total
Net book value at January 1, 2022 (audited) (restated)	692,169	815,857	316,265	25,467	74,630	79,888	2,004,276
Foreign currency translation	36,279	14,390	807	1,819	398	1,896	55,589
Additions	9,405	1,077	–	–	6,163	16,853	33,498
Disposals	(2,805)	–	–	–	(4,139)	(910)	(7,854)
Loss of control over subsidiaries	–	–	–	–	–	(64)	(64)
Amortization charge	(43,757)	(36,227)	–	–	(20,726)	(8,099)	(108,809)
Accumulated amortization and impairment on disposals	2,775	–	–	–	4,165	404	7,344
(Impairment)/reversal of impairment, net	93	–	–	–	35	(139)	(11)
Transfer from/(to) assets classified as held for sale or distribution to the Shareholder, net	(336)	–	–	–	(6,156)	(31,773)	(38,265)
Transfers from/(to) other non-current assets, net	–	–	–	–	(22)	–	(22)
Other transfers and reclassifications	1,025	–	–	–	11,083	(12,108)	–
Other changes	132	669	–	–	1,355	(2,199)	(43)
Net book value at December 31, 2022 (audited) (restated)	694,980	795,766	317,072	27,286	66,786	43,749	1,945,639
Foreign currency translation	**(9,039)**	**(3,659)**	**(211)**	**(477)**	**(170)**	**(253)**	**(13,809)**
Changes in estimates	**–**	**(279)**	**–**	**–**	**–**	**–**	**(279)**
Additions	**156,723**	**68**	**–**	**–**	**26,220**	**30,604**	**213,615**
Acquisition through business combinations (*Note 5*)	**–**	**–**	**–**	**–**	**5,289**	**1,716**	**7,005**
Disposals	**(821)**	**–**	**–**	**–**	**(6,483)**	**(509)**	**(7,813)**
Amortization charge	**(53,046)**	**(39,616)**	**–**	**–**	**(35,503)**	**(4,018)**	**(132,183)**
Accumulated amortization and impairment on disposals	**817**	**–**	**–**	**–**	**6,319**	**455**	**7,591**
(Impairment)/reversal of impairment, net (*Note 30*)	**36**	**–**	**–**	**–**	**25**	**(1,807)**	**(1,746)**
Transfer from/(to) assets classified as held for sale or distribution to the Shareholder, net	**–**	**–**	**–**	**–**	**(1,289)**	**–**	**(1,289)**
Other transfers and reclassifications	**(2,243)**	**–**	**–**	**–**	**6,955**	**(4,712)**	**–**
Other changes	**1**	**62**	**–**	**–**	**495**	**459**	**1,017**
Net book value at December 31, 2023	**787,408**	**752,342**	**316,861**	**26,809**	**68,644**	**65,684**	**2,017,748**
Historical cost	**1,088,296**	**972,365**	**432,066**	**68,816**	**307,497**	**149,037**	**3,018,077**
Accumulated amortization and impairment	**(300,888)**	**(220,023)**	**(115,205)**	**(42,007)**	**(238,853)**	**(83,353)**	**(1,000,329)**
Net book value at December 31, 2023	**787,408**	**752,342**	**316,861**	**26,809**	**68,644**	**65,684**	**2,017,748**
Historical cost	946,833	977,169	432,277	70,041	233,393	122,594	2,782,307
Accumulated amortization and impairment	(251,853)	(181,403)	(115,205)	(42,755)	(166,607)	(78,845)	(836,668)
Net book value at December 31, 2022 (audited) (restated)	694,980	795,766	317,072	27,286	66,786	43,749	1,945,639

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. EXPLORATION AND EVALUATION ASSETS

In millions of tenge	Tangible	Intangible	Total
Net book value at January 1, 2022	262,773	16,176	278,949
Foreign currency translation	13,683	–	13,683
Change in estimate	(195)	–	(195)
Additions	22,606	510	23,116
Disposals	(120)	(173)	(293)
Impairment/write-off, net of reversal of impairment	(16,312)	(1,694)	(18,006)
Depreciation and impairment on disposals	120	173	293
Transfers from/(to) property, plant and equipment, net	(3,253)	–	(3,253)
Transfer from/(to) inventories, net	6	–	6
Net book value at December 31, 2022	279,308	14,992	294,300
Foreign currency translation	**(3,376)**	**–**	**(3,376)**
Change in estimate	**(374)**	**–**	**(374)**
Additions	**45,013**	**30,038**	**75,051**
Disposals	**(19,921)**	**(824)**	**(20,745)**
Loss of control over subsidiaries (*Note 7*)	**–**	**(14,678)**	**(14,678)**
Impairment/write-off, net of reversal of impairment *(Note 30)*	**(121,319)**	**(9,865)**	**(131,184)**
Depreciation and impairment on disposals	**19,918**	**648**	**20,566**
Transfers from/(to) property, plant and equipment, net	**(14,841)**	**355**	**(14,486)**
Net book value at December 31, 2023	**184,408**	**20,666**	**205,074**
Historical cost	**316,150**	**34,783**	**350,933**
Accumulated impairment	**(131,742)**	**(14,117)**	**(145,859)**
Net book value at December 31, 2023	**184,408**	**20,666**	**205,074**
Historical cost	309,934	19,891	329,825
Accumulated impairment	(30,626)	(4,899)	(35,525)
Net book value at December 31, 2022	279,308	14,992	294,300

As at December 31, 2023 and 2022 the exploration and evaluation assets are represented by the following projects:

In millions of tenge	2023	2022
North Caspian project	**140,098**	206,007
NAC KAP projects	**26,019**	26,543
KMG Barlau	**14,346**	–
JSC "NC "QazaqGaz" projects	**4,510**	16,475
Embamunaigas JSC	**1,509**	14,084
Zhenis	**–**	18,310
Urikhtau	**–**	4,889
Other	**18,592**	7,992
	205,074	294,300

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

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

			2023		2022 (restated)	
In millions of tenge	**Main activity**	**Place of business**	**Carrying amount**	**Percentage ownership**	Carrying amount	Percentage ownership
Joint ventures						
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	**3,598,510**	**20.00%**	3,825,053	20.00%
Asia Gas Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	**978,536**	**50.00%**	710,273	50.00%
Beineu-Shymkent Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	**280,300**	**50.00%**	238,236	50.00%
Mangistau Investments B.V.	Oil and gas development and production	Kazakhstan	**203,614**	**50.00%**	164,716	50.00%
Kalamkas-Khazar Operating LLP	Oil and gas development and production	Kazakhstan	**93,258**	**50.00%**	–	
Forum Muider B.V.	Production of coal	Kazakhstan	**79,941**	**50.00%**	68,159	50.00%
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	**69,479**	**50.00%**	58,812	50.00%
Kazakhstan − China Pipeline LLP	Oil transportation	Kazakhstan	**53,358**	**50.00%**	37,138	50.00%
Valsera Holdings B.V. Group	Oil refining	Kazakhstan	**41,515**	**50.00%**	26,351	50.00%
JV Kazgermunai LLP	Oil and gas exploration and production	Kazakhstan	**36,506**	**50.00%**	32,070	50.00%
Other			**221,804**		208,831	
Total joint ventures			**5,656,821**		5,369,639	
Associates						
Caspian Pipeline Consortium JSC	Transportation of liquid hydrocarbons	Kazakhstan/Russia	**451,913**	**20.75%**	521,882	20.75%
Kazzinc LLP	Mining and processing of metal ores, production of refined metals	Kazakhstan	**432,557**	**29.82%**	491,846	29.82%
JV KATCO LLP	Exploration, production, processing and export of uranium	Kazakhstan	**97,501**	**49.00%**	113,920	49.00%
PetRepublic of Kazakhstanazakhstan Inc. ("PKI")	Exploration, production and processing of oil and gas	Kazakhstan	**94,887**	**33.00%**	94,635	33.00%
Other			**166,328**		143,519	
Total associates			**1,243,186**		1,365,802	
			6,900,007		6,735,441	

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following tables illustrate summarized financial information of significant joint ventures, based on IFRS financial statements of these entities for 2023, reflecting equity method accounting adjustments:

In millions of tenge	Tengizchevroil LLP	Asia Gas Pipeline LLP	Beineu-Shymkent Pipeline LLP	Mangistau Investments B.V.	TOO "Kalamkas-Khazar Operating"	Forum Muider B.V.	KazRosGas LLP	Kazakhstan – China Pipeline LLP	Valsera Holdings B.V. Group	JV Kazgermunai LLP
Joint ventures										
Non-current assets	**24,831,196**	**1,086,415**	**599,565**	**462,565**	**9,192**	**191,625**	**33,032**	**127,038**	**431,261**	**64,031**
Current assets, including	**1,863,832**	**1,055,299**	**150,686**	**199,708**	**1,232**	**87,470**	**148,932**	**49,554**	**114,561**	**52,764**
Cash and cash equivalents	**696,871**	**881,038**	**8,226**	**89,410**	**112**	**5,196**	**65,122**	**23,837**	**66,459**	**44,840**
Non-current liabilities, including	**7,434,076**	**161,112**	**130,617**	**132,981**	**10,376**	**11,220**	**238**	**23,107**	**304,590**	**14,966**
Non-current financial liabilities	**4,091,040**	**–**	**117,703**	**–**	**–**	**8,959**	**–**	**–**	**258,338**	**–**
Current liabilities, including	**1,268,404**	**23,530**	**95,311**	**119,109**	**324**	**107,993**	**42,769**	**46,768**	**106,740**	**28,817**
Current financial liabilities	**–**	**–**	**45,825**	**–**	**–**	**93,781**	**–**	**32,843**	**80,398**	**–**
Equity	**17,992,548**	**1,957,072**	**524,323**	**410,183**	**(276)**	**159,882**	**138,957**	**106,717**	**134,492**	**73,012**
Share of ownership	**20.00%**	**50.00%**	**50.00%**	**50.00%**	**50.00%**	**50.00%**	**50.00%**	**50.00%**	**50.00%**	**50.00%**
Recognition of investment (*Note 7*)	**–**	**–**	**–**	**–**	**93,258**	**–**	**–**	**–**	**–**	**–**
Consolidation adjustments	**–**	**–**	**18,138**	**(1,477)**	**138**	**–**	**–**	**–**	**(25,731)**	**–**
Carrying amount of investment as at December 31, 2023	**3,598,510**	**978,536**	**280,300**	**203,614**	**93,258**	**79,941**	**69,479**	**53,358**	**41,515**	**36,506**
Revenue	**8,796,634**	**856,980**	**178,259**	**878,362**	**–**	**131,225**	**260,125**	**86,843**	**250,435**	**145,728**
Depreciation, depletion and amortization	**(2,426,361)**	**(76,035)**	**(28,452)**	**(107,455)**	**–**	**(9,395)**	**(295)**	**(10,170)**	**(41,216)**	**(20,007)**
Finance income	**86,023**	**20,964**	**5,788**	**784**	**2**	**9,331**	**2,243**	**585**	**6,013**	**1,292**
Finance costs	**(283,225)**	**(3,808)**	**(16,971)**	**(14,411)**	**(118)**	**(1,083)**	**–**	**(3,628)**	**(36,390)**	**(1,667)**
Income tax expenses	**(730,465)**	**(127,111)**	**–**	**(47,354)**	**–**	**(7,139)**	**(13,996)**	**(9,341)**	**(12,954)**	**(27,450)**
Profit/(loss) for the year	**1,704,419**	**537,264**	**105,855**	**76,510**	**(44)**	**23,760**	**64,648**	**37,440**	**34,592**	**41,965**
Other comprehensive (loss)/income	**(325,499)**	**(738)**	**–**	**1,285**	**–**	**(195)**	**(305)**	**1**	**16**	**(1,729)**
Total comprehensive income/(loss)	**1,378,920**	**536,526**	**105,855**	**77,795**	**(44)**	**23,565**	**64,343**	**37,441**	**34,608**	**40,236**
Dividends received	**502,227**	**–**	**10,864**	**–**	**–**	**–**	**553**	**2,500**	**–**	**15,793**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following tables illustrate summarized financial information of significant joint ventures, based on IFRS financial statements of these entities for 2022, reflecting equity method accounting adjustments:

In millions of tenge	Tengizchevroil LLP	Asia Gas Pipeline LLP	Beineu-Shymkent Pipeline LLP	Mangistau Investments B.V.	Forum Muider B.V.	KazRosGas LLP	Kazakhstan – China Pipeline LLP	Valsera Holdings B.V. Group	JV Kazgermunai LLP
Joint ventures									
Non-current assets	25,713,747	1,165,474	623,036	464,868	175,947	40,100	137,004	454,653	71,787
Current assets, including	3,046,293	707,366	183,695	111,126	75,715	99,637	42,103	120,412	53,303
Cash and cash equivalents	1,905,924	466,658	60,340	28,622	7,687	59,000	17,871	79,079	46,729
Non-current liabilities, including	7,808,607	241,387	273,406	144,698	74,123	269	58,417	377,788	21,559
Non-current financial liabilities	4,163,850	59,026	261,063	–	72,071	–	32,197	340,106	–
Current liabilities, including	1,826,167	210,907	93,130	99,344	41,221	21,844	46,415	97,393	39,392
Current financial liabilities	–	185,590	46,858	–	8,772	–	33,900	82,347	–
Equity	19,125,266	1,420,546	440,195	331,952	136,318	117,624	74,275	99,884	64,139
Share of ownership	20.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Consolidation adjustments	–	–	18,139	(1,260)	–	–	–	(23,591)	–
Carrying amount of investment as at December 31, 2022	3,825,053	710,273	238,236	164,716	68,159	58,812	37,138	26,351	32,070
Revenue	10,949,194	912,711	188,975	910,069	113,612	192,427	86,319	219,429	150,039
Depreciation, depletion and amortization	(1,129,895)	(77,695)	(26,893)	(26,647)	(9,018)	(323)	(10,269)	(38,552)	(22,550)
Finance income	36,076	5,108	2,901	594	7,417	2,765	357	244	791
Finance costs	(99,857)	(24,809)	(16,207)	(9,404)	(1,052)	–	(4,593)	(31,616)	(994)
Income tax expenses	(1,591,414)	(140,490)	–	(38,267)	(8,180)	(4,040)	(8,703)	(10,260)	(39,783)
Profit for the year	3,713,299	553,306	101,674	96,971	29,231	1,107	33,566	42,018	41,061
Other comprehensive income/(loss)	1,114,004	(477)	–	1,784	(408)	7,884	–	(228)	4,115
Total comprehensive income	4,827,303	552,829	101,674	98,755	28,823	8,991	33,566	41,790	45,176
Dividends received	244,579	70,949	11,765	92,071	–	–	5,000	2,189	22,826

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following tables illustrate summarized financial information of significant associates, based on IFRS financial statements of these entities for 2023 and 2022, reflecting equity method accounting adjustments:

	2023				2022			
In millions of tenge	**Caspian Pipeline Consortium JSC**	**Kazzinc LLP**	**JV KATCO LLP**	**Petro-Kazakhstan Inc. ("PKI")**	Caspian Pipeline Consortium JSC	Kazzinc LLP	JV KATCO LLP	Petro-Kazakhstan Inc. ("PKI")
Associates								
Non-current assets	**1,969,703**	**1,057,553**	**166,440**	**206,008**	2,240,723	1,383,099	132,022	224,559
Current assets	**295,663**	**834,858**	**88,943**	**138,626**	292,198	797,108	132,298	116,827
Non-current liabilities	**18,722**	**74,966**	**22,037**	**20,063**	35,730	218,044	20,139	18,489
Current liabilities	**279,064**	**366,986**	**14,872**	**16,497**	196,152	312,897	8,822	15,586
Equity	**1,967,580**	**1,450,459**	**218,474**	**308,074**	2,301,039	1,649,266	235,359	307,311
Share of ownership	**20.75%**	**29.82%**	**49.00%**	**33.00%**	20.75%	29.82%	49.00%	33.00%
Goodwill	**43,640**	**–**	**68**	**–**	44,416	–	68	–
Unrecognized gain on transactions with associates	**–**	**–**	**(16,881)**	**–**	–	–	(10,592)	–
Additional allocation of profits	**–**	**–**	**7,261**	**–**	–	–	9,118	–
Impairment of the investment	**–**	**–**	**–**	**(6,778)**	–	–	–	(6,778)
Carrying amount of investment	**451,913**	**432,557**	**97,501**	**94,887**	521,882	491,846	113,920	94,635
Revenue	**1,039,509**	**(1,668,169)**	**147,448**	**128,343**	976,076	1,632,251	146,304	140,901
Profit/(loss) for the year	**310,160**	**(170,572)**	**66,006**	**14,814**	567,533	(21,889)	82,891	19,702
Other comprehensive income	**(42,915)**	**–**	**–**	**(4,927)**	185,893	–	–	9,782
Total comprehensive income/(loss)	**267,245**	**(170,572)**	**66,006**	**9,887**	753,426	(21,889)	82,891	29,484
Other	**–**	**–**	**(6,288)**	**–**	–	–	(2,141)	–
Dividends received	**124,585**	**–**	**49,689**	**2,864**	108,975	88,819	18,796	2,890

All of the above joint ventures and associates are strategic for the Group's business.

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following tables illustrate aggregate financial information of individually insignificant joint ventures (the Group's proportional interest):

In millions of tenge	**2023**	2022
Carrying amount of investments as at December 31	**221,804**	208,831
Net profit for the year	**25,685**	35,908
Other comprehensive (loss)/income	**(2,466)**	225
Total comprehensive income	**23,219**	36,133

The following tables illustrate aggregate financial information of individually insignificant associates (the Group's proportional interest):

In millions of tenge	**2023**	2022
Carrying amount of investments as at December 31	**166,328**	143,519
Net profit for the year	**65,799**	56,099
Other comprehensive (loss)/income	**(7,503)**	5,075
Total comprehensive income	**58,296**	61,174

In 2023 dividends received from individually insignificant joint ventures and associates were equal to 99,050 million tenge (2022: 65,659 million tenge).

The following table summarizes the movements in equity investments in joint ventures and associates in 2023 and 2022:

In millions of tenge	**2023**	2022 (restated)
Balance as at January 1	**6,735,441**	5,681,969
Share in profit of joint ventures and associates, net *(Note 33)*	**945,079**	1,449,389
Dividends received	**(808,125)**	(734,518)
Change in dividends receivable	**(21,796)**	4,838
Additional contributions without change in ownership	**21,229**	15,418
Acquisitions	**100,820**	11,445
Adjustment of unrealized income*	**(2,140)**	(3,305)
Disposals	**(1)**	–
Transfers to assets classified as held for sale or distribution to the Shareholder	**–**	(1,460)
Foreign currency translation	**(100,768)**	309,586
Other comprehensive income, other than foreign currency translation	**5,916**	5,170
Discount on loans issued	**29,425**	(2,431)
Impairment, net *(Note 30)*	**(5,073)**	(660)
Balance as at December 31	**6,900,007**	6,735,441

* *Adjustment of unrealized income includes unrealized income from sale of other non-current assets from joint ventures to Group and capitalized borrowings costs on the loans provided by the Group to joint ventures.*

As at December 31, 2023, the Group's share in unrecognized losses of joint ventures and associates was equal to 8,516 million tenge (December 31, 2022 (restated): 5,984 million tenge).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. LOANS ISSUED AND NET INVESTMENT IN FINANCE LEASE

As at December 31, loans issued and net investment in finance lease comprised the following:

In millions of tenge	**2023**	**Weighted average effective interest rate**	2022	Weighted average effective interest rate
Loans issued at amortized cost	**130,979**	**11.33%**	64,371	15.98%
Loans issued at fair value through profit or loss	**86,173**	**12.95%**	117,511	12.20%
Net investment in finance lease	**45,614**	**10.21%**	54,017	10.02%
Total loans and net investment in finance lease	**262,766**		235,899	
Less: allowance for expected credit losses	**(28,756)**		(17,284)	
Loans issued and net investment in finance lease, net	**234,010**		218,615	
Less: current portion	**(131,472)**		(66,889)	
Non-current portion	**102,538**		151,726	

Movements in the loan allowance for expected credit losses for the years ended December 31 were as follows:

In millions of tenge	**2023**	2022
Allowance at January 1	**17,284**	19,234
Charged, net	**11,372**	(1,373)
Change in accounting estimates	**100**	(577)
Allowance at December 31	**28,756**	17,284

As at December 31, 2023 there has not been a significant increase in credit risk for loans issued since their initial recognition.

