

EXTRACT
from Minutes No.2\2023 of the Annual General Meeting of Shareholders
of Joint Stock Company “National Company “KazMunayGas”
dated 30 May 2023

The registered address of JSC NC “KazMunayGas”: “B” Block, “Emerald Quarter” Administrative Building, 8, Dinmukhamed Kunayev Str., Yessil District, Astana, 010000, the Republic of Kazakhstan.

Location of the executive body of JSC NC “KazMunayGas”: “B” Block, “Emerald Quarter” Administrative Building, 8, Dinmukhamed Kunayev str., Yessil District, Astana, 010000, the Republic of Kazakhstan.

Date of the meeting: 30 May 2023.

Form of the meeting: absentee meeting.

On item two “On approval of the annual financial statements of JSC NC “KazMunayGas” for 2022” on the agenda of the Annual General Meeting of Shareholders of JSC NC “KazMunayGas” dated 30 May 2023 (Minutes No.2\2023) the following unanimous resolution was adopted:

1. To approve the separate annual financial statements of JSC NC “KazMunayGas” for 2022 in accordance with Annex No.1 hereto.
2. To approve the consolidated annual financial statements of JSC NC “KazMunayGas” for 2022 in accordance with Annex No.2 hereto.
3. To Chairman of the Management Board of JSC NC “KazMunayGas” M.M. Mirzagaliyev to take all necessary measures arising out of this resolution

Corporate Secretary of
JSC NC “KazMunayGas”



D.V. Sharipov

Olga (Tyukeyeva)

Annex No.1 on item "On approval of the annual financial statements of JSC NC "KazMunayGas" for 2022" of the agenda of Annual General Meeting of Shareholders of JSC NC "KazMunayGas" held on 30 May 2023, Minutes No. 2/2023

"National Company "KazMunayGas" JSC

Separate financial statements

*For the year ended December 31, 2022
with independent auditor's report*

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Independent auditor's report

To the Shareholders, Board of Directors and Management of Joint Stock Company "National Company "KazMunayGas"

Opinion

We have audited the separate financial statements of Joint Stock Company "National Company "KazMunayGas" (the Company), which comprise the separate statement of financial position as at 31 December 2022, the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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 separate 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 separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For 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 separate 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 separate 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 separate financial statements.

Key audit matter

Accounting for acquisitions of investments in subsidiaries and joint ventures

In 2022 the Company obtained control and joint control over certain entities.

We consider this matter to be of most significance in our audit due to the significance of investments acquired to the separate financial statements, and the complexity of these transactions. The Company applies equity method described in IAS 28 "*Investments in Associates and Joint Ventures*" to account for investments in subsidiaries, joint ventures and associates in its separate financial statements. Due to the lack of guidance in IAS 28 in respect of acquisitions of investments in subsidiaries and joint ventures from entities under common control, the Company applied by analogy the scope exclusion for business combinations under common control described in IFRS 3 "*Business combinations*" and used the predecessor carrying amounts at initial recognition of investments in subsidiaries and joint ventures acquired from entities under common control in the separate financial statements.

Information about acquisitions is included in *notes 3 and 6* to the separate financial statements.

How our audit addressed the key audit matter

We examined the sale and purchase agreements and other documents related to these transactions and gained an understanding of the main terms, nature and structure of the transactions.

We inspected corporate approvals, corporate and shareholders agreements and other legal documents in order to understand the nature of the transactions and assess the accounting policies developed by the Company's management in respect of the treatment of acquisitions of investments in subsidiaries and joint ventures from entities under common control in the separate financial statements.

For the acquisitions of investments in subsidiaries and joint ventures from entities under common control, where financial information from the predecessor's financial statements was used, we compared the information included in the separate financial statements, with the available financial information included in the financial statements of previous owners.

We compared the amounts of consideration paid by the Company per accounting records to the related payment supporting documents and contractual commitments.

For acquisition of investment in the joint venture not under common control, we assessed the management's estimates in respect of the fair values of share in assets and liabilities acquired.

We analyzed the related disclosures about acquisitions of investments in subsidiaries and joint ventures from entities under common control, and related accounting policies in the separate financial statements.

Impairment of non-current assets

We consider this matter to be one of the matters of most significance in our audit due to materiality of the balances of non-current assets, including investments in subsidiaries, joint ventures and associates, to the separate financial statements, the high level of subjectivity in respect of assumptions underlying impairment analysis and significant judgements and estimates made by management.

Assumptions included discount rates, oil and petroleum products prices forecasts and inflation and exchange rate forecasts. Significant estimates included production forecast, future capital expenditure and oil and gas reserves available for development and production.