As at December 31 the components of net investment in finance lease are as follows:

In millions of tenge	**2023**	2022
Within one year	**12,674**	15,215
Later than one year, but not later than five years	**28,862**	31,436
After five years	**21,232**	30,787
Lease payments	**62,768**	77,438
Less: unearned finance income	**(17,154)**	(23,421)
Net investment in finance lease	**45,614**	54,017

In millions of tenge	**2023**	2022
Loans issued and net investment in finance lease in tenge	**145,335**	95,172
Loans issued in US dollars	**88,675**	123,443
	234,010	218,615

13. AMOUNTS DUE FROM CREDIT INSTITUTIONS

As at December 31 amounts due from credit institutions comprised the following:

In millions of tenge	**2023**	2022
Bank deposits	**1,258,181**	1,638,585
Loans to credit institutions	**41,119**	67,614
Less: allowance for expected credit losses	**(420)**	(2,326)
Amounts due from credit institutions, net	**1,298,880**	1,703,873
Less: current portion	**(1,243,196)**	(1,433,305)
Non-current portion	**55,684**	270,568

In millions of tenge	**2023**	2022
Rating from A+(A1) to A-(A3)	**1,217,905**	966,071
Rating from BBB+(Baa1) to BBB(Baa2)	**–**	213,729
Rating from BBB-(Baa3) to BB-(Ba3)	**80,531**	482,486
Rating from B+(B1) to B-(B3)	**444**	41,587
	1,298,880	1,703,873

In millions of tenge	**2023**	**Weighted average effective interest rate**	2022	Weighted average effective interest rate
Amounts due from credit institutions, denominated in US dollars	**1,227,916**	**5.68%**	1,197,610	2.61%
Amounts due from credit institutions, denominated in tenge	**70,671**	**6.28%**	506,263	6.63%
Amounts due from credit institutions, denominated in other currencies	**293**	**6.62%**	–	–
	1,298,880		1,703,873	

As at December 31, 2023 there has not been a significant increase in credit risk for amounts due from credit institutions since their initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. OTHER FINANCIAL ASSETS

As at December 31 other financial assets comprised the following:

In millions of tenge	**2023**	2022 (restated)
Financial assets at fair value through other comprehensive income, including:	**46,696**	28,322
Treasury notes of foreign governments	**23,844**	839
Corporate bonds	**15,910**	17,931
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	**6,869**	7,428
Equity securities	**73**	73
Bonds of Kazakhstani financial institutions	**–**	2,051
Financial assets at amortized cost, including:	**1,513,528**	918,735
Bonds of Kazakhstani financial institutions	**791,958**	355,976
Corporate bonds	**123,472**	115,125
Notes of the National Bank of the Republic of Kazakhstan	**122,178**	176,715
Treasury notes of foreign governments	**99,079**	–
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	**18,462**	12,966
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	**1,936**	1,988
Other financial assets at amortized cost, including:		
Restricted cash	***186,347***	*227,759*
Other accounts receivable	***233,692***	*146,445*
Dividends receivable	***21,262***	*630*
Amounts due from employees	***13,530***	*9,948*
Reservation of cash for repayment of borrowings	***2,530***	*152*
Other	***13,670***	*12,364*
Less: allowance for expected credit losses	**(114,588)**	(141,333)
Financial assets at fair value through profit or loss, including:	**168,287**	143,906
Equity securities	**136,850**	124,960
Additional consideration for sale of a subsidiary (*Note 7*)	**13,862**	–
Guaranteed returns from a shareholder of a joint venture	**13,728**	13,178
Options	**2,085**	1,868
Corporate bonds	**1,762**	3,192
Forward and futures contracts	**–**	681
Currency swaps	**–**	27
Total financial assets	**1,728,511**	1,090,963
Less: current portion	**(1,134,317)**	(347,750)
Non-current portion	**594,194**	743,213

Debt securities

During the year ended December 31, 2023 as part of its free cash flow management strategy the Group was investing into notes of the National Bank of the Republic of Kazakhstan with maturities of less than twelve months, that are usually held to maturity. As of December 31, 2023 the investment amounted to 122,178 million tenge (December 31, 2022: 176,715 million tenge).

During the year ended December 31, 2023 the Group also invested in debt securities issued by the US Department of the Treasury (US Treasury). As of December 31, 2023 the investment amounted to 122,923 million tenge (December 31, 2022: null).

14. OTHER FINANCIAL ASSETS (continued)

As at December 31 other financial assets by currency, except for derivatives, comprised:

In millions of tenge	**2023**	2022 (restated)
Financial assets, denominated in tenge	**1,265,181**	768,712
Financial assets, denominated in US dollars	**437,477**	286,794
Financial assets, denominated in euro	**15,059**	15,772
Financial assets, denominated in rubles	**1**	301
Financial assets, denominated in other currency	**8,708**	16,808
	1,726,426	1,088,387

15. OTHER NON-CURRENT ASSETS

As at December 31 other non-current assets comprised the following:

In millions of tenge	**2023**	2022
Advances paid for non-current assets	**899,680**	259,196
Long-term VAT receivable	**332,795**	225,712
Long-term inventories	**18,788**	12,676
Prepaid expenses	**16,335**	16,882
Other	**30,164**	20,726
Less: impairment allowance	**(117,369)**	(61,467)
	1,180,393	473,725

During the year ended December 31, 2023 the Group paid advances in the amount of 296,957 million tenge for supply of passenger carriages and construction of the railway, 159,433 million tenge for supply of power plant equipment based on a combined cycle plant, 38,545 million tenge for modernisation of Almaty CHPP-2 with the minimization of the environmental impact and 32,491 million tenge for reconstruction of Almaty CHPP-3.

The change in impairment allowance is mainly represented by the impairment of long-term VAT receivable in the amount of 27,898 million tenge, advances paid for non-current assets of 17,564 million tenge and prepayments on long-term assets of Ereymentau Wind Power LLP in the amount of 9,156 million tenge (*Note 30*) recognized during the year ended December 31, 2023.

16. INVENTORIES

As at December 31 inventories comprised the following:

In millions of tenge	**2023**	2022
Uranium products (at lower of cost and net realizable value)	**328,015**	308,114
Production materials and supplies (at lower of cost and net realizable value)	**129,158**	78,280
Work in progress (at lower of cost and net realizable value)	**104,378**	68,803
Crude oil (at cost)	**82,354**	69,332
Gas processed products (at cost)	**64,123**	33,518
Oil refined products for sale (at lower of cost and net realizable value)	**61,621**	60,670
Goods for resale (at lower of cost and net realizable value)	**58,455**	41,139
Oil and gas industry materials and supplies (at cost)	**53,786**	44,767
Fuel (at lower of cost and net realizable value)	**40,305**	22,940
Railway industry materials and supplies (at cost)	**25,547**	21,738
Electric transmission equipment spare parts (at cost)	**7,400**	5,855
Uranium industry materials and supplies (at lower of cost and net realizable value)	**3,374**	16,150
Telecommunication equipment spare parts (at cost)	**2,526**	2,248
Aircraft spare parts (at cost)	**1,560**	15,647
Other materials and supplies (at lower of cost and net realizable value)	**46,044**	77,089
	1,008,646	866,290

As at December 31, 2023 carrying value of inventories under pledge as collateral amounted to 186,378 million tenge (December 31, 2022: 126,345 million tenge).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

As at December 31 trade accounts receivable comprised the following:

In millions of tenge	**2023**	2022 (restated)
Trade accounts receivable	**1,366,846**	1,145,439
Less: allowance for expected credit losses	**(73,988)**	(62,147)
	1,292,858	1,083,292

As at December 31 other current assets comprised the following:

In millions of tenge	**2023**	2022 (restated)
Advances paid and deferred expenses	**167,068**	141,412
Other non-financial current assets	**212,266**	19,987
Other prepaid taxes	**118,229**	97,048
Less: impairment allowance	**(11,588)**	(8,330)
	485,975	250,117

At December 31, 2023 the Group's receivables of 197,651 million tenge were pledged under certain Group borrowings (December 31, 2022: 176,000 million tenge).

Movements in the allowance for expected credit losses for trade accounts receivable for the years ended December 31 were as follows:

In millions of tenge	**2023**	2022 (restated)
Allowance at January 1	**62,147**	49,777
Charged, net	**31,303**	14,469
Foreign exchange difference, net	**(320)**	1,006
Transfers from/(to) assets classified as held for sale or distribution to the Shareholder	**(266)**	–
Write-off	**(18,855)**	(3,105)
Other changes	**(21)**	–
Allowance at December 31	**73,988**	62,147

Movements in the impairment allowance for other current assets for the years ended December 31 were as follows:

In millions of tenge	**2023**	2022
Allowance at January 1	**8,330**	12,847
Charged, net	**3,468**	(2,065)
Foreign exchange difference, net	**(3)**	44
Change in estimate	**–**	268
Transfers from/(to) assets classified as held for sale or distribution to the Shareholder	**(84)**	–
Write-off	**(123)**	(2,764)
Allowance at December 31	**11,588**	8,330

Other non-financial current assets mainly represent the amount of 190,178 million tenge transferred to the construction companies as part of the execution of contracts on comprehensive works and services for the construction of facilities within the framework of the pilot National project "Comfort School", where the Group acts as an agent under IFRS 15 (*Note 25*).

18. CASH AND CASH EQUIVALENTS

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

In millions of tenge	**2023**	2022 (restated)
Bank deposits − US dollars	**816,838**	690,834
Bank deposits − tenge	**441,364**	607,290
Bank deposits − other currency	**79,121**	17,550
Current accounts with banks − US dollars	**467,059**	1,004,182
Current accounts with banks − tenge	**122,711**	364,135
Current accounts with banks − other currency	**16,271**	34,730
Reverse repurchase agreements with contractual maturity of three months or less	**465,653**	164,541
Cash in accounts for servicing budget programs in accordance with the legislation of the RK	**306,153**	–
Balances on brokerage accounts payable on demand	**10,119**	35,494
Cash on hand	**8,997**	9,186
Cash in transit	**6,461**	18,258
Less: allowance for expected credit losses	**(411)**	(584)
	2,740,336	2,945,616

Within the framework of diversification, the Group continues to place part of its free liquidity in money market instruments, such as auto repo secured by government and other securities with maturities of up to 3 months.

At December 31, 2023, the Group had cash in the amount of 306,153 million tenge, which is represented by a cash control account in the regional treasury department of the Ministry of Finance of the Republic of Kazakhstan opened with a special purpose of the implementation of the pilot national project "Comfortable School".

Short-term bank deposits are placed for varying periods of between 1 (one) day and 3 (three) months, depending on immediate cash needs of the Group. As at December 31, 2023 the weighted average interest rates for short-term bank deposits were 15.23% in tenge, 5.22% in US dollars, 5.97% in other currency; and current accounts were 3.74% in tenge, 4.24% in USD dollars, 0.74% in other currency, respectively (December 31, 2022: the weighted average interest rates for short-term bank deposits were 14.17% in tenge, 1.63% in US dollars, 5.12% in other currency; and current accounts were 1.33% in tenge, 1.17% in USD dollars, 0.77% in other currency, respectively).

19. EQUITY

19.1 Share capital

During 2023 and 2022 the Fund issued common shares, which were paid as follows:

Payment for shares	**Number of shares authorized and issued**	**Par value per share, in tenge**	**Share capital in millions of tenge**
As of December 31, 2021	3,481,961,408		5,268,580
Property contributions	1	239,265,541	239
As of December 31, 2022	3,481,961,409		5,268,819
Shares issued during the year:			
Shares issued and paid by contributions of state-owned interests in subsidiaries	**1**	**89,206,406,162**	**89,206**
	50	**723,663,220**	**36,183**
	40	**586,110,925**	**23,445**
	100	**64,469,200**	**6,447**
Shares issued and paid by contribution of property	**1,000**	**16,915,397**	**16,915**
	20	**114,504,250**	**2,290**
Shares issued and paid by cash	**6,000**	**8,246,277**	**49,478**
As of December 31, 2023	**3,481,968,620**		**5,492,783**

As at December 31, 2023: 3,481,968,620 shares of the Fund were fully paid (December 31, 2022: 3,481,961,409 shares).

19. EQUITY (continued)

19.1 Share capital (continued)

Contribution of state-owned interests in subsidiaries

On April 19, 2023 the Fund issued 50 shares at par value of 723,663,220 tenge and 40 shares at par value of 586,110,925 tenge for the total amount of 59,628 million tenge representing their fair values, which were paid off by the Shareholder by means of 100% of interest in Shulbinskaya GES and UK GES in accordance with the Resolution of the Government of the Republic of Kazakhstan. Also, on September 12, 2023, the Fund issued 100 shares at par value of 64,469,200 tenge for the amount of 6,447 million tenge representing their fair values, which were paid off by the Shareholder by shares of Kazgeology in accordance with the Resolution of the Government of the Republic of Kazakhstan (*Note 6*). Shares of Kazgeology were transferred to the share capital of subsidiary National Mining Company “Tau-Ken Samruk”.

These transactions represent business combination of entities under common control and are accounted for retrospectively under the pooling of interest method based on the predecessor’s values. Accordingly, these consolidated financial statements were presented as if the interests of entities were transferred at the beginning of the earliest presented period and, as a result, relevant comparative information was restated. As a result of these transactions the share capital of the Fund was increased by 66,075 million tenge with respective decrease in the retained earnings in these consolidated financial statements.

On September 12, 2023 in accordance with the Resolution of the Government of the Republic of Kazakhstan the Shareholder transferred the 28.8% non-controlling interest in Kazakhtelecom JSC to the Fund as a payment for the share issued at par value of 89,206,406,162 tenge, as a result of which the Group’s share in Kazakhtelecom JSC increased to 80.85%. The fair value of the exchanged shares comprised 89,206 million tenge. As a result of this transaction the difference between the carrying value of non-controlling interest acquired in the amount of 235,168 million tenge and fair value of exchanged shares of 89,206 million tenge was recognized as an increase of retained earnings of 145,962 million tenge in the consolidated statement of changes in equity.

Property contributions

On April 14 and August 9, 2023 the Fund issued 1,000 shares at par value of 16,915,397 tenge and 20 shares at par value of 114,504,250 tenge, which were paid off by the Shareholder by an immovable properties with a fair value of 19,205 million tenge. These properties was transferred to the share capital of subsidiaries “National Company “Qazaq Gas” JSC and “Samruk-Energy” JSC (hereinafter – “Samruk-Energy”).

On June 28, 2022, the Shareholder contributed property to the Fund’s share capital in form of the movable property with a fair value of 239 million tenge. This property was transferred to the share capital of subsidiary National Company “Kazakhstan Temir Zholy” JSC (hereinafter – “NC KTZh”).

Cash contributions

In November 2023, the Shareholder made cash contributions to the Fund’s share capital of 49,478 million tenge. These amounts were aimed to finance the project “ Construction of Infrastructure facilities on the territory of SEZ “National Industrial Petrochemical Technopark”.

19.2 Dividends

Dividends attributable to equity holder of the Parent

On December 26, 2023 according to the Resolution of the Government dated December 19, 2023 the Fund declared and paid dividends to the Shareholder of 238,027 million tenge on financial results for 2022.

During the period of October and November, according to the Resolution of the Government dated October 20, 2023 the Fund paid dividends to the Shareholder of 1,026,726 million tenge from the retained earnings of 2021.

On April 4, 2023 Shulbinskaya GES and UK GES paid dividends to the Shareholder in the amount of 2,227 million tenge and 1,872 million tenge, respectively, based on financial results of 2022 (during the year ended December 31, 2022: 2,241 million tenge and 1,857 million tenge, respectively, based on financial results of 2021).

In September and October 2022 the Fund declared and paid dividends to the Shareholder of 170,024 million tenge based on financial results for 2021 according to the Resolution of the Government dated September 22, 2022.

In July 2022 Kazgeology declared and paid dividends in the amount of 168 million tenge based on financial results of 2021. Since the transfer of these entities represent business combination of entities under common control (*Note 6*), dividends paid by these entities to the Shareholder were reflected as dividends attributable to the equity holder of the Parent in the consolidated statement of changes in equity.

19. EQUITY (continued)

19.2 Dividends (continued)

Dividends attributable to non-controlling interests

During 2023 the Group declared dividends of 172,201 million tenge to the holders of non-controlling interests in National Atomic Company “Kazatomprom” JSC (“NAC KAP”) group, KMG group, Kazakhtelecom JSC (“KTC”), Air Astana, Kazakhstan Electricity Grid Operating Company JSC (“KEGOC”), NC KTZh, “Samruk-Kazyna Business Service” LLP and “Samruk-Kazyna Ondeu” LLP (“SKO”). Total amount of dividends paid to the holders of non-controlling interests during 2023 equaled 173,976 million tenge.

During 2022 the Group declared dividends of 186,073 million tenge to the holders of non-controlling interests in KMG group, KTC, NAC KAP, KEGOC and SKO. Total amount of dividends paid to the holders of non-controlling interests during 2022 equaled 184,145 million tenge.

19.3 Distributions to the Public Foundation “Qazaqstan halqyna”

In accordance with Article 20 of the Law of the Republic of Kazakhstan “On the National Welfare Fund”, the Fund annually allocates funds to a non-profit organization represented by the public foundation "Qazaqstan halqyna" (hereinafter - "Public Foundation") in the amount of not less than 7% of the Fund's net income according to separate financial statements. According to the Shareholder's resolution, the Fund has recognized an obligation to allocate funds to the Public Foundation in the amount of 66,614 million tenge. During 2023, the Fund transferred the funds to the Public Foundation in the amount of 20,650 million tenge.

19.4 Other distributions to the Shareholder

Social projects financing

During 2023 in accordance with the Shareholder’s resolutions, the Fund recognised liabilities for financing of various social projects for the amount 32,730 million tenge as other distributions to the Shareholder in the consolidated statement of changes in equity. As at December 31, 2023, the Fund fully repaid these liabilities.

During 2022 in accordance with the Shareholder’s resolutions, the Fund recognised liabilities for financing of various social projects for the amount 23,978 million tenge as other distributions to the Shareholder in the consolidated statement of changes in equity. As at December 31, 2022, the Fund fully repaid these liabilities.

Financing construction of social facilities

During 2023, in accordance with the Shareholder’s resolution on the construction of a Perinatal center in Astana, the Group recognised liabilities of 65,000 million tenge as other distributions to the Shareholder in the consolidated statement of changes in equity. As of December 31, 2023 the Group made repayment of liabilities in the amount of 19,149 million tenge.

During 2022, in accordance with the Shareholder’s resolutions, the Fund recognized liabilities for financing of the construction of National coordination center for emergency medicine in Astana city with 200 beds and National Scientific Center of infectious diseases in Almaty city with 350 beds in the amount of 166,867 million tenge. During 2023 the Group made repayment of liabilities in the amount of 44,792 million tenge (during 2022: 104,028 million tenge).

In addition, during 2022, in accordance with the Shareholder’s resolutions, the Fund recognized liabilities for financing of the construction of residential buildings for socially vulnerable segments of the population in Zhetysu region in the amount of 11,600 million tenge.

Also, during 2022, in accordance with the Shareholder’s resolutions on the construction of a medical center in Zhana-ozen town and housing for the residents, living in Zhana-ozen town, the Group accrued liabilities and paid for 10,199 million tenge and 2,398 million tenge, respectively.

19. EQUITY (continued)

19.5 Other transactions with the Shareholder

During the year ended December 31, 2023, in accordance with the Order of the President of the Republic of Kazakhstan on the construction of the multifunctional sport and recreation complex in Uralsk (hereinafter - "the Sport Complex") as a result of his working visit to the West Kazakhstan region dated March 9, 2023, the Group recognized an obligation for the construction of the Sport Complex for the total amount of 17,925 million tenge in the consolidated statement of changes in equity. The Group made an advance payment in the amount of 8,962 million tenge.

During the year ended December 31, 2022 the Group recognized the impairment of gas turbine power plant and water treatment assets of Karabatan Utility Solutions LLP in the amount of 14,077 million tenge, part of which in the amount of 9,877 million tenge was recognised in the consolidated statement of comprehensive loss and the balance of 4,201 million tenge was recognised in equity as Other transactions with the Shareholder, as part of assets related to assets of General Plant Infrastructure ("GPI"), which are subject to impairment.

19.6 Transfer of assets to the Shareholder

In accordance with the Shareholder's Order, the Group transferred an immovable property with the carrying amount of 3,796 million tenge to the President's Affairs Administration of the Republic of Kazakhstan. This transaction was reflected as a transfer of assets to the Shareholder in the consolidated statement of changes in equity.

19.7 Discount on loans from the Government

During the year ended December 31, 2023, the Fund placed bonds in the amount of 173,709 million tenge (*Note 21*). The difference between nominal and fair value in the amount of 38,435 million tenge was recognized as a discount on loans from the Government in the consolidated statement of changes in equity (*Note 21*).

During the year ended December 31, 2023, the Fund received loan in the amount of 162,600 million tenge (*Note 21*). The difference between nominal and fair value in the amount of 139,497 million tenge was recognized as a discount on loans from the Government in the consolidated statement of changes in equity (*Note 21*).

In 2022, the Fund made partial early repayment of bond obligations to the National Bank in the amount of 137 million tenge, and therefore recognized the amortization of the discount on loans from the Government in the amount of 78 million tenge as a decrease in equity in the consolidated statement of changes in equity.

In December 2022, the Fund placed bonds in the amount of 162,859 million tenge. The difference between nominal and fair value in the amount of 68,762 million tenge was recognized as a discount on loans from the Government in the consolidated statement of changes in equity *(Note 21)*.

19.8 Change in ownership interests of subsidiaries − disposal of interest that does not result in the loss of control

KMG

In 2023 the Fund sold 20% shares of KMG to the "National Bank of the Republic of Kazakhstan" in the amount of 1,300,000 million tenge. As a result of the deal the Fund received proceeds of 1,300,000 million tenge, non-controlling interests increased by 2,096,861 million tenge, and the difference of 842,858 million tenge and 45,821 million tenge was recognized as decrease of currency translation reserve and increase of retained earnings attributable to the equity holder of the Parent, respectively.

On December 6, 2022, the Fund placed 3% shares of KMG on Kazakhstan Stock Exchange (KASE) and international Stock Exchange of Astana (AIX). The price per share is 8,406 tenge.

As a result of share issue, the Group received proceeds of 151,074 million tenge, net of transaction costs of 2,786 million tenge, non-controlling interests increased by 288,571 million tenge, and the difference of 128,297 million tenge and 9,470 million tenge was recognized as decrease of currency translation reserve and retained earnings attributable to the equity holder of the Parent, respectively.

19. EQUITY (continued)

19.8 Change in ownership interests of subsidiaries − disposal of interest that does not result in the loss of control (continued)

KEGOC

In November 2023 as part of the SPO (secondary public offering) program, KEGOC conducted a secondary placement of ordinary shares totaling 15,294,118 shares at a price of 1,482 tenge on organized securities markets (KASE and AIX).

As a result of the secondary placement of shares, the Group received an amount of 22,123 million tenge, after deducting transaction expenses totaling 543 million tenge. The non-controlling interest increased by 16,916 million tenge, and the difference was recognized as an increase in retained earnings in the amount of 5,207 million tenge.

19.9 Non-controlling interests

The following tables illustrate information of subsidiaries in which there is significant non-controlling interests as at December 31:

	Non-controlling interests			
	2023		2022	
	Share	**Carrying amount**	Share	Carrying amount
NC KazMunayGas JSC	**32.58%**	**3,319,477**	12.58%	1,198,454
NAC Kazatomprom JSC	**25.00%**	**862,335**	25.00%	713,970
Kazakhtelecom JSC	**19.15%**	**229,731**	47.97%	393,372
KEGOC JSC	**15%**	**55,160**	10.00% − 1	30,741
Air Astana JSC	**49.00%**	**47,522**	49.00%	34,519
Other		**94,304**		132,960
		4,608,529		2,504,016

All significant subsidiaries with non-controlling interests are registered in Kazakhstan.

19. EQUITY (continued)

19.9 Non-controlling interests (continued)

The following tables illustrate summarized financial information of subsidiaries, in which there are significant non-controlling interests as at December 31, 2023 and for the year then ended:

In millions of tenge	NC KazMunay-Gas JSC	Kazatomprom NAC JSC	Kazakhtelecom JSC	KEGOC JSC	Air Astana JSC
Summarized statement of financial position					
Non-current assets	**13,505,675**	**1,308,584**	**1,265,576**	**483,938**	**430,146**
Current assets	**3,437,037**	**1,290,708**	**217,424**	**120,371**	**189,166**
Non-current liabilities	**5,014,097**	**160,213**	**390,631**	**198,049**	**315,072**
Current liabilities	**1,534,218**	**430,812**	**288,706**	**38,527**	**207,256**
Total equity	**10,394,397**	**2,008,267**	**803,663**	**367,733**	**96,984**
Attributable to:					
Equity holder of the Parent	**7,074,920**	**1,145,932**	**573,932**	**312,573**	**49,462**
Non-controlling interests	**3,319,477**	**862,335**	**229,731**	**55,160**	**47,522**
Summarized statement of comprehensive income					
Revenue	**8,319,543**	**1,434,635**	**669,468**	**252,136**	**533,071**
Profit for the year	**924,461**	**580,335**	**104,403**	**71,563**	**30,739**
Other comprehensive (loss)/income	**(117,847)**	**(357)**	**1,998**	**–**	**3,315**
Total comprehensive income for the year, net of tax	**806,614**	**579,978**	**106,401**	**71,563**	**34,054**
Attributable to:					
Equity holder of the Parent	**842,977**	**418,835**	**95,065**	**71,563**	**34,054**
Non-controlling interests	**(36,363)**	**161,143**	**11,336**	**–**	**–**
Dividends declared to non-controlling interests	**39,226**	**117,174**	**7,048**	**3,336**	**3,683**
Summarised cash flow information					
Operating activity	**966,144**	**432,225**	**240,883**	**67,265**	**122,738**
Investing activity	**(53,771)**	**(61,200)**	**(403,934)**	**(28,064)**	**(20,994)**
Financing activity	**(608,388)**	**(319,425)**	**(3,019)**	**(21,385)**	**(91,459)**
Net increase/(decrease) in cash and cash equivalents	**303,985**	**51,600**	**(166,070)**	**17,816**	**10,285**

19. EQUITY (continued)

19.9 Non-controlling interests (continued)

The following tables illustrate summarized financial information of subsidiaries, in which there are significant non-controlling interests as at December 31, 2022 and for the year then ended:

In millions of tenge	NC KazMunay-Gas JSC	Kazatomprom NAC JSC	Kazakhtelecom JSC	KEGOC JSC	Air Astana JSC
Summarized statement of financial position					
Non-current assets	13,515,455	1,274,813	939,567	441,251	408,965
Current assets	3,135,308	947,720	347,166	112,679	169,752
Non-current liabilities	5,174,219	254,627	335,083	187,040	323,207
Current liabilities	1,603,094	271,403	221,043	59,477	185,064
Total equity	9,873,450	1,696,503	730,607	307,413	70,446
Attributable to:					
Equity holder of the Parent	8,674,996	982,533	337,235	276,672	35,927
Non-controlling interests	1,198,454	713,970	393,372	30,741	34,519
Summarized statement of comprehensive income					
Revenue	8,686,384	1,001,171	621,838	217,256	474,182
Profit for the year	1,317,319	472,963	128,753	65,140	37,583
Other comprehensive income/(loss)	468,745	(510)	(2,916)	–	5,240
Total comprehensive income for the year, net of tax	1,786,064	472,453	125,837	65,140	42,823
Attributable to:					
Equity holder of the Parent	1,756,410	347,590	111,202	65,140	42,823
Non-controlling interests	29,654	124,863	14,635	–	–
Dividends declared to non-controlling interests	(21,445)	(142,145)	(19,421)	(3,023)	–
Summarised cash flow information					
Operating activity	1,058,204	283,859	242,989	80,679	145,845
Investing activity	(1,624,864)	(10,893)	(105,733)	(31,209)	(27,797)
Financing activity	287,753	(268,877)	(119,945)	(33,058)	(101,769)
Net (decrease)/increase in cash and cash equivalents	(278,907)	4,089	17,311	16,412	16,279

19. EQUITY (continued)

19.10 Currency translation reserve

The currency translation reserve is used to record exchange differences arising from the translation of financial statements of the subsidiaries, whose functional currency is not tenge and whose financial statements are included in the consolidated financial statements. In 2023 foreign translation difference amounted to 204,939 million tenge before tax of 11,101 million tenge (2022: 747,358 million tenge before tax of 36,525 million tenge).

Certain borrowings of the Group denominated in US dollars were designated as hedge instrument for the net investment in the foreign operations. As at December 31, 2023 unrealized foreign currency gain of 46,478 million tenge resulting from translation of these borrowings were transferred to currency translation reserve recognized in other comprehensive income (2022: loss of 224,708 million tenge).

19.11 Hedge reserve

Air Astana JSC

In 2015 Air Astana JSC entered into a cash flow hedge with finance lease obligations denominated in US dollars, to reduce the risk of changes in sales revenue expressed in US dollars. In connection with the transition of the functional currency to US dollar, this hedge ceased to be economically effective from December 31, 2017.

As a result of the change, the hedge relationship has been discontinued so that starting from January 1, 2018 no further foreign currency translation gains or losses are transferred from profit or loss to hedge reserve, and the hedge reserve recognized in equity as at December 31, 2022 shall remain in equity until the forecasted revenue cash flows are received.

During 2023 amount reclassified from the hedging reserve to foreign exchange loss from inception of the hedge was 5,191 million tenge before tax of 1,038 million tenge (2022: 5,687 million tenge before tax of 1,137 million tenge). Hedge income attributable to non-controlling interests comprised 2,544 million tenge before tax of 509 million tenge (2022: 2,787 million tenge before tax of 557 million tenge).

KMG

The Group buys crude oil from the market, refines it and later sells the finished products (e.g.: gasoline, diesel, jet fuel etc.). Throughout a given period, the volatility associated with the oil market, both in crudes and in finished products, is transmitted to the Group's refinery margin (difference between the purchase price of crude oil and the selling price of finished products). To reduce this volatility, the Group hedges the margin with a swap on a hedged basket as relevant for the period.

For the year ended December 31, 2023, the effective part of 849 million tenge was recorded in the cash flow hedging reserve through other comprehensive income as net fair value gain on cash flow hedging instruments (for the year ended December 31, 2022: 11,872 million tenge as net fair value loss on cash flow hedging instruments). Hedge income attributable to non-controlling interests comprised 101 million tenge (2022: hedge loss attributable to non-controlling interests of 920 million tenge).

NC KTZh

On August 7, 2015, the Group hedged cash flows to reduce the risk of changes in tenge equivalent revenue denominated in Swiss Francs. The principal from Eurobonds issued on June 20, 2014 on the Swiss stock exchange and maturing on June 20, 2022 is used as hedging instrument, which is separately identifiable and reliably estimated. A highly probable revenue stream forecast relating to transit transportation in Swiss Francs, in particular, first sales received in the period from January 1 to June 20, 2022, is the hedged item in this hedging relationship.

As at December 31, 2022, hedge accounting was discontinued due to the receipt of revenue from freight transportation in international (transit) route, which is the hedge item, accordingly, the cumulative deferred loss attributable to this hedging instrument was reclassified from other comprehensive loss to revenue from freight transportation in the amount of 54,442 million tenge.

For the year ended December 31, 2022, the effective portion of 2,445 million tenge was allocated to the hedging reserve in other comprehensive income in the form of a net loss on the hedging instrument.

19. EQUITY (continued)

19.12 Other capital reserves

Other capital reserves include mainly remuneration of employees for the services rendered in the form of share-based payments with equity instruments of a subsidiary in which they are employed. The cost of equity-settled remunerations is recognized, together with a corresponding increase in other capital reserves, over the period in which performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award.

19.13 Book value and earnings per share

In accordance with the decision of the Exchange Board of Kazakhstan Stock Exchange JSC ("KASE") dated October 4, 2010 financial statements shall disclose book value per share (common and preferred) as of the reporting date, calculated in accordance with the KASE rules.

In millions of tenge	**2023**	2022 (restated)
Total assets	**36,926,344**	33,631,379
Less: intangible assets	**(2,017,748)**	(1,945,639)
Less: total liabilities	**(15,189,029)**	(13,837,957)
Net assets for common shares	**19,719,567**	17,847,783
Number of common shares as at December 31	**3,481,968,620**	3,481,961,409
Book value per common share, tenge	**5,663**	5,126
Earnings per share		
Net profit for the year attributable to Equity holder of the Parent	**1,698,074**	1,926,689
Weighted average number of common shares for basic and diluted earnings per share	**3,481,963,068**	3,481,961,408
Basic and diluted share in net profit for the period attributable to Equity holder of the Parent	**487.68**	553.33

* *Presentation of book value per common share is a non-IFRS measure required by KASE.*

Basic earnings per share is calculated by dividing the profit or loss attributable to Equity holder of the Parent by the weighted average number of common shares during the year. The Group has no dilutive potential common shares, therefore, the diluted earnings per share equals the basic earnings per share.

20. BORROWINGS

As at December 31 borrowings, including interest payable, comprised the following:

In millions of tenge	**2023**	**Weighted average effective rate**	2022	Weighted average effective rate
Fixed interest rate borrowings	***4,997,501***		*5,517,313*	
Loans received	**1,059,372**	**12.71%**	1,041,195	11.12%
Debt securities issued	**3,938,129**	**6.11%**	4,476,118	6.70%
Floating interest rate borrowings	***1,366,401***		*1,150,362*	
Loans received	**1,095,542**	**8.15%**	900,560	9.85%
Debt securities issued	**270,859**	**18.82%**	249,802	15.63%
	6,363,902		6,667,675	
Less: amounts due for settlement within 12 months	**(980,684)**		(1,267,512)	
Amounts due for settlement after 12 months	**5,383,218**		5,400,163	

In millions of tenge	**2023**	2022
US dollar-denominated borrowings	**3,682,629**	3,859,503
Tenge-denominated borrowings	**2,137,211**	2,162,421
Swiss francs-denominated borrowings	**256,070**	125,349
Euro-denominated borrowings	**223,659**	96,589
Rubles-denominated borrowings	**51,207**	405,818
Other currency-denominated borrowings	**13,126**	17,995
	6,363,902	6,667,675

20. BORROWINGS (continued)

As at December 31, the bonds comprised:

In millions of tenge	Issuance amount	Redemption date	Effective interest rate	December 31, 2023	December 31, 2022
Bonds					
Bonds LSE 2018	1.5 billion USD	2048	6.375%	**669,582**	681,014
Bonds LSE 2018	1.25 billion USD	2030	5.375%	**562,142**	571,508
Bonds LSE 2017	1.25 billion USD	2047	5.75%	**552,309**	561,160
Bonds LSE 2017	1 billion USD	2027	4.75%	**454,060**	460,655
Bonds LSE 2020	750 million USD	2033	3.50%	**336,780**	340,415
Bonds ISE 2017	750 million USD	2027	4.448%	**323,208**	328,757
Bonds KASE 2019	0.3 billion KZT	2034	11.50%	**308,433**	308,433
Bonds LSE 2021	500 million USD	2026	2.36%	**225,947**	229,241
Bonds KASE 2022	118.9 billion KZT	2024	TONIA Compounded 6M + 3% margin	**129,491**	128,216
Bonds KASE 2019	70 billion KZT	2024	4%	**82,746**	84,161
Bonds KASE 2019	80 billion KZT	2026	11.50%	**80,262**	80,244
Bonds KASE 2018	75 billion KZT	2024	9.25%	**76,831**	76,831
Bonds KASE 2016	50 billion KZT	2026	Inflation rate + 2.52%	**56,302**	53,750
Bonds KASE 2016	47.5 billion KZT	2031	17.28%	**52,769**	51,630
Bonds LSE 2018	500 million USD	2025	4.75%	**–**	232,586
Bonds KASE 2020	129 billion tenge	2023	10.90%	**–**	100,041
Bonds SIX Swiss Exchange 2018	170 million Swiss Francs	2023	3.25%	**–**	84,925
Other	–	–	–	**298,126**	352,353
Total				**4,208,988**	4,725,920

Loans received

In 2023, the Group received Syndicated loan (Unicredit Tiriac Bank, ING Bank, BCR, Raiffeisen Bank) used to finance its working capital for the total amount of 307 million US dollars (equivalent to 140,232 million tenge), on a net basis.

In 2023, the Group received a loan from Bank of Tokyo-Mitsubishi UFJ. Ltd to finance working capital in the amount of 101 million US dollars (equivalent to 45,855 million tenge), on a net basis, at the rate of COF (5.37%) + 1.80% per annum and maturity in 2024.

In 2023, the Group made full repayment of the loan from VTB Bank (PJSC) in the amount of 58,010 million Russian Roubles (equivalent to 294,841 million tenge), including accrued interest.

In 2023, the Group under the Master Framework Agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated February 23, 2023 to finance the acquisition of freight and passenger locomotives for a total amount of 627 million euro, borrowed 329 million euro (equivalent to 162,473 million tenge) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15% margin. Principal is repaid semi-annually until full repayment in 2034.

In November 2023, the Group under the credit agreement with Citibank and Santander and the guarantee of MIGA, dated September19, 2023 to finance the acquisition of electric locomotives, passenger carriages, capital and current repairs of railway tracks, borrowed 513 million Swiss francs (equivalent to 264,633 million tenge) (including the MIGA premium). Loan interest is paid semi-annually at SARON 6m + 0.95%. Principal is repaid semi-annually until full repayment in 2033. The grace period for repayment of principal debt is 1 year.

In 2023, a subsidiary of the Group, Atyrau Refinery LLP (further Atyrau refinery), partially repaid loans from Halyk Bank of Kazakhstan JSC for a total amount of 102,674 million tenge, respectively, including interest.

In 2023, the Group under the loan agreement with EDB dated May 11, 2023 to finance the acquisition of freight diesel locomotives for a total amount of 17,685 million Russian Roubles borrowed 10,045 million Russian Roubles (equivalent to 50,345 million tenge). Loan interest is paid semi-annually at 7.8%. Principal is repaid semi-annually until full repayment in 2034.

20. BORROWINGS (continued)

On April 24, 2023, the Group received a loan in the amount of 138,172 million tenge from Halyk Bank of Kazakhstan JSC to finance the construction of a power plant based on a combined cycle gas plant in the Turkestan region with a credit limit of 188,427 million tenge. Interest at a rate of 18.5% per annum is payable quarterly until December 29, 2032, starting from the second quarter of 2025.

In 2023, based on the notification of the Ministry of Energy of RK on the termination of the subsoil use contract, the Group derecognized the loan of Eni Isatai B.V. for the Isatai project in the amount of 4,377 million tenge (*Note 32*).

Debt securities issued

On April 26, 2023, the Group made an early repayment of Eurobonds in the amount of 501 million US dollars (equivalent to 227,520 million tenge), including premium for early repayment and coupon payment with an interest rate of 4.75% and maturity in 2025.

Covenants

Under the terms of some loan agreements, respective subsidiaries of the Group are obliged to comply with certain covenants. The Group reviews compliance with all the Group loan covenants at each reporting date.

Loan received from Halyk Bank of Kazakhstan JSC

In March 2022, the Group represented by its subsidiary JV Alaigyr LLP entered into a credit line agreement with Halyk Bank of Kazakhstan JSC for a total amount of 56,000 thousand US dollars. Repayment of interest and principal on the credit line is made monthly, while the principal debt is paid starting from 2024. The loan was classified as a short-term due to early repayment clause.

JV Alaigyr LLP has certain financial and non-financial covenants in accordance with the terms of the credit line. In accordance with the terms of the covenants, among other conditions, the lender has the right to demand repayment of loans in advance. As of December 31, 2023, the JV Alaigyr LLP did not comply with the covenants on maintaining the debt-equity ratio in the project financed under the contract and confirming the attraction of funds to the Group in the amount necessary to complete the project financed under the contract.