Information on non-current assets and the impairment tests performed is disclosed in *notes 4 and 15* to the separate financial statements.

We considered management's assessment of the existence of impairment indicators and where impairment indicators were identified, we involved our business valuation specialists in the testing of management's impairment analysis and calculation of recoverable amounts.

We analyzed the assumptions underlying management forecasts. We compared oil and petroleum products prices used in the calculation of recoverable amount to available market forecasts.

We compared the discount rates and long-term growth rates to general market indicators and other available evidence and checked the adjustments made by management when calculating the applicable discount rate.

We tested the mathematical integrity of the impairment models and assessed the analysis of the sensitivity of the results of impairment tests to changes in assumptions.

We performed procedures to assess competence, capabilities and objectivity of the external experts engaged by the Company to estimate the volumes of oil and gas reserves and prepare impairment models, where applicable.

We analysed disclosures on impairment test in the separate financial statements.

Other information included in the Company's 2022 annual report

Other information consists of the information included in the Company's 2022 Annual Report, other than the separate financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of management and the Audit Committee for the separate financial statements

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

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

The Audit Committee is responsible for overseeing the Company's financial reporting process.

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

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

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

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

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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.

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

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

Ernst & Young LLP



Kairat Medetbayev
Audit Partner

Auditor qualification certificate
No. МФ-0000137 dated 8 February 2013

Esentai Tower, 77/7, Al-Farabi Ave.,
050600, Almaty, Republic of Kazakhstan

12 May 2023



Olga Kheday
Acting General Director
Ernst and Young LLP

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

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

<i>In millions of tenge</i>	Note	For the years ended December 31,	
		2022	2021
Revenue from contracts with customers	7	840,128	598,897
Cost of sales	8	(728,919)	(460,171)
Gross profit		111,209	138,726
General and administrative expenses	9	(34,279)	(50,625)
Transportation and selling expenses	10	(18,836)	(19,659)
Impairment of investments in subsidiaries	15	(85,945)	(23,883)
Impairment of investments, other than investments in subsidiaries	16	-	(71)
Exploration expenses	14	(3,171)	(59,707)
Finance income	11	123,618	110,213
Finance costs	11	(717,341)	(212,693)
Share in profit and loss of subsidiaries	12	1,160,486	887,752
Share in profit and loss of joint ventures and associates	13	888,901	568,847
(Loss)/gain on sale of subsidiaries and joint ventures		(1,040)	20,775
Foreign exchange loss		(139,531)	(56,589)
Other operating loss, net		(3,810)	(5,419)
Profit before income tax		1,280,261	1,297,667
Income tax expenses	24	(162,546)	(65,889)
Net profit for the year		1,117,715	1,231,778

The accounting policies and explanatory notes on pages 9-56 form an integral part of these separate financial statements.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In millions of tenge</i>	Note	For the years ended December 31	
		2022	2021
Other comprehensive income			
<i>Other comprehensive income/(loss) for the year to be reclassified to profit or loss in subsequent periods</i>			
Hedging effect of subsidiaries	15	(11,872)	10,055
Exchange differences on translation of foreign operations	15, 16	572,548	195,227
Tax effect	24	(36,525)	(11,818)
Other comprehensive income for the year to be reclassified to profit or loss in subsequent periods, net of tax		524,151	193,464
<i>Other comprehensive income/(loss) for the year not to be reclassified to profit or loss in subsequent periods</i>			
Income of subsidiaries from revaluation of actuarial liabilities on defined benefit plans	15	9,367	4,795
Income of subsidiaries from fair value adjustments to the carrying amount of equity instruments, classified as financial assets at fair value through other comprehensive income	15, 16	3,157	5,861
Actuarial loss on defined benefit plans of the joint ventures, net of tax		(19)	(169)
Tax effect		(105)	(43)
Net other comprehensive income for the year not to be reclassified to profit or loss in subsequent periods, net of tax		12,400	10,444
Net other comprehensive income for the year, net of tax		536,551	203,908
Total comprehensive income for the year, net of tax		1,654,266	1,435,686

Deputy Chairman of the Management Board



[Signature]
D.A. Aryssova

Chief accountant

[Signature]

A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9-56 form an integral part of these separate financial statements.

[Signature]

SEPARATE STATEMENT OF FINANCIAL POSITION


<i>In millions of tenge</i>	Note	As at December 31	
		2022	2021
Assets			
Non-current assets			
Exploration and evaluation assets	14	25,284	12,795
Property, plant and equipment		21,336	18,718
Investment property		20,544	22,171
Intangible assets		12,885	8,943
Investments in subsidiaries	15	11,134,077	6,797,201
Investments in joint ventures and associates	16	4,523,406	3,718,552
Other non-current non-financial assets		964	51
Loans due from related parties	25	151,844	138,132
Long-term bank deposits	17	731	1,255
		15,891,071	10,717,818
Current assets			
Inventories		21,340	14,273
Trade accounts receivables	18	87,228	84,546
VAT receivable		6,457	786
Income tax prepaid		531	393
Other current non-financial assets	18	24,952	39,293
Loans due from related parties	25	194,662	645,325
Dividends receivable from subsidiaries and joint ventures	25	320	9,477
Other current financial assets	18	6,454	1,736
Short-term bank deposits	17	723,669	368,580
Cash and cash equivalents	19	146,787	284,904
		1,212,400	1,449,313
Assets classified as held for sale		-	41
Total assets		17,103,471	12,167,172

The accounting policies and explanatory notes on pages 9-56 form an integral part of these separate financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION (continued)

<i>In millions of tenge</i>	Note	As at December 31	
		2022	2021
Equity			
Share capital	20	916,541	916,541
Additional paid-in capital		1,136	1,136
Other capital reserves		(8,774)	(6,145)
Foreign currency translation reserve		4,602,317	4,066,294
Fair value reserve of financial assets at fair value through other comprehensive income		12,686	9,529
Retained earnings		6,379,096	3,346,888
Total equity		11,903,002	8,334,243
Non-current liabilities			
Borrowings and bonds	21	3,236,701	3,197,942
Financial guarantee obligations	22	–	25,158
Other non-current financial liabilities		–	50,026
Deferred income tax liabilities	24	616,545	466,595
		3,853,246	3,739,721
Current liabilities			
Trade accounts payable	23	55,812	31,793
Borrowings and bonds	21	1,130,745	27,726
Financial guarantee obligations	22	29,190	10,558
Other current financial liabilities	23	111,968	11,793
Other current non-financial liabilities	23	19,508	11,338
		1,347,223	93,208
Total equity and liabilities		17,103,471	12,167,172

Deputy Chairman of the Management Board


D.A. Byssova

Chief accountant




A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9-56 form an integral part of these separate financial statements.



SEPARATE STATEMENT OF CASH FLOWS

<i>In millions of tenge</i>	Note	For the years ended December 31	
		2022	2021
Cash flows from operating activities			
Receipts from customers		934,566	628,159
Dividend received from subsidiaries, joint ventures and associates	15, 16	423,995	432,799
Interest received on loans due from related parties		6,163	5,580
Interest received on bank deposits		13,240	5,443
Payments to suppliers of goods and services		(810,980)	(585,362)
Salary and other related payments to employees		(8,776)	(7,767)
Interest paid	21	(155,074)	(171,150)
Income tax paid		(500)	(1,153)
Other taxes and payments to the budget		(24,979)	(10,265)
Other receipts		(3,077)	(1,163)
Net cash flows from operating activities		374,578	295,121
Cash flows from investing activities			
Placement of bank deposits		(1,166,541)	(464,826)
Withdrawal of bank deposits		848,078	343,966
Purchase of property, plant and equipment, intangible assets and exploration and evaluation assets		(16,159)	(11,743)
Contributions to share capital of subsidiaries, joint ventures and associates	15, 16	(43,935)	(23,561)
Loans given to related parties		(124,378)	(128,797)
Partial repayment of payables for acquisition of subsidiary		-	(35,644)
Proceeds from loans due from related parties		115,158	91,163
Proceeds from sale of investments in subsidiaries and joint ventures		-	20,785
Proceeds from return of investments in subsidiaries	15	59,500	67,047
Contribution to share capital of Cooperative KMG U.A.*	6, 21	(751,631)	-
Acquisition of notes of the National Bank of RK	25	(87,000)	-
Redeem of notes of the National Bank of RK	25	17,000	-
Other receipts		-	833
Net cash flows used in investing activities		(1,149,908)	(140,777)

The accounting policies and explanatory notes on pages 9-56 form an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS (continued)

<i>In millions of tenge</i>	Note	For the years ended December 31	
		2022	2021
Cash flows from financing activities			
Proceeds from borrowings and bonds	21	826,357	105,031
Dividends paid	20	(199,997)	(49,999)
Other payments		(158)	-
Net cash flows from financing activities		626,202	55,032
Effects of exchange rate changes on cash and cash equivalents		10,880	3,447
Change in allowance for expected credit losses		131	(132)
Net (decrease)/increase in cash and cash equivalents		(138,117)	212,691
Cash and cash equivalents, at the beginning of the year		284,904	72,213
Cash and cash equivalents, at the end of the year		146,787	284,904

*Contribution to share capital of Cooperative KMG U.A. amounted to 751.631 million tenge, which was subsequently offset by the Company against the debt of Cooperative KMG U.A. to Samruk-Kazyna (Notes 6 and 15).