On December 29, 2023, the JV Alaigyr LLP received a confirmation letter from Halyk Bank of Kazakhstan JSC that there was no breach of the above covenants. In addition, on January 26, 2024, the Group received a letter from Halyk Bank of Kazakhstan JSC to postpone the covenants until July 1, 2024.

As of December 31, 2023 and as of December 31, 2022 the Group complied with all financial and non-financial covenants under loan agreements, except those mentioned above.

In millions of tenge	**2023**	2022
NC KMG and its subsidiaries	**3,281,937**	3,708,949
NC KTZh and its subsidiaries	**1,348,931**	1,098,347
Qazaq Gaz and its subsidiaries	**375,947**	492,188
The Fund	**346,741**	519,370
Kazakhtelecom and its subsidiaries	**248,820**	205,305
Samruk-Energy and its subsidiaries	**190,448**	190,790
KEGOC and its subsidiaries	**163,535**	156,352
CCGT Turkistan LLP	**156,521**	–
EGRES-2	**97,017**	97,834
NAC KAP and its subsidiaries	**86,252**	138,270
NMC TKS and subsidiaries	**66,772**	52,319
Other subsidiaries of the Fund	**981**	7,951
Total borrowings	**6,363,902**	6,667,675

20. BORROWINGS (continued)

Changes in borrowings are as follows:

In millions of tenge	**2023**	2022
Balance as at January 1	**6,667,675**	7,862,692
Received by cash*	**1,218,171**	1,178,196
Interest accrued	**465,318**	487,882
Discount	**(1,090)**	(332)
Interest capitalized *(Note 8)*	**64,557**	74,087
Interest paid	**(503,416)**	(540,453)
Repayment of principal*	**(1,535,865)**	(1,618,601)
Purchase of property plant and equipment financed by borrowings	**114,106**	5,706
Transfer to assets classified as held for sale or distribution to the Shareholder (*Note 7*)	**(187)**	(941,587)
Amortization of discount	**19,948**	17,347
Foreign currency translation	**(132,183)**	406,629
Derecognition of loan (*Note 32*)	**(4,377)**	–
Return of insurance premium in cash	**–**	7,370
Commission for the early redemption of the loan	**–**	4,498
Repayment of principal and interest by reserved cash	**–**	(259,459)
Other	**(8,755)**	(16,300)
Balance as at December 31	**6,363,902**	6,667,675

* *The amounts are not reconciled to cash flows shown within financing activies of the consolidated statement of cash flows, as do not contain the changes with respect to liabilities associated with assets classified as held for sale.*

21. LOANS FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN

As at December 31 loans from the Government of the Republic of Kazakhstan comprised the following:

In millions of tenge	Redemption date	Effective interest rate	**2023**	2022
Bonds acquired by the National Bank of the Republic of Kazakhstan using the assets of the National Fund	2035-2063	5.56-13.99%	**836,941**	672,208
Loans from the Government of the Republic of Kazakhstan	2029-2046	5.15-11.59%	**35,905**	11,396
			872,846	683,604
Less: amounts due for settlement within 12 months			**(11,028)**	(3,760)
Amounts due for settlement after 12 months			**861,818**	679,844

The change in loans from the Government of the Republic of Kazakhstan are represented as follows:

In millions of tenge	**2023**	2022
Balance as at 1 January	**683,604**	579,369
Received by cash	**336,309**	162,859
Interest accrued	**13,758**	17,364
Interest capitalized (*Note 8*)	**19,621**	–
Discount (*Note 19.7*)	**(177,932)**	(68,684)
Interest paid*	**(26,696)**	(17,448)
Repayment of principal	**(891)**	(10,776)
Amortisation of discount	**25,073**	20,920
Balance as at 31 December	**872,846**	683,604

* *Cash repayments of certain borrowings obtained by the Fund are included within cash flows from operating activities because these borrowings are part of the Fund's main activity of assets management.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. LOANS FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN (continued)

Bonds acquired by the National Bank of the Republic of Kazakhstan

During the year ended December 31, 2023 the Fund placed bonds in the amount of 173,709 million tenge for financing the construction of the second tracks of the Dostyk-Moiynty railway section, aimed at increasing the transit and export potential of the country. The bonds were purchased by the National Bank of the Republic of Kazakhstan funded by the National Fund. The fair value of consideration received was 135,274 million tenge. The difference between nominal and fair value of the bond in the amount of 38,435 million tenge was recognized as a discount on loan from the Government in the consolidated statement of changes in equity (*Note 19.7*).

In February 2022, in accordance with the corporate decisions made by the Fund and with the edition of the Rules on proceeds to the National Fund of the Republic of Kazakhstan from transfer of assets of national managing holdings, national holdings, national companies and their subsidiaries, affiliates and other legal entities affiliated with them to the competitive environment approved by the Resolution of the Government of the Republic of Kazakhstan No. 323 dated 4 June 2018, effective on the redemption date, the Fund made a partial early redemption of bonds at par value in the amount of 137 million tenge which was carried out within the eleventh bond issue of the Fund purchased by the National Bank of the Republic of Kazakhstan. In this regard, the Fund recognized amortization of discount on loans from the Government in the amount of 78 million tenge in the consolidated statement of changes in equity *(Note 19.7)*.

In December 2022, Fund's bonds issue in the amount of 542,863 million tenge with an annual coupon of 7.37% per annum was registered. On December 30, 2022, the Fund's bonds were placed in the amount of 162,859 million tenge. The bonds were purchased by the National Bank of the Republic of Kazakhstan at the expense of the National Fund. The funds received from the sale of these bonds were used to provide a loan to NC KTZh in order to finance the construction of the second tracks of the Dostyk-Moiynty railway section with a total length of 836 km, aimed at increasing the transit and export potential of the country. The fair value of consideration received was 94,097 million tenge. The difference between nominal and fair value of the bond in the amount of 68,762 million tenge was recognized as a discount on loan from the government in a consolidated statement of changes in equity (*Note 19.7*).

Other loans from the Government

During the year ended December 31, 2023, in accordance with the Law of the Republic of Kazakhstan “On Republican budget for 2023-2025” dated December 1, 2022, the Fund received loan from the Ministry of Finance of the Republic of Kazakhstan in the total amount of 162,600 million tenge with an interest rate of 0.05% and maturity of 30 years. The fair value of consideration received was 23,103 million tenge. The difference between nominal and fair value of the bond in the amount of 139,497 million tenge was recognized as a discount on loan from the Government in the consolidated statement of changes in equity (*Note 19.7)*.

22. PROVISIONS

As at December 31 provisions comprised the following:

In millions of tenge	Asset retirement obligations	Provision for environ-mental remediation	Provision for taxes	Provision for aircraft maintenance	Other	Total
Provision at January 1, 2022	346,420	68,194	17,727	54,910	55,491	542,742
Foreign currency translation	9,164	3,286	238	4,030	2,928	19,646
Change in estimate	(162,695)	4,514	(3,169)	(947)	2,644	(159,653)
Unwinding of discount	21,440	5,892	–	–	224	27,556
Provision for the year	60,973	12,084	3,740	38,146	48,846	163,789
Use of provision (restated)	(161)	(5,594)	(2,937)	(8,402)	(12,021)	(29,115)
Reversal of unused amounts	(61)	(392)	(1,327)	–	(855)	(2,635)
Provision at December 31, 2022	275,080	87,984	14,272	87,737	97,257	562,330
Foreign currency translation	**(1,506)**	**(1,062)**	**(44)**	**(1,507)**	**(1,109)**	**(5,228)**
Change in estimate	**6,162**	**(1,350)**	**(548)**	**–**	**(155)**	**4,109**
Transfer to liabilities associated with assets classified as held for sale or distribution to the Shareholder (*Note 7*)	**–**	**–**	**–**	**(115,362)**	**–**	**(115,362)**
Additions through business combinations (*Note 5*)	**4,346**	**–**	**–**	**–**	**–**	**4,346**
Unwinding of discount	**26,137**	**2,926**		**1,536**	**162**	**30,761**
Provision for the year	**67,092**	**3,796**	**787**	**40,476**	**58,561**	**170,712**
Use of provision	**(1,616)**	**(5,168)**	**(366)**	**(11,532)**	**(26,257)**	**(44,939)**
Reversal of unused amounts	**(367)**	**(4,619)**	**(5,651)**	**(1,348)**	**(29,609)**	**(41,594)**
Other changes	**–**	**–**	**–**	**–**	**2,380**	**2,380**
Provision at December 31, 2023	**375,328**	**82,507**	**8,450**	**–**	**101,230**	**567,515**

22. PROVISIONS (continued)

Current portion and non-current portion of provisions are presented as follows:

In millions of tenge	Asset retirement obligations	Provision for environ-mental remediation	Provision for taxes	Provision for aircraft maintenance	Other	Total
Current portion (restated)	8,795	10,829	14,272	33,165	88,058	155,119
Non-current portion	266,285	77,155	–	54,572	9,199	407,211
Provision at December 31, 2022	275,080	87,984	14,272	87,737	97,257	562,330
Current portion	**9,081**	**7,056**	**8,450**	**–**	**71,866**	**96,453**
Non-current portion	**366,247**	**75,451**	**–**	**–**	**29,364**	**471,062**
Provision at December 31, 2023	**375,328**	**82,507**	**8,450**	**–**	**101,230**	**567,515**

Other provisions

During the year ended December 31, 2023 the Group recognized the provision for payment of compensation for the unauthorised volume of uranium, which relates to MC Ortalyk LLP. In October 2017, MC Ortalyk LLP obtained a contract for uranium exploration at Zhalpak field for a period up to May 31, 2018. In May 2018, the Ministry of Energy of the RK (hereinafter ME of RK) agreed to extend the exploration period under the contract until December 31, 2022 for performing evaluation works. However, the approval process of evaluation works by the ME of RK was delayed. Test production was stopped in April 2020. The volume of unauthorised uranium at the Zhalpak field for the period from June 2018 to April 2020 amounted to 162,454 tons. In early 2023 the issue of paying compensation for the unauthorised volume of uranium began to be actively discussed with the government authorities. As a result, on August 15, 2023 MC Ortalyk LLP paid a compensation of 11,404 million tenge to the government for unauthorized volume of uranium.

During the year ended December 31, 2023 the Group recognized an obligation for construction of the Sport Complex for the total amount of 17,925 million tenge (*Note 19.5*).

As at December 31, 2023 other provisions included provision for gas transportation of 33,226 million tenge (as at December 31, 2022: 33,817 million tenge), and the obligation for construction of the Sport Complex of 17,925 million tenge.

23. LEASE LIABILITIES

The Group has leases for various items of property, plant and equipment, mainly aircraft.

During the years from 2012 to 2014, Air Astana JSC (further - Air Astana), a subsidiary of the Group, acquired 10 (ten) aircraft under fixed-interest lease agreements with transfer of title. The lease term for each aircraft is 12 (twelve) years. Air Astana has the option to purchase each aircraft for a nominal amount at the end of the lease. For other aircraft lease contracts are concluded for eight years without repurchase options at the end of the lease terms.

As at December 31, 2023 Air Astana has 5 (five) Airbus and 3 (three) Boeing 767 aircraft under fixed interest lease agreements with transfer of title (2022: 5 (five) Airbus and 3 (three) Boeing 767 aircraft).

Loans provided by financial institutions to the lessors in respect of five new Airbus aircraft which were delivered during 2012 and 2013 were guaranteed by European Export Credit Agencies while three Boeing 767 aircraft which were delivered in 2013 and 2014 were guaranteed by the US Export Import Bank.

The Group's leases with transfer of title are subject to certain covenants. These covenants impose restrictions in respect of certain transactions, including, but not limited to restrictions in respect of indebtedness. Certain lease agreements with transfer of title include covenants as regards to change of ownership of the Group. These requirements have been met as at December 31, 2023 and 2022.

All other aircraft leases other than described above are contracted without the right for purchase at the end of the lease term.

Air Astana's obligations under leases are secured by the lessors' title to the leased assets. These assets have a carrying value of 333,934 million tenge (December 31, 2022: 330,418 million tenge).

As at December 31, 2023 interest calculation was based on effective interest rates ranging from 6.72% to 18.87% (December 31, 2022: from 8% to 17.3%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. LEASE LIABILITIES (continued)

As at December 31 future minimum lease payments under leases together with the present value of the net minimum lease payments comprised the following:

	Minimum lease payments		Present value of minimum lease payments	
In millions of tenge	**2023**	2022	**2023**	2022
Within one year	**94,648**	176,622	**70,906**	138,192
Two to five years inclusive	**247,169**	474,013	**160,297**	361,654
After five years	**259,758**	197,364	**121,874**	121,314
	601,575	847,999	**353,077**	621,160
Less: amounts representing finance costs	**(248,498)**	(226,839)	**–**	–
Present value of minimum lease payments	**353,077**	621,160	**353,077**	621,160
Less: amounts due for settlement within 12 months			**(70,906)**	(138,192)
Amounts due for settlement after 12 months			**282,171**	482,968

The Air Astana lease obligations are denominated in US dollars.

Changes in lease liabilities are as follows:

In millions of tenge	**2023**	2022
Balance as at January 1	**621,160**	509,661
Interest paid	**(48,016)**	(48,040)
Repayment of principal	**(161,898)**	(153,822)
Interest accrued (*Note 31*)	**58,190**	53,565
Foreign currency translation	**(6,876)**	23,279
Additions of leases	**168,259**	230,622
Transfer to liabilities associated with assets classified as held for sale or distribution to the Shareholder (*Note 7*)	**(326,780)**	–
Lease agreement termination	**(17,012)**	(7,856)
Lease agreement modification	**68,074**	11,113
Other	**(2,024)**	2,638
Balance as at December 31	**353,077**	621,160

24. OTHER NON-CURRENT FINANCIAL AND OTHER LIABILITIES

As at December 31 other current liabilities comprised the following:

In millions of tenge	**2023**	2022
Other financial liabilities		
Derivative financial instruments	**35,719**	565
Obligations under guarantee agreements	**30,171**	33,924
Accounts payable	**13,997**	10,440
Historical costs associated with obtaining subsoil use rights	**7,054**	7,741
Other	**14,773**	13,948
Other non-financial liabilities		
Government grant liability	**73,272**	45,693
Contract liabilities to customers	**52,516**	56,578
Advances received and deferred income	**4,788**	5,287
Other	**1,758**	4,504
	234,048	178,680

24. OTHER NON-CURRENT FINANCIAL AND OTHER LIABILITIES (continued)

Derivative financial instruments

In October-November 2022, the Group's subsidiary, NC KTZh, entered into agreements with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) cross-currency swap transactions to manage the exposure to foreign exchange risk of borrowings denominated in US Dollars.

NC KTZh pays a fixed amount of Swiss Francs in exchange for a fixed amount of US Dollars. The payment of these fixed amounts in Swiss Francs is a manage of the foreign exchange risk of borrowings, as NC KTZh has a share of revenue denominated in Swiss Francs. These derivative financial instruments are not designated into hedging relationships.

During 2023, as part of the cross-currency swap transactions, the Group received cash from J.P. Morgan Securities plc. (UK), Societe Generale SA (France) and Citibank London in the amount of 17,478,556 US Dollars (8,146 million tenge) and 4,485,525 Swiss Francs (2,345 million tenge).

As at December 31, 2023, the fair value of derivative financial instruments, accounted at fair value through profit or loss, under agreements with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) in the amount of 78,578,766 US Dollars (35,719 million tenge) was recognised within non-current financial liabilities (December 31, 2022: within other non- current financial assets of 58,693 US Dollars (27 million tenge) and within non-current financial liabilities of 1,220,034 US Dollars (564 million tenge)). The change in fair value of derivative financial instruments for the year ended December 31, 2023 was recognised in finance costs of 35,182 million tenge.

Government grant liability

In 2021 the Government of the Republic of Kazakhstan approved the changes to the Rules for the assignment of frequency bands, radio frequencies, operation of radio-electronic means and high-frequency devices ("the Rules"), based on which the Group is eligible for government grants in form of 90% reduction in the annual fee for use of radio frequencies from January 1, 2020 till January 1, 2025. The government grants are subject to conditions, namely financing of the projects related to broadband internet in rural and urban areas. If the financing of the projects related to broadband internet is lower than the amount of the tax incentive received, the Group should pay the annual fee equal for use of radio frequencies to the amount of unfulfilled obligations to the authorities. These government grant liabilities are included in *Communication segment* in these consolidated financial statements.

The funds released as a result of reduction in the annual fee for use of radio frequencies for 2023 in the amount of 22,778 million tenge were used by the Group for the purchase and construction of broadband internet access networks. Government grants related to assets are recognized as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset. As of December 31, 2023 the balance of government grants related to *Communication segment* was equal to 40,176 million tenge (as of December 31, 2022: 26,858 million tenge), and part of these government grants released to the profit and loss over the period necessary to match the related depreciation charges equal to 9,460 million tenge.

25. TRADE AND OTHER PAYABLES, AND OTHER CURRENT FINANCIAL AND OTHER LIABILITIES

As at December 31 trade accounts payable comprised the following:

In millions of tenge	**2023**	2022 (restated)
Trade accounts payable	**1,210,558**	893,392
Accounts payable for the supply of property, plant and equipment	**341,397**	198,991
Other accounts payable	**45,660**	34,467
	1,597,615	1,126,850

As at December 31, trade accounts payable were expressed in the following currencies:

In millions of tenge	**2023**	2022 (restated)
Tenge-denominated trade accounts payable	**649,265**	407,055
US dollar-denominated trade accounts payable	**470,228**	350,261
Other currency-denominated trade accounts payable	**91,065**	136,076
	1,210,558	893,392

25. TRADE AND OTHER PAYABLES, AND OTHER CURRENT FINANCIAL AND OTHER LIABILITIES (continued)

As at December 31 other current liabilities comprised the following:

In millions of tenge	**2023**	2022 (restated)
Other financial liabilities		
Obligations to the Shareholder on the financing of social projects	**172,982**	127,276
Vacation and other employee benefits allowance	**154,041**	132,305
Amounts due to customers	**80,054**	46,208
Due to employees	**52,572**	49,759
Payable under repo transactions	**9,595**	20,469
Obligations under guarantee agreements	**4,445**	1,608
Historical costs associated with obtaining subsoil use rights	**2,676**	3,453
Dividends payable	**1,043**	2,797
Other	**55,634**	51,996
Other non-financial liabilities		
Liabilities under agency agreements	**496,331**	–
Contract liabilities to customers	**287,048**	313,338
Other taxes payable	**194,576**	213,128
Liabilities under inventory loan agreements	**91,151**	19,147
Pension and social contributions liabilities	**31,742**	27,578
Advances received and deferred income	**16,382**	27,169
Government grant liability	**11,708**	8,967
Amounts due under uranium swap contracts	**–**	4,709
Joint operations liabilities	**–**	4,569
Other	**21,380**	19,798
	1,683,360	1,074,274

Liabilities on financing of other social projects

In 2023, based on the resolutions of the Shareholder, the Fund recognized liability due to Public Foundation and obligations on financing of various social projects in the total amount of 154,927 million tenge (2022: 202,445 million tenge) *(Notes 19.3, 19.4)*.

Actual amount of cash paid during 2023 totaled to 117,321 million tenge (2022: 130,404 million tenge).

Liabilities under agency agreements

During 2023 the Group entered into agency agreements with local authorities for the implementation of the pilot national project "Comfortable School" ("national project") on construction of secondary education facilities. The Group acts as an agent under IFRS 15.

The liabilities under the agency agreements represent the amounts received from local authorities, which are to be further transferred by the Group to the construction companies (*Note 17*), that are responsible for construction of secondary education facilitites under the national project.

Liabilities under inventory loan agreements

In 2020 the Group obtained uranium under commodity loans totalling 21.9 million US Dollars. A liability was initially recognised to return inventory at a cost of 8,597 million tenge. This liability is subsequently remeasured in accordance with changes in uranium spot prices and exchange rates. In 2023 the Group returned uranium under inventory loan agreements by purchasing it from third party.

The Group borrowed 886 tones of natural uranium from ANU Energy OEIC Ltd. due for return at December 31, 2023. In December 2023 the Group has returned 38 tones and extended the due date of agreement until the end of March 2024. As at December 31, 2023 the fair value of liability under inventory loan agreement was 91,151 million tenge, revaluation loss for the year recorded in other operating loss amounted to 37,977 million tenge (2022: revaluation loss of 1,906 million tenge).

26. REVENUE

Revenue comprised the following for the years ended December 31:

In millions of tenge	**2023**	2022 (restated)
Revenue from contracts with customers:		
Sales of crude oil	**4,614,945**	4,585,784
Sales of oil refined products	**2,679,801**	3,251,802
Railway cargo transportation	**1,677,659**	1,286,854
Sales of uranium products	**1,391,438**	964,390
Sales of gas products	**987,297**	895,318
Sales of refined gold	**812,527**	943,458
Telecommunication services	**668,530**	619,869
Air transportation	**548,804**	492,231
Electricity complex	**448,999**	428,191
Oil and gas transportation fee	**319,978**	296,445
Oil processing fees	**248,058**	204,390
Electricity transmission services	**197,436**	183,646
Railway passenger transportation	**105,570**	91,365
Sales of test products (*Note 7*)	**63,427**	8,966
Postal services	**50,405**	45,920
Other revenue	**482,169**	429,148
	15,297,043	14,727,777
Rental income	**88,283**	39,525
Interest revenue	**48,679**	47,845
	15,434,005	14,815,147

In millions of tenge	**2023**	2022
Geographical markets		
Kazakhstan	**5,981,665**	5,416,365
Other countries	**9,315,378**	9,311,412
	15,297,043	14,727,777

27. COST OF SALES

Cost of sales comprised the following for the years ended December 31:

In millions of tenge	**2023**	2022 (restated)
Materials and supplies	**6,455,824**	6,614,061
Personnel costs, including social taxes and withdrawals	**1,679,910**	1,362,694
Depreciation, depletion and amortization	**1,166,315**	1,017,700
Fuel and energy	**550,822**	562,856
Production services rendered	**417,286**	340,933
Repair and maintenance	**389,665**	345,906
Taxes other than social taxes and withdrawals	**202,551**	176,766
Mineral extraction tax	**195,212**	192,590
Transportation expenses	**138,573**	44,732
Short-term rent	**118,566**	93,068
Interest expense	**58,777**	58,710
Communication services	**49,145**	48,633
Security services	**38,638**	31,786
Other	**312,166**	410,457
	11,773,450	11,300,892

28. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprised the following for the years ended December 31:

In millions of tenge	**2023**	2022 (restated)
Personnel costs, including social taxes and withdrawals	**269,343**	247,597
Audit and consulting services	**33,038**	31,469
Depreciation and amortization	**32,905**	36,695
Taxes other than social taxes and withdrawals	**28,834**	30,569
Other services by third parties	**26,139**	20,898
Compensation payment for uranium mined without license (*Note 22*)	**16,084**	7,310
Repair and maintenance	**11,469**	8,496
Business trips	**8,519**	6,492
Sponsorship and charitable donations	**6,800**	213
Short-term rent	**5,251**	5,344
Insurance	**4,658**	4,541
Utilities expenses and maintenance of buildings	**4,536**	4,406
Professional education and advanced trainings	**3,905**	3,629
Transportation services	**3,020**	2,797
Communication services	**2,452**	3,426
Bank services	**2,113**	2,445
Fines and penalties	**755**	7,022
Other	**66,560**	60,463
	526,381	483,812

29. TRANSPORTATION AND SELLING EXPENSES

Transportation and selling expenses comprised the following for the years ended December 31:

In millions of tenge	**2023**	2022
Transportation	**488,491**	448,378
Rent tax	**138,986**	215,765
Custom duties	**115,965**	134,249
Commission fees to agents and advertising	**31,560**	23,063
Personnel costs, including social taxes and withdrawals	**28,601**	23,918
Depreciation and amortization	**19,085**	20,330
Rent expenses	**9,265**	7,112
Other	**38,545**	34,054
	870,498	906,869

30. IMPAIRMENT LOSS

Impairment loss comprised the following for the years ended December 31:

In millions of tenge	**2023**	2022
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets *(Notes 8, 9, 10)*	**262,167**	55,533
Impairment/(reversal) of VAT receivable, net	**27,606**	(476)
Impairment of investments in joint ventures and associates *(Note 11)*	**5,073**	660
Impairment of assets held for sale	**23**	14,401
Other	**30,938**	1,564
	325,807	71,682

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. IMPAIRMENT LOSS (continued)

For the following non-current assets impairment losses were recognised for years ended:

In millions of tenge	**2023**	2022
Impairment and write-off expenses		
CGUs of KMGI (*Note 4*)	**97,636**	–
Kairan and Aktoty project	**74,255**	–
Jenis project	**40,244**	–
Objects of the unfinished construction of power unit No. 3. (*Note 4*)	**13,216**	–
Liman project	**8,847**	–
Ereymentau Wind Power assets (*Note 4*)	**4,913**	–
Southern Urikhtay project	**4,876**	8,895
Polymer Production LLP	**2,955**	7,096
Sultankuduk, Moldybay, Kaskynbay, Koskuduk fields	**2,868**	5,893
Isatay project	**93**	3,172
JV Alaigyr LLP	**–**	13,296
Gas turbine power plant and water treatment assets	**–**	9,876
Barys, Berkut, Beket Ata and Turkistan sea vessels	**–**	1,801
Other	**12,264**	5,504
	262,167	55,533

Kairan and Aktoty project

During the year ended December 31, 2023 the Group recognized impairment loss of 74,255 million tenge on exploration and evaluation assets relating to Kairan and Aktoty project due to the notification of termination of the subsoil use right for the mentioned mining areas received from the Ministry of Energy of the RK.

Jenis project

During the year ended December 31, 2023 the Group recognized impairment loss of 40,244 million tenge on exploration and evaluation assets relating to Jenis project due to negative drilling results indicating the absence of hydrocarbons in the well.

Southern Urikhtay project

For the year ended December 31, 2023, the Group has recognized impairment of exploration and evaluation assets in the amount of 4,876 million tenge of the Urikhtay, due to the expiration of the subsoil use contract.

Polymer Production assets

For the year ended December 31, 2023, the Group has recognized impairment of property, plant and equipment of Polymer Production in the amount of 2,955 million tenge in accordance with the recoverability analysis.

31. FINANCE COSTS

Finance costs comprised the following for the years ended December 31:

In millions of tenge	**2023**	2022
Interest on loans and debt securities issued	**520,793**	497,666
Interest on lease liabilities (*Note 23*)	**58,190**	53,565
Revaluation loss on financial assets at fair value through profit/loss	**45,374**	39,796
Discount on provisions and other payables	**43,101**	31,999
Discount on assets at rates below market	**12,520**	5,471
Financial guarantees	**1,695**	1,512
Other	**28,274**	23,980
	709,947	653,989

32. FINANCE INCOME

Finance income comprised the following for the years ended December 31:

In millions of tenge	**2023**	2022 (restated)
Interest income on amounts due from credit institutions and cash and cash equivalents	**309,175**	176,212
Interest income from loans and financial assets	**108,890**	43,634
Revaluation gain on financial assets at fair value through profit/loss	**47,041**	38,400
Derecognition of loan (*Note 20*)	**4,377**	–
Income from financial guarantees	**2,513**	8,096
Income from subsidized interest rates on financial liabilities	**2,220**	31,398
Discount on liabilities at rates below market	**1,090**	805
Other	**11,058**	22,438
	486,364	320,983

33. SHARE IN PROFIT OF JOINT VENTURES AND ASSOCIATES, NET

Share in profit/(loss) of joint ventures and associates comprised the following for the years ended December 31:

In millions of tenge	**2023**	2022 (restated)
Joint ventures		
Tengizchevroil LLP	**340,884**	742,660
Asia Gas Pipeline LLP	**268,632**	276,653
Beineu Shymkent Gas Pipeline LLP	**52,927**	50,837
Petrosun LLP	**46,567**	23,184
Mangistau Investments B.V.	**38,255**	48,486
KazRosGas LLP	**32,324**	554
KazGerMunay LLP	**20,983**	20,530
Kazakhstan − China Pipeline LLP	**18,720**	16,783
Valsera Holdings B.V. Group	**17,296**	21,009
Ural Group Limited BVI	**(47,006)**	(11,470)
Other	**38,004**	38,733
Associates		
Caspian Pipeline Consortium JSC	**64,358**	117,763
JV South Mining Chemical Company LLP	**34,171**	18,528
JV KATCO LLP	**33,315**	47,593
Kazzinc LLP	**(50,868)**	(6,528)
Other	**36,517**	44,074
	945,079	1,449,389

34. INCOME TAX EXPENSES

Income tax expenses comprised the following for the years ended December 31:

In millions of tenge	**2023**	2022 (restated)
Current income tax expenses		
Corporate income tax ("CIT")	**610,694**	455,708
Withholding tax on dividends and interest income	**92,630**	55,314
Excess profit tax	**838**	2,573
Deferred income tax expense/(benefit)		
Corporate income tax ("CIT")	**71,215**	145,467
Withholding tax on dividends and interest income	**(33,376)**	113,331
Excess profit tax	**(10,392)**	239
Income tax expenses	**731,609**	772,632

The Romanian government introduced a solidarity contribution on profits in the fossil fuel sector by Emergency Ordinance No. 186 issued on December 28, 2022. The solidarity contribution is payable by companies operating in the crude oil, natural gas, coal, and refinery sectors on taxable profits of 2022 and 2023 exceeding 120% of the average taxable profit of the preceding four years, 2018 to 2021, at a rate of 60%. If the average taxable profit related to the period 2018-2021 is negative, for the purpose of calculating the solidarity contribution, it is considered that the average taxable profit is equal to zero. As of December 31, 2023, KMGI recognized income tax in the amount of 31.1 million US dollars (equivalent to 14,141 million tenge) (2022: 124.9 million US dollars, equivalent to 57,584 million tenge).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. INCOME TAX EXPENSES (continued)

A reconciliation of income tax expenses applicable to profit before income tax at the statutory income tax rate (20% in 2023 and 2022) to income tax expenses was as follows for the years ended December 31:

In millions of tenge	**2023**	2022 (restated)
Accounting profit before income tax	**2,859,692**	3,146,696
Income tax expenses on accounting profit	**571,938**	629,339
Tax effect of other items, which are not deductible	**87,355**	101,881
Change in unrecognized deferred tax assets	**(28,117)**	(43,142)
Effect of different corporate income tax rates	**74,413**	89,756
Excess profit tax	**(9,554)**	2,812
Share in non-taxable profit of joint ventures and associates	**(133,736)**	(176,192)
Other differences	**169,310**	168,178
Total corporate income tax expenses	**731,609**	772,632

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. INCOME TAX EXPENSES (continued)

Deferred tax balances, calculated by applying the statutory tax rates effective at the respective reporting dates to the temporary differences between tax basis of assets and liabilities and the amounts reported in the consolidated financial statements, are comprised of the following at December 31:

	2023				2022 (restated)			
In millions of tenge	Corporate income tax	Excess profit tax	Withholding tax	Total	Corporate income tax	Excess profit tax	Withholding tax	Total
Deferred tax assets								
Property, plant and equipment	28,225	–	–	28,225	33,252	–	–	33,252
Tax loss carryforward	839,623	–	–	839,623	826,477	–	–	826,477
Employee related accruals	27,136	–	–	27,136	25,710	–	–	25,710
Allowance for expected credit losses of financial assets	61,364	–	–	61,364	38,118	–	–	38,118
Provisions	81,887	–	–	81,887	82,764	–	–	82,764
Other accruals	68,527	–	–	68,527	126,355	–	–	126,355
Other	79,430	10,334	–	89,764	68,926	–	–	68,926
Less: unrecognized deferred tax assets	(569,200)	–	–	(569,200)	(597,317)	–	–	(597,317)
Less: deferred tax assets offset with deferred tax liabilities	(518,947)	–	–	(518,947)	(515,033)	–	–	(515,033)
Deferred tax assets	98,045	10,334	–	108,379	89,252			89,252
Deferred tax liabilities								
Property, plant and equipment	1,612,640	539	–	1,613,179	1,460,789	597	–	1,461,386
Undistributed earnings of joint ventures and associates	–	–	571,270	571,270	–	–	615,747	615,747
Other	94,830	–	–	94,830	97,031	–	–	97,031
Less: deferred tax assets offset with deferred tax liabilities	(518,947)	–	–	(518,947)	(515,033)	–	–	(515,033)
Deferred tax liabilities	1,188,523	539	571,270	1,760,332	1,042,787	597	615,747	1,659,131
Net deferred tax liabilities	(1,090,478)	9,795	(571,270)	(1,651,953)	(953,535)	(597)	(615,747)	(1,569,879)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. INCOME TAX EXPENSES (continued)

The movements in the net deferred tax liabilities were as follows for the years ended December 31:

	2023				2022 (restated)			
In millions of tenge	**Corporate income tax**	**Excess profit tax**	**Withholding tax**	**Total**	Corporate income tax	Excess profit tax	Withholding tax	Total
Balance at January 1	**953,535**	**597**	**615,747**	**1,569,879**	802,608	358	465,891	1,268,857
Foreign currency translation	**(7,763)**	**–**	**(11,101)**	**(18,864)**	14,128	–	36,525	50,653
Recognised to other comprehensive income	**1,456**	**–**	**–**	**1,456**	296	–	–	296
Business combination (*Note 5*)	**55,198**	**–**	**–**	**55,198**	–	–	–	–
Transfer to assets classified as held for sale or distribution to the Shareholder (*Note 7*)	**16,837**	**–**	**–**	**16,837**	(8,964)	–	–	(8,964)
Recognised to profit and loss	**71,215**	**(10,392)**	**(33,376)**	**27,447**	145,467	239	113,331	259,037
Balance at December 31	**1,090,478**	**(9,795)**	**571,270**	**1,651,953**	953,535	597	615,747	1,569,879

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax asset arising mainly from tax losses carry forward were equal to 569,200 million tenge as at December 31, 2023 (December 31, 2022: 597,317 million tenge).

Tax losses carryforwards as at December 31, 2023 in the Republic of Kazakhstan expire for tax purposes 10 (ten) years from the date they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. CONSOLIDATION

Subsidiaries included in the consolidated financial statements are presented as follows:

		Main activity	Country of incorporation	Ownership percentage 2023	Ownership percentage 2022 (restated)
1	National Company "KazMunayGas" JSC ("NC KMG") and subsidiaries	Exploration, production, processing and transportation of oil and gas	Kazakhstan	**67.42%**	87.42%
2	National Company "QazaqGaz" JSC and subsidiaries	Exploration, production, transportation, sale and storage of natural gas and gas condensate	Kazakhstan	**100.00%**	100.00%
3	National Company "Kazakhstan Temir Zholy" JSC ("NC KTZh") and subsidiaries	Passenger and cargo transportation	Kazakhstan	**100.00%**	100.00%
4	National Atomic Company "Kazatomprom" JSC ("NAC KAP") and subsidiaries	Production and mining of uranium, rare metals	Kazakhstan	**75.00%**	75.00%
5	Samruk-Energy JSC ("Samruk-Energy") and subsidiaries	Electricity and heat production	Kazakhstan	**100.00%**	100.00%
6	Kazakhstan Electricity Grid Operating Company JSC ("KEGOC") and subsidiaries	Electricity transmission services	Kazakhstan	**85.00%**	90.00% + 1
7	Kazpost JSC and subsidiaries	Postal and financial activities	Kazakhstan	**100.00%**	100.00%
8	Kazakhtelecom JSC ("KTC") and subsidiaries	Telecommunication services	Kazakhstan	**80.85%**	52.03%
9	Air Astana JSC ("Air Astana") and subsidiaries	Air transportation	Kazakhstan	**51.00%**	51.00%
10	Samruk-Kazyna Construction JSC and subsidiaries	Construction and real estate management	Kazakhstan	**100.00%**	100.00%
11	National Mining Company "Tau-Ken Samruk" ("NMC TKS") and subsidiaries	Exploration, mining and processing of solid minerals	Kazakhstan	**100.00%**	100.00%
12	Samruk-Kazyna Ondeu LLP and subsidiaries	Development and implementation of projects in the chemical industry	Kazakhstan	**100.00%**	100.00%
13	Samruk-Kazyna Invest LLP and subsidiaries	Investments	Kazakhstan	**100.00%**	100.00%
14	Samruk-Kazyna Contract LLP	Procurement activities	Kazakhstan	**100.00%**	100.00%
15	Stantsiya Ekibastuzskaya GRES-2 JSC ("EGRES-2")	Power generation	Kazakhstan	**100.00%**	100.00%
16	SK Business Service LLP and subsidiaries	Transformation services, information and IT services	Kazakhstan	**100.00%**	100.00%
17	Qazaq Air JSC	Air transportation	Kazakhstan	**100.00%**	100.00%
18	Kazakhstan nuclear electric plants LLP	Servicing companies in the electricity sector	Kazakhstan	**100.00%**	100.00%
19	Kazakhstan Petrochemical Industries Inc. JSC	Production of oil-and-gas and petrochemical products	Kazakhstan	**99%**	99%
20	CCGT Turkistan LLP	Transmission, distribution and sale of electricity	Kazakhstan	**100.00%**	100.00%
21	Center for Scientific and Technological Initiatives "Samgau" Foundation	Institutional service for innovative technologies, other research and experimental developments in the natural and technical sciences	Kazakhstan	**100.00%**	100.00%
22	AES Shulbinskaya GES LLP and subsidiary	Production and wholesale realization of electric power	Kazakhstan	**100.00%**	100.00%
23	AES Ust-Kamenogorskaya GES LLP	Production and wholesale realization of electric power	Kazakhstan	**100.00%**	100.00%

36. RELATED PARTY DISCLOSURES

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties include key management personnel of the Group, enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by the Group's key management personnel and other entities controlled by the Government. Related party transactions were made on terms agreed to between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties. The Group recognizes allowances for ECL on amounts owed by related parties.

The following table provides the total amount of transactions, which have been entered into with related parties as at December 31:

In millions of tenge		Associates	Joint ventures	Other state-controlled entities
	2023	**25,045**	**120,512**	**87,153**
Trade and other accounts receivable	2022 (restated)	6,546	63,217	49,668
	2023	**69,428**	**440,772**	**20,746**
Trade and other payables	2022 (restated)	60,274	213,335	10,450
	2023	**132,423**	**642,987**	**1,305,296**
Sale of goods and services	2022 (restated)	156,034	492,406	1,171,162
	2023	**294,267**	**2,517,627**	**218,691**
Purchase of goods and services	2022 (restated)	266,535	2,669,338	115,032
	2023	**2,578**	**530**	**(25,079)**
Other income/(loss), net	2022 (restated)	6,995	24,651	2,530
Cash and cash equivalents, and amounts due from credit institutions (assets)	**2023**	**–**	**331**	**308,390**
	2022	–	242	278,176
	2023	**7,124**	**90,978**	**39,978**
Loans issued	2022	10,947	117,605	7,952
	2023	**3,506**	**15,492**	**1,192,634**
Borrowings	2022 (restated)	7,002	13,262	1,026,451
	2023	**14,368**	**43,823**	**304,772**
Other assets	2022 (restated)	19,023	19,218	328,927
	2023	**19,675**	**143,454**	**96,259**
Lease and other liabilities	2022 (restated)	26,483	189,399	73,151
	2023	**1,379**	**14,845**	**56,991**
Interest accrued due from related parties	2022	1,549	20,234	15,508
	2023	**2,527**	**17,198**	**97,109**
Interest accrued due to related parties	2022	2,752	18,636	78,658

As at December 31, 2023 some of the Group's borrowings of 6,758 million tenge were guaranteed by the Government of the Republic of Kazakhstan (December 31, 2022: 16,026 million tenge).

Total compensation to key management personnel (members of the Boards of Directors and Management boards of the Fund and its subsidiaries) included in general and administrative expenses in the consolidated statement of comprehensive income was equal to 7,649 million tenge for the year ended December 31, 2023 (December 31, 2022: 6,637 million tenge). Compensation to key management personnel mainly consists of contractual salary and other payments based on achievement of operating results.

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments consist of borrowings, loans from the Government of the Republic of Kazakhstan, lease liabilities, amounts due to the customers, derivatives, cash and cash equivalents, loans issued, amounts due from credit institutions, other financials assets, as well as accounts receivable and accounts payable. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk and credit risk. The Group also monitors the liquidity risk arising from all financial instruments.