Deputy Chairman of the Management Board



(Signature)
D.A. Aryslova

Chief accountant

(Signature)

A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9-56 form an integral part of these separate financial statements.

(Signature)

SEPARATE STATEMENT OF CHANGES IN EQUITY

<i>In millions of tenge</i>	Share capital	Additional paid-in capital	Other capital reserves	Currency translation reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Retained earnings	Total
At January 1, 2021	916,541	1,155	(20,783)	3,882,885	3,668	3,936,171	8,719,637
Net income for the year	-	-	-	-	-	1,231,778	1,231,778
Other comprehensive income	-	-	14,638	183,409	5,861	-	203,908
Total comprehensive loss	-	-	14,638	183,409	5,861	1,231,778	1,435,686
Dividends (Note 20)	-	-	-	-	-	(49,999)	(49,999)
Transactions with Samruk-Kazyna (Note 20)	-	-	-	-	-	(5,222)	(5,222)
Distributions to Samruk-Kazyna (Note 20)	-	-	-	-	-	(85)	(85)
Transfer of JSC “KazTransGas” to Samruk-Kazyna (Note 5)	-	(19)	-	-	-	(1,765,755)	(1,765,774)
At December 31, 2021	916,541	1,136	(6,145)	4,066,294	9,529	3,346,888	8,334,243

The accounting policies and explanatory notes on pages 9-56 form an integral part of these separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

<i>In millions of tenge</i>	Share capital	Additional paid-in capital	Other capital reserves	Currency translation reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Retained earnings	Total
At January 1, 2022	916,541	1,136	(6,145)	4,066,294	9,529	3,346,888	8,334,243
Net income for the year	-	-	-	-	-	1,117,715	1,117,715
Other comprehensive income/(loss)	-	-	(2,629)	536,023	3,157	-	536,551
Total comprehensive income/(loss)	-	-	(2,629)	536,023	3,157	1,117,715	1,654,266
Dividends (Note 20)	-	-	-	-	-	(199,997)	(199,997)
Transactions with Samruk-Kazyna (Note 15, 20)	-	-	-	-	-	385,997	385,997
Distributions to Samruk-Kazyna (Note 20)	-	-	-	-	-	(10,199)	(10,199)
Acquisition of Kashagan (Note 6)	-	-	-	-	-	1,777,076	1,777,076
Acquisition of subsidiary (Note 6)	-	-	-	-	-	25,250	25,250
Acquisition of joint ventures (Note 6)	-	-	-	-	-	(63,634)	(63,634)
At December 31, 2022	916,541	1,136	(8,774)	4,602,317	12,686	6,379,096	11,903,002

Deputy Chairman of the Management Board



Chief accountant

D.A. Abdosova
A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9-56 form an integral part of these separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS**For the year ended December 31, 2022**

1. GENERAL

Joint stock company "National Company "KazMunayGas" (the Company or JSC NC "KazMunayGas") is oil and gas enterprise of the Republic of Kazakhstan (RK), which was established on February 27, 2002 as a closed joint stock company pursuant to the Decree No. 811 of the President of the Republic of Kazakhstan dated February 20, 2002 and the resolution of the Government of the RK (Government) No. 248 dated February 25, 2002. The Company was formed as a result of the merger of closed joint stock companies "National Oil and Gas Company "Kazakhoil" and "National Company "Transport Nefti i Gaza". As the result of the merger, all assets and liabilities, including ownership interest in all entities owned by these companies, have been transferred to the Company. The Company was reregistered as a joint stock company in accordance with the legislation of the RK in March 2004.

Starting from June 8, 2006, the sole shareholder of the Company was joint stock company "Kazakhstan Holding Company for State Assets Management "Samruk", which in October 2008 was merged with the state-owned Sustainable Development Fund "Kazyna" and formed joint stock company "National Welfare Fund "Samruk-Kazyna" (Samruk-Kazyna). The Government is the sole shareholder of Samruk-Kazyna. On August 7, 2015, the National Bank of RK purchased 9.58% plus one share of the Company from Samruk-Kazyna. From December 8, 2022, 3.00% of shares of the Company are freely available on the Astana International Exchange and the Kazakhstan Stock Exchange (KASE) stock exchanges.

As at December 31, 2022, the Company has interest in 59 operating companies (as of December 31, 2021: 60).

The Company has its registered office in the RK, Astana, Dinmukhamed Kunayev, 8.

The principal activity of the Company includes, but is not limited, to the following:

- Participation in the development and implementation of the uniform public policy in the oil and gas sector;
- Representation of the state interests in subsoil use contracts through interest participation in those contracts; and
- Corporate governance and monitoring of exploration, development, production, oil servicing, processing, petrochemistry, transportation and sale of hydrocarbons and the designing, construction and maintenance of oil-and-gas pipeline and field infrastructure.

These separate financial statements of the Company were approved for issue by the Deputy Chairman of the Management Board and the Chief accountant on May 12, 2023.

These separate financial statements of the Company have been issued in addition to the consolidated financial statements of the Company and its subsidiaries for the same reporting period. The consolidated financial statements of the Company were approved for issue by the Deputy Chairman of the Management Board and the Chief accountant on March 6, 2023. The consolidated financial statements can be obtained on the Company's official website or in the Company's office.

2. BASIS OF PREPARATION

These separate financial statements have been prepared on a historical cost basis, except as described in the accounting policies and the Notes to these separate financial statements. All values in these separate financial statements are rounded to the nearest millions, except when otherwise indicated.

Statement of compliance

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

The preparation of the separate 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 policy. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these separate financial statements are disclosed in *Note 4*.

In course of preparation of these separate financial statements the Company's management considered the current international economic and geopolitical environment including the war in Ukraine (*Note 28*). The separate financial statements were prepared on a going concern basis.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)**Going concern principle**

These separate financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future.

Negative working capital in the amount of 134,823 million tenge as of December 31, 2022 was formed mainly from loans, including loans received from related parties.

The amount of short-term loans as at December 31, 2022 includes loan received from "KazMunayGas" Exploration Production" JSC, a subsidiary of the Company, in the amount of 1,096,340 million tenge (*Note 21*). This loan is planned to be repaid in 2023 due to with the Company's decision to voluntarily liquidate "KazMunayGas" Exploration Production" JSC.

The Company does not expect difficulties in meeting its debt obligations or breach of contractual obligations. Even under the worst-case scenario of loss of budgeted income and including unavoidable expenses, the Company will be able to repay debt in 2023 in accordance with the agreed payment schedule using available cash, deposits in bank accounts available to support operations, and amounts received on loans issued.

As a result, Management believes that the Company will be able to continue as a going concern in the foreseeable future.

Foreign currency translation*Functional and presentation currency*

The separate financial statements are presented in Kazakhstan tenge, which is the Company's functional and 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 year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the separate statement of comprehensive income in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange rates

Weighted average currency exchange rates established by KASE are used as official currency exchange rates in the RK.

The currency exchange rate of KASE as at December 31, 2022 was 462.65 tenge to 1 US dollar. This rate was used to translate monetary assets and liabilities denominated in United States dollars (US dollar) as at December 31, 2022 (2021: 431.80 tenge to 1 US dollar). The currency exchange rate of KASE as at May 12, 2023 was 445.99 tenge to 1 US dollar. For the year ended December 31, 2022, the Company had a net foreign exchange loss of 139,531 million tenge due to fluctuations in foreign exchange rates to tenge.

Renegotiation of loans in the context of IBOR reform

In the context of IBOR reform, some financial instruments have already been amended or will be amended as they transition from IBORs to risk free rates. In addition to the interest rate of a financial instrument changing, there may be other changes made to the terms of the financial instrument at the time of transition. For financial instruments measured at amortized cost, the Group will first apply the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when a risk free rates instrument is designated as a hedge of a risk component.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Renegotiation of loans in the context of IBOR reform (continued)**

Second, for any changes not covered by the practical expedient, the Company applies judgement to assess whether the changes are substantial. If the changes are substantial, the financial instrument is derecognized and a new financial instrument is recognized. If the changes are not substantial, the Company adjusts the gross carrying amount of the financial instrument by the present value of the changes not covered by the practical expedient, discounted using the revised effective interest rate.

New and amended standards and interpretations

The accounting policies adopted in the preparation of the separate financial statements are consistent with those followed in the preparation of the Company's annual separate financial statements for the year ended December 31, 2021, except for the adoption of new standards and interpretations effective as of January 1, 2022.

The Company 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 2022, but do not have an impact on the separate financial statements of the Company.