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

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash, investments and borrowings are denominated.

The Group's exposure to interest risk relates primarily to the Group's long-term and short-term borrowings with variable interest rates *(Note 20)*.

The following table demonstrates the sensitivity of the Group's profit before income tax (through the impact on variable rate borrowings) to a reasonably possible change in variable interest rates, with all other variables held constant.

In millions of tenge		Increase/ (decrease) in basis points*	Effect on profit before income tax
SOFR	**2023**	**382/(382)**	**(11,593)/11,593**
	2022	223/(223)	3,790/(3,790)
SARON	**2023**	**176/(176)**	**4,507/(4,507)**
	2022	–	–
Key Rate of National Bank of RK	**2023**	**100/(100)**	**1,703/(1,703)**
	2022	100/(100)	1,726/(1,726)
EURIBOR	**2023**	**334/(334)**	**5,447/(5,447)**
	2022	136/(136)	350/(350)
COF**	**2023**	**143/(143)**	**2,023/(2,023)**
	2022	143/(143)	1,407/(1,407)
TONIA	**2023**	**297/(297)**	**4,805/(4,805)**
	2022	825/(825)	11,915/(11,915)
Inflation rate of RK	**2023**	**400/(400)**	**4,363/(4,363)**
	2022	400/(400)	4,215/(4,215)
Key Rate of Central Bank of Russia Federation	**2023**	**–**	**–**
	2022	619/(619)	20,895/(20,895)

* *1 basis point = 0.01%;*

** *Cost of funding.*

Currency risk

As a result of significant borrowings, lease liabilities, and trade accounts payable, cash and cash equivalents, amounts due from credit institutions and accounts receivable denominated in the US dollars, the Group's consolidated financial position can be affected significantly by movement in the US dollar / tenge exchange rates.

The following table demonstrates the sensitivity of the Group's profit before income tax to a reasonably possible change in the US dollar and euro, with all the variables held constant.

In millions of tenge	Increase/(decrease) in exchange rate	Effect on profit before income tax
2023		
US dollar	**14.15%/(14.15%)**	**(255,765)/246,390**
Euro	**12.95%/(12.95%)**	**(22,419)/22,416**
RUB	**28.54%/(28.54%)**	**(13,429)/13,429**
2022		
US dollar	21.00%/(21.00%)	(584,346)/584,346
Euro	17.99%/(17.99%)	(11,277)/11,277
RUB	22.05%/(22.05%)	(86,858)/86,858

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

Credit risk

Credit risk arising from the inability of a party to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the counterparty's obligations exceed the obligations of the Group to that party. It is the Group's policy to enter into financial instruments with a diversity of creditworthy parties. The maximum exposure to credit risk is represented by carrying amount of each financial asset.

The Group considers that its maximum exposure is reflected by the amount of loans issued *(Note 12)*, amount due from credit institutions *(Note 13)*, trade accounts receivable and other current assets *(Note 17)*, other financial assets *(Note 14)*, and cash and cash equivalents *(Note 18)*, net of allowances for expected credit losses recognized at the reporting date.

Concentrations of credit risk may arise from exposures to a single debtor or to groups of debtors having similar characteristics such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions.

The Group has a policy that ensures enforcement of constant control procedures for sales to only be made to buyers with an appropriate credit history and that an acceptable credit exposure limit is not exceeded. Credit risk is minimised by the fact that the Group operates on a prepayment basis with the majority of its buyers.

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 price 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 shown below summarizes the maturity profile of the Group's financial liabilities at December 31 based on contractual undiscounted payments.

In millions of tenge	On demand	Due later than 1 month but not later than 3 months	Due later than 3 months but not later than 1 year	Due later than 1 year but not later than 5 years	Due after 5 years	Total
At December 31, 2023						
Loans from the Government of the Republic of Kazakhstan	**13**	**24**	**45,501**	**279,850**	**2,702,651**	**3,028,039**
Borrowings	**38,310**	**101,197**	**1,245,750**	**3,939,878**	**6,185,751**	**11,510,886**
Lease liabilities	**5,437**	**34,970**	**151,783**	**480,124**	**314,966**	**987,280**
Due to customers	**37,679**	**–**	**42,375**	**16**	**–**	**80,070**
Financial guarantees*	**39,750**	**3,084**	**12,441**	**52,631**	**88,153**	**196,059**
Trade and other payables	**463,535**	**960,182**	**269,793**	**14,503**	**–**	**1,708,013**
Other financial liabilities	**123,482**	**33,422**	**5,836**	**49,442**	**–**	**212,182**
	708,206	**1,132,879**	**1,773,479**	**4,816,444**	**9,291,521**	**17,722,529**
At December 31, 2022						
Loans from the Government of the Republic of Kazakhstan	–	24	40,738	252,450	2,371,786	2,664,998
Borrowings	71,945	147,115	1,321,139	4,284,743	6,342,580	12,167,522
Lease liabilities	6,498	35,426	136,844	487,375	162,639	828,782
Due to customers	12,427	–	33,781	12	–	46,220
Financial guarantees*	27,785	2,109	12,652	78,467	117,092	238,105
Trade and other payables	332,850	612,897	252,995	10,509	–	1,209,251
Other financial liabilities	1,249	13,710	115,382	8,280	–	138,621
	452,754	811,281	1,913,531	5,121,836	8,994,097	17,293,499

* *The Group includes financial guarantees to the maturity profile table, however, the cash outflow in relation to financial guarantees is subject to certain conditions. Financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because of specified debtor fails to make payment when due in accordance with the original or modified terms of debt instrument. In 2023 and 2022 there was no significant instances of financial guarantees execution.*

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

Capital management

The Group manages its capital primarily through capital management of its subsidiaries while conducting its oversight function. Major objective of the capital management is to ensure that subsidiaries of the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group manages capital of its subsidiaries by setting various performance indicators tailored to the business need and industry specific matters of each subsidiary.

The Group manages capital of its subsidiaries by setting various performance indicators tailored to the business need and industry specific matters of each subsidiary. Key performance indicators ("KPI") used by the Group to manage capital of its subsidiaries are ratios of: Debt to Earnings before Interest, Taxes, Depreciation and Amortization, and Interest ("D/EBITDA") from continuing and discontinued operations; and Debt to Equity ("D/E").

Debt is considered to be equal to all borrowings, debt securities, guarantee and finance lease liabilities of relevant subsidiaries reduced by value of cash and cash equivalents. Equity is considered to be equal to the entire equity of the subsidiary attributable to majority shareholders.

Allowed maximum for the indicator is approved for each subsidiary based on the needs and specifics of its business and varies within following ranges (consolidated KPI's for the Group have been presented for reference purposes as the Group does not monitor KPI's on the consolidated level):

Key Performance Indicators	**2023**	2022
D/EBITDA	**1.75**	1.73
D/E	**0.36**	0.41

In billions of tenge	**2023**	2022
Borrowings *(Note 20)*	**6,364**	6,668
Loans from the Government of the Republic of Kazakhstan *(Note 21)*	**873**	684
Lease liabilities *(Note 23)*	**353**	621
Derivative instruments	**36**	2
Guaranteed principal amount of liabilities of entities outside the Group	**246**	154
Total debt	**7,872**	8,129
Less: cash and cash equivalents	**(2,740)**	(2,946)
Net debt	**5,132**	5,183
EBITDA	**4,488**	4,701
Total equity	**21,737**	19,793

Fair values of financial instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no transfers between Level 1 and Level 2 during the reporting period, and no transfers into or out of Level 3 category.

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

Fair values of financial instruments (continued)

As at December 31, 2023 and 2022 the carrying amount of the following Group's financial instruments is a reasonable estimate of their fair value:

In millions of tenge	Level 1	Level 2	Level 3	December 31, 2023
Financial instruments category				
Assets				
Loans issued at fair value through profit and loss	**–**	**–**	**86,173**	**86,173**
Financial assets measured at fair value through OCI	**24,986**	**21,636**	**74**	**46,696**
Financial assets at fair value through profit and loss	**50,576**	**75,824**	**39,802**	**166,202**
Derivative financial assets	**–**	**347**	**2,085**	**2,432**

In millions of tenge	Level 1	Level 2	Level 3	December 31, 2022
Financial instruments category				
Assets				
Loans issued at fair value through profit and loss	–	–	117,511	117,511
Financial assets measured at fair value through OCI	1,121	27,127	74	28,322
Financial assets at fair value through profit and loss	81,709	32,342	27,279	141,330
Derivative financial assets	–	1,477	1,099	2,576

	December 31, 2023				
			Fair value by level of assessment		
In millions of tenge	Carrying amount	Fair value	Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
Financial assets					
Loans issued at amortized cost and net investment in finance lease	**147,837**	**148,057**	**–**	**6,285**	**141,772**
Amounts due from credit institutions	**1,298,880**	**1,294,716**	**1,021,437**	**273,279**	**–**
Financial liabilities					
Borrowings	**7,322,081**	**7,068,783**	**2,951,315**	**2,913,962**	**1,203,506**
Loans from the Government of the Republic of Kazakhstan	**872,846**	**631,071**	**–**	**631,071**	**–**
Guarantee obligations	**34,616**	**35,054**	**–**	**32,268**	**2,786**

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

Fair values of financial instruments (continued)

	December 31, 2022				
			Fair value by level of assessment		
In millions of tenge	Carrying amount	Fair value	Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
Financial assets					
Loans issued at amortized cost and net investment in finance lease	101,104	83,451	–	10,392	73,059
Amounts due from credit institutions	1,703,873	1,694,238	1,206,833	487,386	19
Financial liabilities					
Borrowings	7,609,261	6,917,679	3,546,266	2,192,828	1,178,585
Loans from the Government of the Republic of Kazakhstan	683,604	500,904	–	500,904	–
Guarantee obligations	35,532	38,873	–	37,565	1,308

The fair value of the above financial instruments has been calculated by discounting the expected future cash flows at prevailing interest rates.

Except for the financial instruments stated above as at December 31, 2023 and December 31, 2022 the management assessed that the fair value of financial instruments of the Group, such as trade and other accounts receivable and payable, cash and cash equivalents, short-term bank deposits and other current liabilities approximates their carrying amounts largely due to the short-term maturites of these instruments.

Reconciliation of fair value measurements:

In millions of tenge	Loans issued at fair value through profit and loss	Financial assets measured at fair value through profit and loss
As at January 1, 2022	123,161	32,913
Interest income	16,254	–
Gain/(loss) on change in fair value	5,215	(6,567)
Additions	3,850	–
Redemption	(30,969)	–
Other	–	933
As at December 31, 2022	117,511	27,279
Interest income	**13,000**	**871**
Loss on change in fair value	**(25,196)**	**–**
Additions	**12,846**	**11,233**
Redemption	**(31,988)**	**–**
Other	**–**	**419**
As at December 31, 2023	**86,173**	**39,802**

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

Fair values of financial instruments (continued)

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy are shown below:

	Valuation technique	Significant unobservable inputs	Range as of December 31, 2023	2022
Loans issued at amortized cost and net investment in finance lease	Discounted cash flow method	Interest/ discount rate	**8.5%-30%**	8.05%-32%
Financial assets at fair value through profit and loss	WACC	Interest/ discount rate	**9.2%-18.46%**	16.21%
Loans issued at fair value through profit and loss	Discounted cash flow method	Interest/ discount rate indexed to changes in the US dollar exchange rate	**SOFR+2.8% - 15%**	3.5%+12M LIBOR+forex adjustment
Amounts due from credit institutions	Discounted cash flow method	Interest/ discount rate	**–**	14.1%
Borrowings	Discounted cash flow method	Interest/ discount rate	**SOFR+3.0% - 17%**	5.7%-17%
Financial guarantee issued	Discounted cash flow method	Interest/ discount rate	**8.4%-14.56%**	12.31%-16.68%

The quantitative sensitivity analysis of the fair value measurements categorised within Level 3 of the fair value hierarchy, as at 31 December 2023 and 2022 are shown below:

	Valuation technique	Fair value	Sensitivity of the input to fair value
Financial assets at fair value through profit and loss	WACC	**2023: 39,802** 2022: 27,279	1% (2022: 1%) increase/(decrease) in the discount rate would result in an increase/ (decrease) in fair value by (1,063)/1,158 (2022: (280)/565)
Loans issued at fair value through profit and loss	Discounted cash flow method	**2023: 86,173** 2022: 117,511	1% (2022: 1%) increase/(decrease) in the discount rate would result in an increase/(decrease) in fair value by (391)/395 (2022: (2,474)/2,614)

38. COMMITMENTS AND CONTINGENCIES

Operating environment

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

Commodity price risk

The Group generates most of its revenue from the sale of commodities, primarily crude oil and oil products. Historically, the prices of these products have been volatile and have fluctuated widely in response to changes in supply and demand, market uncertainty, the performance of the global or regional economies and cyclicality in industries.

Prices may also be affected by government actions, including the imposition of tariffs and import duties, speculative trades, an increase in capacity or an oversupply of the Group's products in its main markets. These external factors and the volatility of the commodity markets make it difficult to estimate future prices.

A substantial or extended decline in commodity prices would materially and adversely affect the Group's business and the consolidated financial results and cash flows of operations. The Group does not hedge significantly its exposure to the risk of fluctuations in the price of its products.

38. COMMITMENTS AND CONTINGENCIES (continued)

Transfer pricing control

Transfer pricing control in Kazakhstan has a very wide scope and applies to many transactions that directly or indirectly relate to international business regardless of whether the transaction participants are related or not. The transfer pricing legislation requires that all taxes applicable to transaction participants are related or not. The transfer pricing legislation requires that all taxes applicable to a transaction should be calculated based on market price determined in accordance with the arm's length principle. The new law on transfer pricing came into effect in Kazakhstan from January 1, 2009. The new law is not explicit and there is little precedence with some of its provisions. Moreover, the law is not supported by detailed guidance, which is still under development. As a result, application of transfer pricing control to various types of transactions is not clearly regulated.

Because of the uncertainties associated with the Kazakhstan transfer pricing legislation, there is a risk that the tax authorities may take a position that differs from the Group's position, which could result in additional taxes, fines and interest at December 31, 2023.

As at December 31, 2023 management believes that its interpretation of the transfer pricing legislation is appropriate and that it is probable that the Group's positions with regard to transfer pricing will be sustained.

Environmental, Social and Governance (ESG) matters - Consideration of climate change and resulting climate related risks

The Group shares the concerns of the world community climate change and supports global efforts to reducing greenhouse gas emissions, increasing energy efficiency, transition to renewable sources energy and phasing out carbon fuels. The Group has the strategic goal to reduce the carbon footprint of the Group by 10% by 2032 compared to 2021 and aims to achieve carbon neutrality by 2060. In general, carbon neutrality does not mean complete exclusion of greenhouse gas emissions - the volume of emissions that not possible to reduce, must be compensated.

The Group is continuously assessing climate related and environmental risks and their impact on the Group's operation. For the identified risks, the Group has assessed their impact on the recognition/derecognition of assets and liabilities and measurement of such assets and liabilities as well as the disclosure provided in its consolidated financial statements. The areas listed below are predominantly impacted by the climate related and environmental risks:

- The Group has initiated projects on constructions of new combined cycle gas plant at the Almaty CHP-2 and CHP-3. The purpose is the replacement of the existing coal-fired equipment with modern environmentally friendly combined cycle power units; and
- The Group has assessed and recognized provisions for decommissioning of power plants and rehabilitating environmental damage due to recently introduced regulatory requirements in accordance with Environmental Code *(Note 22)*.

In relation to the identified risks associated with climate change, the Group assessed their impact on the recognition/derecognition of assets and liabilities, the measurement of such assets and liabilities, and the disclosures in the consolidated financial statements. The following areas are primarily exposed to risks associated with climate change:

Modernisation of Almaty CHP-2

In 2023 EPC contract was signed and loan agreements were signed with a number of financial institutions as part of the project of Modernisation of Almaty CHP-2 with the minimization of the environmental impact. On July 5, 2023, an advance payment was made under the EPC Contract. The Group's management plans to complete the project to convert CHP-2 to gas by December 31, 2026.

The conclusion of an investment agreement and the receipt of an individual capacity tariff to finance the project of converting CHP-2 to gas is expected by the end of 2024. The project for the modernization of CHP-2 provides for the conservation of the existing capacities of CHP-2 after the commissioning of a new gas-fired plant. In 2021, the Group recognized a provision for impairment in the amount of 20,737 million tenge of the core assets of CHP-2, including coal-fired power units subject to conservation or dismantling after commissioning of the combined-cycle gas plant. Accordingly, the residual value of these assets will be zero by the time the new combined-cycle power units are put into operation.

38. COMMITMENTS AND CONTINGENCIES (continued)

Environmental, Social and Governance (ESG) matters - Consideration of climate change and resulting climate related risks (continued)

Reconstruction of Almaty CHP-3

AlES is implementing the project "Reconstruction of the Almaty CHP-3 (with construction of a CCGT unit with a capacity of at least 450 MW)" (the "Project"). The project implementation period is 2022-2026. The purpose of the Project is reconstruction of the Almaty CHP-3, which provides for the replacement of the existing pulverized coal-fired equipment with modern environmentally friendly combined cycle power units, the construction of a new CHP plant of greater capacity with a cycling service on the existing site, to partially cover the shortage of maneuverable capacities in the southern zone of Kazakhstan.

The Agreement on the purchase of a service to maintain the readiness of electric power during the construction of newly commissioned generating plants with a cycle generation mode with RFC was signed. The EPC contract has been signed and work is underway to organize financing. An Agreement for the supply of gas turbine units was signed between Ansaldo Energia and the EPC contractor. Engineering-geological and engineering-geodetic work is being carried out.

The Almaty CHP-3 reconstruction project provides for the replacement of the existing equipment, the fleet life of which will be exhausted by the time the new plant is commissioned, with modern environmentally friendly combined cycle power units, as well as fully depreciated, so the Group's management did not identify any significant changes having negative consequences for the Group, which are expected in the near future.

Transfer pricing control

Transfer pricing control in Kazakhstan has a very wide scope and applies to many transactions that directly or indirectly relate to international business regardless of whether the transaction participants are related or not. The transfer pricing legislation requires that all taxes applicable to a transaction should be calculated based on market price determined in accordance with the arm's length principle. The law on transfer pricing came into force in Kazakhstan from January 1, 2009. The law is not explicit and there is little precedence with some of its provisions. Moreover, the law is not supported by detailed guidance for application of transfer pricing control to various types, as a result, there is a risk that the tax authorities may take a position that differs from the Group's position, which could result in additional taxes, fines and interest. As at December 31, 2023 management believes that its interpretation of the transfer pricing legislation is appropriate and that it is probable that the Group's positions with regard to transfer pricing will be sustained.

Taxation

Tax legislation and regulatory framework of the Republic of Kazakhstan are subject to constant changes and allow for different interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Penalties are generally 80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of the Republic of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review.

Management believes that as at December 31, 2023 its interpretation of the relevant legislation is appropriate and that it is probable that the Group's tax positions will be sustained, except as provided for or otherwise disclosed in these consolidated financial statements.

Comprehensive tax audit at oil refineries of the Group

All three major oil refineries in the Group, Atyrau refinery, Pavlodar oil chemistry refinery LLP (hereinafter-"Pavlodar refinery") and PetroKazakhstan Inc. (hereinafter- "Shymkent refinery") were subject to a comprehensive tax audit covering periods of a few years (up to 2020) in 2020-2022. As a result of the audits, the total amount of additional charges for VAT for 37,728 million tenge, for income tax for 17,830 million tenge, for other taxes for 476 million tenge, including penalties for all additional charges of 8,959 million tenge and reduction in tax carry-forward losses for 119,871 million tenge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. COMMITMENTS AND CONTINGENCIES (continued)

Taxation (continued)

Comprehensive tax audit at oil refineries of the Group (continued)

Atyrau refinery, Pavlodar refinery and Shymkent refinery did not agree with the assessment and appealed to the Ministry of Finance of RK. Shymkent refinery partially appealed one of the notifications regarding the amount of additional taxes and penalties for 3,694 million tenge. However, on February 15, 2024, the Civil Chamber of the Supreme Court canceled the decision in favor of Shymkent refinery made on November 15, 2021 by the Civil Chamber of the Shymkent City Court. Shymkent refinery continues to work to appeal the decision.

At all three refineries there are additional accruals on similar issues for VAT in the total amount of 33,709 million tenge, for corporate income tax 12,146 million tenge, including penalties on all additional accruals and a reduction in carry-forward losses for 15,040 million tenge.

Tax audit of Samruk-Energy JSC and its subsidiary EGRES-1

From July 2020, the State Revenue Committee of the Ministry of Finance of the RK (hereinafter - "SRC") launched a pilot project to introduce horizontal monitoring, which will last until December 31, 2024. In 2021-2022, SRC, as part of a pilot project on horizontal monitoring, inspected the historical data of the EGRES-1 and Samruk-Energy JSC for the five years period. Based on the results, SRC completed tax audits and issued acts with the results of tax audit. The main non-compliances relate to the interest expense deducted for tax purposes and underaccrual of withholding tax. The Group expressed its disagreement with these notifications, claims and complaints were filed with the courts and the Appeal Commission of the Ministry of Finance of the RK. As for Samruk-Energy JSC in December 2023, the decision of the Appeal Commission was in favor of the company regarding the main amounts of additional charges, for EGRES-1 the challenge in the courts continues.

The Group management believes that its interpretation of the relevant legislation is appropriate and the Group's tax positions will be sustained. In the opinion of the Group management, no material losses will be incurred in respect of existing and potential tax claims in excess of provision that have been made in these consolidated financial statements.

Legal proceedings

The civil litigation at KMGI

Faber Invest & Trade Inc. (further Faber), the non-controlling shareholder of KMGI subsidiaries, resumed several previous civil filings in 2020, one of which challenged the increase in the Rompetrol Rafinare Constanta, the KMGI subsidiary, share capital in 2003-2005. The hearings have been held periodically, but no final decisions were made. On July 13, 2021, the court rejected the complaint of Faber. However, Faber appealed against this decision. Based on the results of the hearing in December 2021, the court granted the complaint and returned the case for reconsideration.

Most of Faber's lawsuits were dismissed by the Supreme Court in May and September 2022, including an appeal filed by Faber challenging Faber's corporate documents approving the bond issue and paying off historical budget debts as filed after the deadline. In January 2023, hearings were held on the claims filed by Faber. Faber withdrew its claims in two cases, and the court postponed the decision in the third.

On April 12, 2023 the court rejected Faber's appeal. The decision is subject to a second appeal to the Supreme Court.

The Group believes that its position regarding Faber's new application will be resolved in a similar manner to other similar proceedings resolved in favor of the Group. Accordingly, the Group did not recognize a provision in this case as of December 31, 2023.

Civil legal dispute between the National Mineral Resources Agency (NAMR) and Oilfield Exploration Business Solutions S.A (OEBS), subsidiary of KMGI, at the Focsani field

On December 17, 2019 OEBS has been noticed by the NAMR that a Request for Arbitration would have been filed in to ICC Paris for an alleged breach by OEBS of the Concession Agreement as regards the exploration block near Focsani. Starting from that period, OEBS was in dispute with NAMR. On July 29, 2022 the Court decided to oblige OEBS to pay 10.1 million U.S. dollars from a total NAMR claim of 20 million U.S. dollars. In 2022, the Group recognized a provision in the amount of 10.1 million dollars (equivalent to 4,673 million tenge. As at December 31, 2023, the Group had not made any payments to NAMR, and the Group believes that no changes to the assessment of provision are required.

38. COMMITMENTS AND CONTINGENCIES (continued)

Legal proceedings (continued)

Competition investigation in Moldova

Since the beginning of 2021, Rompetrol Moldova (further RPM), a subsidiary of KMGI operating in Moldova, is involved in an investigation and related court proceedings initiated by the Competition Council of Moldova (further CCM) alleging RPM agreed with other industry players on retail prices for petroleum products. RPM is challenging the competition report prepared by the CCM investigation division that forms the basis for the allegations in accordance with applicable regulations. A few attempts to dismiss the said report were unsuccessful with the latest ruling rejecting RPM’s request to dismiss the report issued by the local court on May 26, 2022. RPM has filed an appeal and a first hearing is scheduled for March 21, 2023. In 2022, the Group recognized a provision in the amount of 12 million dollars (equivalent to 5,552 million tenge). During 2023, RPM filed in an appeal and the first hearing was scheduled for October 4, 2023, however, the court rejected the appeal. The second appeal was filed in on January 24, 2024. A hearing date has not been scheduled. As at December 31, 2023 the Group believes that no changes to the assessment of provision are required.

The case of arbitration between KazRosGas LLP, a joint venture of the company, (further KRG) and Karachaganak Petroleum Operating B.V. (further KPO)

On August 23, 2022, the Secretariat of the International Chamber of Commerce in Paris submitted to KRG a Notice of Initiation of Arbitration Proceedings by KPO, which is the operator under the Final Production Sharing Agreement for the contract area of the Karachaganak oil and gas condensate field dated January 27, 1997, with amendments and additions (further FPSA). KPO intends to increase the gas sale price under the existing Karachaganak Gas Purchase and Sale Agreement. If the gas price is agreed later than October 1, 2022, KRG and KPO shall recalculate the gas price for the period from October 1, 2022 to the date of the price agreement.

In October 2022, a working group was established to develop a negotiating position of the Kazakh side on the peaceful settlement of the dispute over the arbitration process between the KRG and KPO, chaired by the First Vice Minister of Energy of RK. The working group also includes representatives of the Ministry of Energy of RK, JSC "NC "QazaqGaz", KMG and KRG.

In August 2023, the Tribunal approved the Procedural Timetable for the Arbitration (further Arbitration Timetable), according to which the final hearing is scheduled for the week of November 18, 2024, and the deadline for the Tribunal to make decision is until the end of March 2025.

On September 29, 2023, KPO sent a detailed claim to the Tribunal and this claim was provided to KRG. According to the Arbitration Timetable, the KRG provides a response to the claim by December 22, 2023. Following the meeting on December 22, 2023, the KRG’s response to the KPO claim was prepared and sent to Arbitration. In January, 2024, a meeting was held between the Ministry of Energy of the RK, KPO, KMG and the KRG for the purpose of a peaceful settlement. The agreement has not been yet reached. Still, the Group believes that the risk of loss is not probable as of December 31, 2023.

The case of an administrative offense of the Pavlodar refinery initiated by the Department of Agency for protection and development of competition of RK (hereafter – Antimonopoly agency) of the Pavlodar region

In 2022 the Prosecutor's Office of the Pavlodar region together with the Antimonopoly agency conducted an inspection of the Pavlodar refinery operations for compliance with the legislation of the RK in the field of oil and petroleum products turnover, labor, tax and antimonopoly legislation for 2020-2021. On March 16, 2022 Antimonopoly agency issued the Conclusion which stated that Pavlodar refinery set monopolistically high tariff for oil refining services. On July 25, 2022, Antimonopoly agency of the Pavlodar region initiated an administrative offence and issued a Protocol to the Specialized Court for Administrative Offenses of Pavlodar city for setting by the Pavlodar refinery monopolistically high tariff for oil refining services in 2021 and to confiscate revenue for 2021 of 21,961 million tenge and impose fine of 6,226 million tenge.

On June 9, 2023, Specialized Court for Administrative Offenses of Pavlodar city issued a resolution to terminate administrative proceedings. On June 30, 2023, Decree on the consumption of administrative proceedings and the cancellation of the protocol entered into legal force. As a result, in June 2023, Pavlodar refinery recovered a provision accrued in 2022 in the amount of 28,187 million tenge and recognized in other operating income.

38. COMMITMENTS AND CONTINGENCIES (continued)

Legal proceedings (continued)

The proceedings initiated against Mr. Stati and his related parties on the suit of the Fund due to the arrest of shares KMG Kashagan B.V. belonging to the Fund

On September 14, 2017 the pre-judgement attachment in respect of the Fund's rights on management of 50% KMG Kashagan B.V. in amount of 5.2 billion US dollars, shares was imposed with regard to the decision of Amsterdam Court (the "Pre-judgement Attachment").

The named Pre-judgement Attachment was imposed as part of the claim for recognition and enforcement of arbitral award in Netherlands on the matter of Anatolie Stati, Gabriel Stati, Ascom Group SA and Terra Raf Trans Trading Ltd, against the Republic of Kazakhstan issued in 2013 by the Arbitration Tribunal at the Arbitration Institute of the Stockholm Chamber of Commerce. On July 14, 2020 the Court of Appeal of Amsterdam decided to recognise in the Netherlands an arbitral award rendered in 2013 against the Republic of Kazakhstan, while rejecting Stathi's claim to enforce the award against the Fund. On December 18, 2020 the Supreme Court quashed the decision of the Amsterdam Court of Appeal from May 7, 2019 to uphold the arrest.

On June 14, 2022, the Court of Appeal of The Hague made a decision in respect of cancellation of arrest on KMG Kashagan B.V. shares owned by the Fund, imposed in September 2017. On August 8, Stati filed a cassation appeal against the decision of the Court of Appeal of The Hague dated June 14, 2022.

On September 22, 2023 the Supreme Court of the Netherlands rejected the Stati's appeal against the decision of the Hague Court of Appeal dated June 14, 2022. The decision of the Supreme Court is final and cannot be appealed.

Main proceedings in the Stati claim filed on December 7, 2017, in which the Stati asks the court to recognize the Fund as part of the Republic of Kazakhstan and oblige the Fund to comply with the Arbitral Award

On March 17, 2021 a hearing in the main proceedings was held.

On April 28, 2021 the Court of Appeal granted the Fund's request to postpone this process until the decision of the Court of Appeal in The Hague to appeal the restriction on shares of KMG Kashagan B.V.

On November 2, 2022, the Fund filed an application to terminate the trial, in connection with the decision of the Court of Appeal of The Hague dated June 14, 2022, according to which the arrest of Kashagan shares owned by the Fund, imposed in September 2017, was lifted.

On February 8, 2023, the District Court of Amsterdam ruled that the claims of Anatole and Gabriel Stati and their companies ("Stati") against the Fund were inadmissible and, as a result, the proceedings were dismissed. Stati is currently appealing this decision.

Legal proceedings of NAC KAP

On July 23, 2021 the Fund for the Protection of the Rights of Investors in Foreign Countries (hereinafter – "the Fund for the Protection"), to which the rights of claim were assigned by Quorum Debt Management Group, filed a lawsuit with the Arbitration Court of the Irkutsk Region, Russia, demanding the recovery of funds from the NAC KAP in the amount of 50,000,000 US dollars under a Framework Agreement (support for asset recovery activities) dated December 26, 2013, which was expired on December 25, 2016. By the ruling of the Arbitration Court of the Irkutsk Region dated August 31, 2021 the civil case on the above claim was terminated due to lack of jurisdiction, with which the NAC KAP fully agrees, since the agreement provides for jurisdiction under Kazakh procedural legislation. By the decision of the Fourth Arbitration Court of Appeal dated January 24, 2022 and the decision of the Arbitration Court of the East Siberian District dated May 24, 2022, the ruling of the Arbitration Court of the Irkutsk Region dated August 31, 2021 in the above case was left unchanged. However, on December 7, 2022 the Judicial Collegium for Economic Disputes of the Supreme Court of the Russian Federation cancelled the rulings of the Arbitration Court of the Irkutsk Region of August 31, 2021 the rulings of the Fourth Arbitration Court of Appeal of January 24, 2022 and the rulings of the Arbitration Court of the East Siberian District of May 24, 2022 with sending the case for a new trial to the Arbitration Court of the Irkutsk Region in connection with the jurisdiction of this case by the courts of the Russian Federation.

On May 3, 2023 the Arbitration Court of the Irkutsk Region ruled to satisfy the claims and recover from the NAC KAP in favour of Quorum Debt Management Group LLC (previously the Fund for the Protection was the claimant in the case) 50,000,000 US dollars of losses, as well as 200,000 Russian roubles for the payment of state duty. The NAC KAP believes that the decision of the Judicial Collegium for Economic Disputes of the Supreme Court of the Russian Federation of December 7, 2022 was made with violations and intends to appeal the judicial acts to all higher instances.

38. COMMITMENTS AND CONTINGENCIES (continued)

Legal proceedings (continued)

Legal proceedings of NAC KAP (continued)

NAC KAP filed a supervisory appeal against the decision of the Supreme Court of the Russian Federation dated December 7, 2022. However, by the decision of the Supreme Court of the Russian Federation from April 18, 2023 it was refused to transfer the supervisory appeal for consideration by the Presidium of the Supreme Court of the Russian Federation. Also, At May 11, 2023 NAC KAP filed a complaint addressed to the Chairman of the Supreme Court of the Russian Federation against the rulings of the Supreme Court of the Russian Federation and the refusal to transfer the complaint for consideration by the Presidium of the Supreme Court of the Russian Federation. On July 7, 2023 by letter of the Chairman of the Supreme Court of the Russian Federation, the NAC KAP complaint was denied.

Also, the NAC KAP filed an appeal against the decision of the Arbitration Court of the Irkutsk Region dated May 3, 2023, as part of the consideration of the appeal, At October 19, 2023 the Court rejected the NAC KAP appeal and upheld the decision of the Arbitration Court of the Irkutsk Region dated May 3, 2023.

On November 1, 2023, the NAC KAP filed a cassation appeal against the Resolution of the Fourth Arbitration Court of Appeal dated October 19, 2023 and the Decision of the Arbitration Court of the Irkutsk Region dated May 3, 2023. On January 17, 2024, the Arbitration Court of the East Siberian District satisfied NAC KAP cassation appeal, judicial acts of May 3, 2023 and October 19, 2023 were canceled and the case was sent back to the court of the first instance for a new trial. On March 26, 2024, the Arbitration Court of Irkutsk Region granted the NAC KAP's application to postpone the hearing and adjourned the hearing until May 21, 2024. As at December 31, 2023, the NAC KAP had not recognised a liability in this litigation.

"National Company "Qazaq Gas" JSC legal proceedings

In 2019, the Group purchased 2,026,419 thousand m3 of gas from Asiagas Chunja LLP. In 2022, the Financial Monitoring Agency of the Republic of Kazakhstan ("the Agency") investigated and initiated criminal proceedings against the owners of Asiagas Chunja LLP, as well as one of the former members of the Group's management, in relation to this transaction. During 2022, Asiagas Chunja LLP returned 14,565 million tenge to the Group's accounts. Accordingly, the Group recognized the amount returned by Asiagas Chunja LLP as part of other financial liabilities until the court decision.

On March 31, 2023 the Astana district court announced a guilty verdict against the owners of Asiagas Chunja LLP, as well as one of the former members of the Group's management in relation to this gas purchase and sale transaction. On June 29, 2023 the verdict was overturned. The case was subject to consideration by the court of appeal according to the rules of the trial court in a collegial composition.

On September 15, 2023 the judicial panel for criminal cases of the Astana city court issued an appeal verdict against the owners of Asiagas Chunja LLP, as well as one of the former members of the Group's management. According to the appeal verdict, which entered into legal force, the Group recognized income in the amount of 14,565 million tenge by adjusting the cost of sales.

Investigation of the Prosecutor of the Pavlodar region of EGRES-2

On February 16, 2024 information appeared in the Kazakh media that the Prosecutor's Office of the Pavlodar region was conducting an investigation in respect to EGRES-2 for the embezzlement of funds intended for the expansion and reconstruction of the thermal power plant with the installation of the 3rd power unit. As of the date of issue of these consolidated financial statements, the Group's management concluded that all transactions and EGRES-2 were carried out within the framework of the law and this event did not have an impact on the Group's consolidated financial statements. The Group's management is monitoring this issue and providing the necessary information and support to the Pavlodar Region Prosecutor's Office regarding this issue.

Investigation of the Antimonopoly agency of EGRES-1

Currently, at EGRES-1, the Antimonopoly agency is conducting an inspection on the issue of unjustified refusal to sell goods if, at the time of application, there is a possibility of selling the relevant goods, which led to the elimination of competition in centralized bidding on the market for services to maintain the readiness of electrical power.

According to the Antimonopoly agency, in the period from 2019 to 2022, EGRES-1, taking part in centralized auctions of electrical capacity, due to refusal to compete, did not sell at the auction the entire amount of capacity specified in the application, thereby deliberately refusing to compete with other energy transmission organizations ("ETOs") and creating imaginary competition with bidders.

38. COMMITMENTS AND CONTINGENCIES (continued)

Legal proceedings (continued)

Investigation of the Antimonopoly agency of EGRES-1 (continued)

The company sold power at the approved tariff in accordance with the Rules for the Organization and Operation of the Electric Power Market (approved by Order of the Minister of Energy of the RK dated February 27, 2015 No. 152) and categorically disagrees with the Order of the Antimonopoly Authority

In February 2024, the EGRES-1 sent a statement of claim to the Specialized Interdistrict Administrative Court of Astana to challenge decisions, actions of administrative bodies, officials on antimonopoly disputes, which was accepted for proceedings.

The Group's management believes that the likelihood of losses or reputational damage from these investigations is low and that the results of these investigations will not have a material impact on the Group's consolidated financial statements.

Investigations and notices in respect of Kcell JSC

Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan dated 15 June ,2022

In accordance with the Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan for the city of Almaty No. 42-OD dated June 15, 2022 (hereinafter referred to as the Order), an investigation was initiated against Kcell JSC on the grounds of a violation provided for in Article 174 (1) of the Entrepreneurial Code of the Republic of Kazakhstan. Initial audited period was from January 1, 2020 to September 12, 2022. The subject of investigation is the establishment of factual data confirming or refuting the commission of a violation by Kcell JSC, expressed in maintaining a monopoly high price. The Group did not agree with the investigation and on July 26, 2022 started the appealing process. As a result of the judicial proceedings held during 2022 and 2023, the year 2022 was excluded from the initial audited period by the resolution of the Supreme Court of the Republic of Kazakhstan dated November 9, 2023. In accordance with the definition on the resumption of the investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection, the investigation was resumed on November 27, 2023. On December 13, 2023 the Group filed an appeal against resumption of investigation. On December 22, 2023 the investigation was suspended due to filed appeal. During February 2024 the Group participated in preliminary Court hearings related to its appeal to the Specialized Inter-District Administrative Court of Almaty.

If these violations are revealed as a result of the investigation, Kcell JSC may be held administratively liable under Part 3 of Article 159 of the Code of the Republic of Kazakhstan on Administrative Violations entailing liability in the form of a fine in the amount of 5% of the income (revenue) received as a result of monopolistic activities with confiscation of monopoly income received as a result of monopolistic activities of Kcell JSC for no more than one year.

Order of the Antimonopoly agency dated December 21, 2023.

In accordance with the Order of the Antimonopoly agency for the city of Almaty No. 38-OD dated December 21, 2023 an investigation was initiated against Kcell JSC. The subject of investigation is the susception of coordinated actions with competitors to set and maintain prices for communication services during May-July 2023. The Group started the appealing process. The investigation was suspended from January 10, 2024. Final response of the Republican antimonopoly office has not been received yet. Should the Group be found to have committed a violation, the Group may be obligated to pay a fine of 5% of monopolistic profits, with confiscation of monopolistic profits earned by Kcell JSC during the period of up to one year.

Notices of the Antimonopoly agency

During 2023 the Group received the following notices of the Antimonopoly agency:

1. Notice No.05-07/1805 to Kcell JSC of violation of the competition legislation of the Republic of Kazakhstan on August 25, 2023 of unreasonably reduced and changed volumes of cellular service for the period from 2022 through to the first quarter of 2023. Should the Group fail to comply with the Notice, the Department will initiate an investigation. On November 24, 2023, the Group, disagreeing with the determination of the Almaty Specialized Inter-District Administrative Court to return the administrative claim, filed a private complaint against the determination of the Almaty Specialized Inter-District Administrative Court to return the administrative claim. The Judicial Board for administrative cases of Almaty City Court ruled on December 26, 2023 to uphold the decision of the court of first instance and to dismiss the complaint. A cassation appeal was filed on January 26. The date for the cassation hearing has not yet been set.