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

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

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. These amendments had no impact on the separate financial statements of the Company as there were no onerous contracts identified.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the *Conceptual Framework*, to determine whether a present obligation exists at the acquisition date. These amendments had no impact on the separate financial statements of the Company as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

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

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments had no impact on the separate financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

Standards issued but not yet effective.

There are new pronouncements issued as at 31 December 2022:

- *Definition of Accounting Estimates - Amendments to IAS 8;*
- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2;*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12;*
- *Lease Liability in a Sale and Leaseback – Amendments to IFRS 16;*
- *Classification of Liabilities as Current or Non-current - Amendments to IAS 1;*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28.*

Amendments and interpretations did not have an impact on the separate financial statements of the Company.

Business combinations and goodwill

Acquisition of subsidiaries from parties under common control

Acquisitions of subsidiaries from parties under common control are accounted for using the pooling of interest method.

The assets and liabilities of the subsidiary transferred under common control are recorded in the separate financial statements at the carrying amounts of the transferring entity (the Predecessor) at the date of the transfer. Any difference between the total book value of net assets, including the Predecessor’s goodwill, and the consideration paid is accounted for in the separate financial statements as an adjustment to equity.

Acquisition of joint ventures and associates from parties under common control

Acquisition of joint ventures and associates from parties under common control are accounted for using the pooling of interest method.

The Company’s share in the assets and liabilities of the joint ventures and associates transferred under common control is recorded in the separate financial statements at the carrying amounts of the transferring entity (the Predecessor) at the date of the transfer. The difference between the Company’s share in the total book value of net assets, including Predecessor’s goodwill, and the consideration paid is accounted for in the separate financial statements as an adjustment to equity.

Segment reporting

Operating segments at the consolidated level are determined based on the type of the produced goods and services provided in different markets. For management purposes, the Company has three main operating segments: “Exploration and production of oil and gas”, “Oil transportation”, and “Refining and trading of crude oil and refined products”. The Management Board is the Chief Operating Decision Maker and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment disclosures are presented in Note 36 to the consolidated financial statements for the year ended December 31, 2022 in accordance with IFRS 8.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in a subsidiary, a joint venture or an associate is initially recognized at cost. The carrying amount of investment is adjusted to recognize changes in the Company’s share of net assets of the subsidiary, joint venture or associate since the acquisition date. Goodwill relating to the subsidiary, joint venture or associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Investments in subsidiaries, associates and joint ventures (continued)**

The separate statement of comprehensive income reflects the Company's share of the financial results of a subsidiary, a joint venture or an associate. Changes in other comprehensive income of such investment objects are included in other comprehensive income of the Company. In addition, when there has been a change directly recognized in the equity of the subsidiary, joint venture or associate, the Company recognizes its share of any changes, when applicable, in the separate statement of changes in equity.

The financial statements of subsidiaries, joint ventures and associates are prepared for the same reporting period as the separate financial statements of the Company. If necessary, adjustments are made to bring the accounting policy in compliance with the accounting policy of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss on its investment in a subsidiary, a joint venture or an associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiary, joint venture or associate is impaired. If there is such evidence, the Company calculates the amount of the impairment as the difference between the recoverable amount of the subsidiary, joint venture or associate and its carrying value, and then recognizes that amount in a separate statement of comprehensive income.

Upon loss of control over the subsidiary, joint control over the joint venture or significant influence over the associate, the Company measures and recognizes any retained investments at its fair value. Any difference between the carrying amount of the investment in the subsidiary, joint venture or associate upon loss of control, joint control or significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss in the period when loss of control occurs.

Current versus non-current classification

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

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

A liability is classified as current when:

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

The Company classifies all other assets and liabilities as non-current.

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

Oil and natural gas exploration and development expenditures

The costs incurred before obtaining subsoil use right (licenses)

Costs incurred before obtaining full subsoil use rights (licenses) are expensed in the period in which they are incurred. Costs incurred after signing preliminary agreements with the Government, are capitalised.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Oil and natural gas exploration and development expenditures (continued)***Subsoil use rights acquisition costs*

Subsoil use rights acquisition costs are capitalised and classified as intangible assets. Each property under exploration and evaluation is reviewed on an annual basis to confirm that drilling activity is planned, and it is not impaired. If no future activity is planned, the current amount of the exploration subsoil use right and related property acquisition costs is written off. Upon determination of economically recoverable reserves ('proved reserves' or 'commercial reserves') and internal approval of development, the carrying amount of the subsoil use right and related property acquisition costs held on a field-by-field basis is aggregated with exploration and evaluation assets and transferred to oil and gas exploration assets.