38. COMMITMENTS AND CONTINGENCIES (continued)

Legal proceedings (continued)

Investigations and notices in respect of Kcell JSC (continued)

Notices of the Antimonopoly agency (continued)

If violations are confirmed by the investigation results, the Group may be brought to administrative liability and ordered to pay a turnover fine in the amount of 5% of the income received as a result of monopolistic activities of Kcell JSC during the period in question.

2. Notice No.05-07/2439 dated November 21, 2023 of the violation expressed in the fact that the price of some tariff plans is unreasonably high. The Group fulfilled the requirement to decrease the price starting from December 25, 2023.

The Management of the Group assessed the risk of the violation of the antimonopoly law as possible and accordingly has not accrued provision for losses in relation to any of the abovementioned investigations and notices in respect of Kcell JSC as of December 31, 2023.

Environmental audits

Inspection of land-based facilities of North Caspian Operating Company N.V., which is the operator under the Product Sharing Agreement for the Northern Caspian Sea (hereinafter referred to as the Operator)

The Atyrau Region Department of Ecology of the Environmental Regulation and Supervision Committee at the Ministry of Ecology, Geology and Natural Resources of the RK (hereinafter referred to as the "Department of Ecology") undertook an inspection of the onshore facilities of North Caspian Operating Company N.V., which is the operator under the Production Sharing Agreement for the North Caspian Sea (hereinafter referred to as the "Operator"). Based on the results of the inspection, the Operator was issued an order to rectify violations. One of the specific issues highlighted pertains to the overstocking of sulfur in the amount of 1,020 thousand tons.

The Operator did not agree with the inspection results and hence, filed an administrative lawsuit to dispute the aforementioned order. On June 14, 2023 the Specialized Inter-District Administrative Court of Astana made a ruling in favour of the Operator in relation to the disputed sulfur storage. On February 27, 2024 the SIAC of Astana considered the appeal from the Department of Ecology and ruled against the Operator. This ruling will be appealed in the Supreme Court. As at December 31, 2023 no provisions pertaining to this inspection have been recognized by the Group. Should the Operator be held accountable as per the administrative ruling, the fine amount will be determined in line with the Administrative Code of the RK.

Cost recovery audits

The Group's subsidiary, Kashagan B.V., has a share of 16.88% in the North Caspian Production Sharing Agreement dated November 18, 1997, as amended (further PSA).

KMG Karachaganak LLP, subsidiary of the Group, has a share of 10% in the Final Production Sharing Agreement in respect of the contract area of the Karachaganak oil and gas condensate field dated January 27, 1997, as amended (further FPSA).

Under the base principles of the PSA and FPSA, the RK transferred to the participants of these agreements (further Contractors) the exclusive rights to conduct activities in the subsurface areas, but did not transfer neither ownership rights, nor lease rights to these areas. Thus, all extracted and processed oil (i.e. the hydrocarbons produced) are the property of the RK.

Subsoil use operations are carried out on the basis of reimbursement of certain expenditures and the RK reimburses such expenditures to Contractors not in cash but in the form of the portion of oil production, thereby allowing Contractors to recover their expenditures (further Recoverable Costs) and earn profit.

PSA and FPSA provides for a procedure of expense reimbursement and determine the list of expenses that are not Recoverable Costs.

PSA LLP conducts audits of Recoverable Costs as an organization authorized to act on behalf of the RK within the framework of the PSA and FPSA (further the Authorized Body).

38. COMMITMENTS AND CONTINGENCIES (continued)

Cost recovery audits (continued)

The RK and the Contractors under the PSA and FPSA (except for Kashagan and KMG Karachaganak LLP) have a number of disputes concerning the application of certain PSA and FPSA provisions, which are subject to arbitration and expert determination under the PSA and FPSA. The Contractors consider that they have acted in accordance with the PSA and FPSA, the RK laws and applicable standards and best practices. As of December 31, 2023, the RK and the Contractors have appointed their arbitrators.

Kazakhstan local market obligation

The Government requires oil companies in the RK to supply a portion of the products to meet the Kazakhstan domestic energy requirement on an annual basis, mainly to maintain oil products supply balance on the local market and to support agricultural producers during the spring and autumn sowing and harvest campaigns.

Kazakhstan local market oil prices are significantly lower than export prices and even lower than the normal domestic market prices determined in an arm-length transaction. If the Government does require additional crude oil to be delivered over and above the quantities currently supplied by the Group, such supplies will take precedence over market sales and will generate substantially less revenue than crude oil sold on the export market, which may materially and adversely affect the Group’s business, prospects, consolidated financial position and performance.

In 2023, in accordance with its obligations, the Group delivered to the Kazakhstan market 7,619 thousand tons of crude oil, including its share in the joint ventures and associates in the total volume of 2,639 thousand tons (2022: 7,951 thousand tons, including its share in the joint ventures and associates of 3,044 thousand tons).

Oil supply commitments

As of December 31, 2023, the Group had commitments under the oil supply agreements in the total amount of 3.0 million tons (December 31, 2022: 4.5 million tons). The monetary equivalent is determined based on the market prices at the moment of realization.

Commitments under oilfield and mining field licenses and subsurface use contracts

As at December 31, 2023 the Group had the following commitments (net of VAT) related to a minimal working program in accordance with terms of licenses, production sharing agreements and subsoil use contracts, signed with the Government, including its share in joint ventures and associate (in millions of tenge):

Year	Capital expenditures	Operational expenditures
2024	549,745	307,082
2025	547,631	283,111
2026	517,737	285,206
2027	596,040	290,360
2028-2059	3,865,371	3,351,349
Total	**6,076,524**	**4,517,108**

Liabilities on unconditional purchase of gas transportation services to the joint ventures

As of December 31, 2023, the Group has unconditional liability on purchase of gas transportation services to Asia Gas Pipeline LLP and Beineu Shymkent Gas Pipeline LLP in the total amount of 313,200 million tenge and 203,148 million tenge excluding VAT, respectively (31 December 2022: 95,558 million tenge and 216,131 million tenge).

Capital commitments

As at December 31, 2023 the Group had capital commitments of approximately 1,960,099 million tenge related to acquisition and construction of property, plant and equipment, excluding VAT (as at December 31, 2022: 1,418,761 million tenge, excluding VAT), including capital commitments of joint ventures and associates in the amount of 16,508 million tenge, excluding VAT (as at December 31, 2022: 31,589 million tenge, excluding VAT).

As at December 31, 2023, the Group had commitments in the total amount of 1,139,355 million tenge (as at December 31, 2022: 1,387,680 million tenge) under the investment programs approved by the joint order of Ministry of Energy of the RK and CRNM to facilitate production units.

38. COMMITMENTS AND CONTINGENCIES (continued)

Liabilitites under agreements for the implementation of the pilot national project "Comfortable School"

In order to implement the pilot national project "Comfortable School", the Group has concluded contracts on the comprehensive works and services for the construction of secondary education facilities and contracts for the project management services with local authorities.

Within the framework of the concluded contracts, it is planned to purchase works on the construction of 359 facilities. During 2023, tender procedures were conducted for the purchase of works on the construction of 208 facilities.

As at December 31, 2023 the Group had contractual commitments to local authorities for the provision of project management services in the amount of 17,640 million tenge, where the Group acts as a principal, as well as the comprehensive construction works and services in the amount of 2,307,427 million tenge, where the Group acts as an agent.

Non-financial guarantees

As of December 31, 2023 and 2022, the Group has outstanding performance guarantees issued in favour of third parties whereas it provides guarantee should its joint venture or associate fail to perform their obligations under the natural gas purchase-sale, transportation and other agreements.

As of December 31, 2023 and 2022, the management of the Group believes that there were no expected cases of non-performance from the guaranteed parties and, accordingly, no obligations related to the above stated non-financial contingencies were recognized.

39. SEGMENT REPORTING

For management purposes, the Group is organized into organizational business units based on their products and services, and has 8 (eight) reportable operating segments *(Note 1)*.

Certain of operating segments have been formed by aggregation of smaller reportable segments in line with the organizational structure of the Group. Each reportable segment maintains its accounting records in line with IFRS. Financial performance of each segment prepared in line with IFRS is reported to the chief operating decision maker for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Eliminations represent the exclusion of intra-group turnovers. Inter-segment transactions were made on terms agreed to between the segments that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

39. SEGMENT REPORTING (continued)

The following table represents information about profit and loss, assets and liabilities of operating segments of the Group for 2023:

In millions of tenge	Oil-and-gas and petrochemical segment	Mining	Transportation	Communication	Energy	Industrial	Corporate center	Other	Elimination	Total
Revenues from sales to external customers	9,301,623	2,250,519	2,425,440	719,496	657,259	16,975	41,679	21,014	–	15,434,005
Revenue from contracts with customers	*9,291,454*	*2,250,325*	*2,374,644*	*719,496*	*635,416*	*16,975*	–	*8,733*	–	*15,297,043*
Rental income	*10,169*	*194*	*50,796*	–	*21,843*	–	–	*5,281*	–	*88,283*
Interest revenue	–	–	–	–	–	–	*41,679*	*7,000*	–	*48,679*
Revenues from sales to other segments	162,048	87	21,274	5,367	80,266	13,000	639,490	19,386	(940,918)	–
Total revenue	**9,463,671**	**2,250,606**	**2,446,714**	**724,863**	**737,525**	**29,975**	**681,169**	**40,400**	**(940,918)**	**15,434,005**
Geographical markets										
Kazakhstan	1,866,922	966,159	2,005,457	703,619	683,041	29,776	639,490	28,119	(940,918)	5,981,665
Other countries	7,586,580	1,284,253	390,461	21,244	32,641	199	–	–	–	9,315,378
Gross profit	1,957,694	767,475	551,867	223,374	225,843	3,737	593,078	17,126	(618,597)	3,721,597
General and administrative expenses	(234,493)	(58,061)	(135,945)	(50,729)	(27,949)	(3,378)	(20,118)	(6,117)	10,409	(526,381)
Transportation and selling expenses	(804,777)	(28,927)	(13,201)	(23,226)	(13,428)	(1,281)	–	(36)	14,378	(870,498)
Finance income	184,921	47,655	39,237	42,411	18,050	3,188	139,213	46,844	(35,155)	486,364
Finance costs	(439,422)	(10,820)	(236,040)	(42,673)	(51,118)	(5,659)	(19,893)	(24,111)	119,789	(709,947)
Share in profits/(loss) of joint ventures and associates	868,403	47,664	8,145	–	12,075	(14)	8,819	(13)	–	945,079
Foreign exchange gain/(loss), net	61,441	(19,678)	(20,451)	(4,109)	399	(38)	(5,222)	4,531	3,555	20,428
Depreciation, depletion and amortization	(667,497)	(95,830)	(232,802)	(140,928)	(87,335)	(6,343)	(691)	(3,354)	13,219	(1,221,561)
(Impairment)/reversal of property, plant and equipment, exploration and evaluation assets and intangible assets	(230,491)	134	(11,670)	(993)	(14,241)	(4,906)	–	–	–	(262,167)
(Impairment)/reversal of other assets,net	(47,686)	(1,259)	3,432	130	(10,536)	(3,931)	(4,241)	451	–	(63,640)
Income tax expenses	(255,362)	(148,904)	(32,911)	(29,835)	(43,546)	(791)	(214,698)	(5,445)	(117)	(731,609)
Total net profit/(loss) for the year	**1,244,482**	**533,727**	**166,216**	**105,990**	**94,057**	**(23,626)**	**476,925**	**25,719**	**(495,407)**	**2,128,083**
Other segment information										
Total assets of the segment	20,504,018	3,321,395	4,987,879	1,811,102	2,158,606	199,417	11,096,378	838,239	(7,990,690)	36,926,344
Total liabilities of the segment	7,595,072	701,773	3,222,807	967,452	966,377	67,377	3,193,305	674,649	(2,199,783)	15,189,029
Allowances for expected credit losses on trade receivables, loans and other current financial assets	(15,586)	(15,620)	2,627	(10,620)	(180)	(881)	454	(6,260)	7,252	(38,814)
Investments in joint ventures and associates	6,081,988	641,794	40,568	–	82,883	8,682	44,092	–	–	6,900,007
Capital expenditures	(1,232,059)	(88,351)	(799,097)	(414,466)	(209,027)	(1,943)	(1,435)	(1,669)	858	(2,747,189)

39. SEGMENT REPORTING (continued)

The following table represents information about profit and loss, assets and liabilities of operating segments of the Group for 2022:

In millions of tenge	**Oil-and-gas and petrochemical segment**	**Mining**	**Transportation**	**Communication**	**Energy**	**Industrial**	**Corporate center**	**Other**	**Elimination**	**Total**
Revenues from sales to external customers	9,585,882	1,947,699	1,926,051	666,830	599,515	28,120	40,935	20,115	–	14,815,147
Revenue from contracts with customers	*9,574,407*	*1,947,341*	*1,904,011*	*666,830*	*599,506*	*28,120*	–	*7,562*	–	*14,727,777*
Rental income	*11,475*	*358*	*22,040*	–	*9*	–	–	*5,643*	–	*39,525*
Interest revenue	–	–	–	–	–	–	*40,935*	*6,910*	–	*47,845*
Revenues from sales to other segments	61,751	41	11,806	4,856	85,941	9,366	825,085	13,667	(1,012,513)	–
Total revenue	**9,647,633**	**1,947,740**	**1,937,857**	**671,686**	**685,456**	**37,486**	**866,020**	**33,782**	**(1,012,513)**	**14,815,147**
Geographical markets										
Kazakhstan	1,624,304	1,055,803	1,570,250	649,049	650,772	32,386	825,085	21,229	(1,012,513)	5,416,365
Other countries	8,011,854	891,579	345,567	22,637	34,675	5,100	–	–	–	9,311,412
Gross profit	2,224,569	531,383	373,025	225,338	223,919	8,909	802,293	15,413	(837,202)	3,567,647
General and administrative expenses	(223,284)	(45,790)	(115,410)	(50,461)	(30,626)	(3,659)	(20,873)	(4,426)	10,717	(483,812)
Transportation and selling expenses	(853,650)	(25,683)	(10,772)	(16,979)	(13,265)	(745)	-	(16)	14,241	(906,869)
Finance income	156,368	23,192	70,256	23,880	11,480	2,027	53,761	46,863	(66,844)	320,983
Finance costs	(372,488)	(9,176)	(168,296)	(43,783)	(54,723)	(6,017)	(60,628)	(61,250)	122,372	(653,989)
Share in profits/(loss) of joint ventures and associates	1,337,127	82,589	8,546	–	14,304	(216)	7,018	21	–	1,449,389
Foreign exchange (loss)/gain, net	(6,551)	15,404	22,680	8,949	6,437	(790)	(48,050)	(9,528)	1,551	(9,898)
Depreciation, depletion and amortization	(571,203)	(82,469)	(210,591)	(122,960)	(81,771)	(7,172)	(728)	(3,251)	3,533	(1,076,612)
(Impairment)/reversal of property, plant and equipment, exploration and evaluation assets and intangible assets	(19,642)	(13,297)	(170)	(2,751)	(2,700)	(16,973)	–	–	–	(55,533)
Reversal/(impairment) of other assets,net	1,373	1,304	644	(493)	(7,706)	(14,361)	(228,919)	(455)	232,464	(16,149)
Income tax (expenses)/benefit	(518,783)	(111,965)	(47,028)	(35,696)	(38,758)	422	(17,445)	3,044	(6,423)	(772,632)
Total net profit/(loss) for the year	**1,653,779**	**455,464**	**131,062**	**115,919**	**109,630**	**(33,685)**	**815,069**	**(9,309)**	**(863,865)**	**2,374,064**
Other segment information										
Total assets of the segment	19,835,479	2,977,510	4,632,180	1,593,990	1,750,872	179,461	9,603,793	337,055	(7,278,961)	33,631,379
Total liabilities of the segment	7,774,919	610,791	3,077,764	835,531	801,496	73,385	2,527,357	201,901	(2,065,187)	13,837,957
Allowances for expected credit losses on trade receivables, loans and other current financial assets	(4,412)	133	(5,560)	(8,373)	167	(102)	31,789	908	(34,134)	(19,584)
Investments in joint ventures and associates	5,896,273	690,634	28,799	–	70,906	3,788	45,006	35	–	6,735,441
Capital expenditures	(1,006,194)	(89,710)	(472,722)	(134,616)	(149,945)	(20,786)	(382)	(6,447)	468	(1,880,334)

40. SUBSEQUENT EVENTS

Issue of shares

On January 24, 2024, the Fund issued 100 shares at par value of 387,371,430 tenge and 1 share at par value of 57,672,000 tenge for the total amount of 38,795 million tenge, which were paid off by the Shareholder by means of 100% of interest in authorized capital of "GPC Investment" LLP and 50% of interest in authorized capital of "Soft Art" LLP.

Dividends

On April 19, 2024 the Fund paid dividends to the Shareholder in the amount of 100,002 million tenge from retained earnings of 2022 in accordance to the Resolution of the Government dated April 13, 2024.

Loss of control over the subsidiary

On February 14, 2024 the Fund disposed 9,884,209 (10%) of common shares of Air Astana at a price of 1,073.83 tenge per common share for a total amount of 10,614 million tenge through their sale on the Astana International Exchange (AIX) and Kazakhstan Stock Exchange JSC (KASE). As a result, the Group lost control over the subsidiary and recognized investment in associate (*Note 7*).

On February 21, 2024, the Group signed a purchase and sale agreement with PJSC Tatneft, a third party, for a sale of 50% shares of Karaton Operating Ltd., a wholly owned subsidiary of KMG, for cash consideration of 18.2 million US dollars (equivalent to 8,255 million tenge on the date of disposal of the subsidiary). As a result, the Group lost control over the subsidiary and recognized investment in joint venture.

On February 27, 2024 the Group completed the sale of 40% share in KPI to SIBUR Holding PJSC. As a result, the Group lost control over the subsidiary and recognized investment in joint venture (*Note 7*). On February 29, 2024 SIBUR Holding PJSC made payment of the 1st tranche under the sale agreement for a 40% share in KPI in the amount of 90 million US dollars (equivalent to 40.618 million tenge).

On January 20, 2024, at a meeting of the State Commission for Economic Modernization, it was decided to sell a 100% share in Mobile Telecom-Service LLP. For the implementation the adopted decision made on February 14, 2024 a trilateral agreement on principles was signed in Qatar between the Fund, KTC and Power International Holding (the leading conglomerate in the Middle East) during the official visit of the President of RK to Qatar.

Sale of share in joint venture

On March 29, 2024, the Group sold a 20% share in Silleno LLP, a joint venture of the Group, to SINOPEC OVERSEAS INVESTMENT HOLDING (SINGAPORE) PTE. LTD for 9,919,892 US dollars (equivalent to 4,465 million tenge at the date of payment receipt). As a result of the transaction, the Group retained joint control over Silleno LLP.

Dividends received

On March 12, 2024, the Group received dividends from Tengizchevroil LLP, the joint venture, of 85 million US dollars (equivalent to 38,191 million tenge).

Tariff for the mainline railway network services

In February 2024, the Committee for the Regulation of Natural Monopolies of the Ministry of National Economy of the RK approved the maximum level of tariff for 2024-2025 as an index to tariffs for mainline railway network services at 3.0 for freight transportation from stations of the RK in all export directions, as well as for freight transportation between member states of the EAEU passing through connecting stations of the RK.

Addendum to the subsoil use contract of Semizbay-U LLP

Addendum to subsoil use contract for Irkol field that had an expiration date on March 4, 2024, was signed on February 28, 2024 with the new contract date of 2030.

Distributions to the Public Foundation "Qazaqstan halqyna"

During the period from January to March 2024, the Fund made payments to the Public Foundation "Qazaqstan halqyna" in the total amount of 45,964 million tenge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. SUBSEQUENT EVENTS (continued)

Floods in Kazakhstan

In March-April 2024, a complex flood situation developed in several regions of the country (North Kazakhstan, Atyrau, Aktobe, Akmola, Kostanay, West Kazakhstan and other regions). A state of emergency was introduced in several areas. As of the date of issue of these consolidated financial statements, the Group provided about 12 billion tenge as financial assistance to regions affected by the natural disaster. A flood situation, as well as measures to minimize its consequences, may affect the activities of the Group’s companies. The overall effect of floods on the Group cannot be assessed with reasonable certainty at this time.