Exploration and evaluation costs

Once the legal right to explore has been acquired, geological and geophysical exploration costs and costs directly associated with exploration and appraisal wells are capitalised as exploration and evaluation intangible or tangible assets, according to the nature of the costs, until the drilling of the well is complete, and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors. If no expected reserves are found, the exploration and evaluation asset is tested for impairment. If extractable hydrocarbons are found and, subject to further appraisal activity, which may include the drilling of further wells, are likely to be developed commercially; the costs continue to be carried as an intangible or tangible asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbon reserves.

All such carried costs are subject to technical, commercial and management review as well as review for impairment at least once a year to confirm the continued intent to develop or otherwise extract value from the field. When this is no longer the case, the assets are written off.

When proved reserves of hydrocarbons are determined and development is sanctioned, the relevant expenditure is transferred to oil and gas development assets after impairment is assessed and any resulting impairment loss is recognized.

When this is no longer the case, and the Company decides to relinquish the contract territory to the Government and terminate the subsoil use contract, the assets are written off.

Development costs

Costs of construction, installation or completion of infrastructure facilities such as platforms, pipelines and drilling of producing wells, including non-producing development wells or delineation wells, are capitalised within oil and gas development assets.

Borrowing costs

As the future economic benefits from exploration and evaluation assets are not probable, the Company does not capitalise borrowing costs into the cost of exploration and evaluation assets.

Intangible assets

Intangible assets are stated at cost, less accumulated amortization and accumulated impairment losses. Intangible assets include expenditure on acquiring subsoil use rights for oil and natural gas exploration, evaluation and development, computer software. Intangible assets acquired are carried initially at cost. The initial cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Intangible assets are amortized on a straight-line basis over the expected remaining useful life. The expected useful lives of the assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively. Computer software costs and licenses have an estimated useful life of 3 to 7 years.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Property, plant and equipment are initially recognized at cost. Subsequently, property, plant and equipment is carried out at historical cost less accumulated depreciation (other than land and construction in progress) and impairment losses, if any. This cost includes the cost of replacing parts of equipment and borrowing costs in the case of long-term construction projects, if the criteria for their capitalisation are met. If it is necessary to replace significant components of fixed assets at certain intervals, the Company recognizes such components as separate assets with corresponding individual useful lives and depreciates them accordingly. Similarly, when conducting a basic technical inspection, the costs associated with it are recognized in the book value of fixed assets as replacement of equipment, if all recognition criteria are fulfilled. All other repairs and maintenance costs are recognized in profit or loss when incurred.

Property, plant and equipment are depreciated on a straight-line basis over the expected remaining useful average lives as follows:

Buildings and improvements	2-100 years
Machinery and equipment	3-30 years
Other	2-20 years
Land	Not depreciated

Derecognition of previously recognized property, plant and equipment or their significant component occurs when they are disposed of or if no economic benefits are expected in the future from the use or disposal of these assets. Income or expense arising from the derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in the profit and loss for the reporting year in which the asset was derecognized.

The residual value, useful life and depreciation methods for fixed assets are analysed at the end of each annual reporting period and, if necessary, adjusted on a prospective basis.

Investment properties

Investment property is initially measured at cost. Transaction costs shall be included in the initial cost.

After initial recognition, investment property is accounted for in accordance with the cost model.

The calculation of depreciation and provision for impairment of investment property is similar to the calculation as for property, plant and equipment.

The Company transfers a property to or from a category of investment property if and only if there is a change in the nature of its use. Examples of evidence of a change in usage patterns include the following:

- When the Company commences the use of the property previously leased out under operating leases or property held for unidentified use for its own purposes – for cases when investment property is transferred to property occupied by the owner;
- When the Company commences the redevelopment of property with a review for subsequent sale – for cases when investment property is transferred to the property inventory;
- When operating lease contract has been signed with a lessee – for cases when the assets is transferred from the property occupied by owner to the investment property category.

The transfer of assets in the categories of “investment property”, “property occupied by the owner” and “property inventory” does not lead to a change in the book value of assets.

Impairment of exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible oil and gas assets or whenever facts and circumstances indicate impairment of those assets.

One or more of the following facts and circumstances indicate that the Company should test exploration and evaluation assets for impairment (the list is not exhaustive):

- The period for which the Company has the right to explore and evaluate 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;

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of exploration and evaluation assets (continued)

- Exploration for and evaluation of hydrocarbon resources in the specific area have not led to the discovery of commercially viable quantities of hydrocarbon resources and the Company 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.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the separate statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the separate statement of comprehensive income.

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

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and a) represents either a separate major line of business or a geographical area of operations; b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or c) is a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control.

Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company 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 amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are ‘solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company’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 cashflows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement

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

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)

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

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

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired as well as through amortization process.

The Company’s financial assets at amortized cost include trade and other receivables, loans due from related parties and bank deposits.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include certain loans due from related parties, which contain embedded derivative financial instruments, and coupon bonds included in other financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the separate statement of financial position at fair value, and net changes in their fair value are recognized in the separate statement of comprehensive income in profit or loss.

Derecognition

A financial asset is primarily derecognized (removed from the separate statement of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, 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 Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial assets (continued)*****Impairment of financial assets***

The Company recognizes an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit losses). 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 expected credit losses).

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

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Inventories

Inventories are stated at the lower of cost and net realisable value on a first-in first-out (FIFO) basis. Cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition. The cost of crude oil and refined products is the cost of production, including the appropriate proportion of depreciation, depletion and amortization and overheads based on normal capacity.

Net realisable value of crude oil and refined products is based on estimated selling price in the ordinary course of business less any costs expected to be incurred to complete the sale.

Value added tax (VAT)

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash on demand deposits, other short-term highly liquid investments with original maturities of three months or less.

Financial liabilities***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables, financial guarantee contracts, or as derivatives financial instruments, designated as hedging instruments under effective hedging.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, less directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings and financial guarantee contracts.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial liabilities (continued)***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). Revenues and expenses from such financial liabilities are recognized in profit or loss on derecognition and as depreciation is charged using the effective interest rate.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the separate statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate method amortization process. Amortized cost is calculated by taking into account any discount or premium on initial recognition and fee or costs that are an integral part of the effective interest rate method. The effective interest rate method amortization is included in finance costs.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount initially recognized less cumulative amortization recognized in the profit or loss, and the expected credit losses provision.

Derecognition of financial liabilities

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

Offsetting of financial instruments

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

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded at an active market, the fair value is determined by using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

Provisions

Provisions are recognized when the Company 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 Company expects some or all of 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. The expense related to the provision are presented in the separate statement of comprehensive income, less of any reimbursement.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Provisions (continued)**

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Revenue recognition

Revenues are recognized when (or as) the Company 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. Specifically, domestic sales of petroleum products are usually recognized when title passes. 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.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

Expense recognition

Expenses are recognized as incurred and are reported in the separate financial statements in the period to which they relate on an accrual basis.

Interest and similar income and expenses

For all financial instruments measured at amortized, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. Interest income is included in finance income in a separate statement of comprehensive income.

Income taxes

Income tax for the year comprises current corporate income tax, excess profit tax and deferred income tax.

Current corporate income tax

Current corporate income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current corporate income tax relating to items recognized directly in equity is recognized in equity and not in the separate statement of comprehensive income.

Deferred income tax

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Deferred income tax (continued)

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

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where 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 income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the separate statement of comprehensive income.

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

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.

Dividends

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorised for issue.

Distributions to the Shareholder

Expenditures incurred by the Company based on the respective resolution of the Government based on the RK President’s charge or decision and instructions of Samruk-Kazyna are accounted for as other distributions through equity. Such expenditures include costs associated with non-core activity of the Company and incurred with the aim of creating assets or purchasing services for transferring to Shareholders (construction of social assets or reimbursement of other expenses of Shareholders).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Contingent liabilities and contingent assets**

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

Contingent assets are not recognized in the separate financial statements. They are disclosed when inflow of economic benefits is probable.

Subsequent events

The results of post-year-end events that provide evidence of conditions that existed at the reporting date (adjusting events) are reflected in the separate financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to the separate financial statements when material.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Taxation

In assessing tax risks, management considers as probable obligations the known areas of non-compliance with tax legislation, which the Company cannot appeal or does not believe it could successfully appeal, if additional taxes are charged by tax authorities. Such determinations inherently involve significant judgment and are subject to change as a result of changes in tax laws and regulations, amendments in terms of taxation of Company's subsoil use contracts, the determination of expected outcomes from pending tax proceedings and the outcome of ongoing compliance audits by tax authorities.

Deferred tax assets

Deferred tax assets are recognized for all allowances and unused tax losses to the extent that it is probable that taxable profit will be available against which deferred tax assets may be utilised. Significant management judgement 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. As at December 31, 2022 unrecognized deferred tax assets amounted to 564,444 million tenge (2021: 556,076 million tenge) (Note 24).

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the separate 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 judgement is required in establishing fair values. The judgements 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 separate financial statements. Detailed information is disclosed in Note 26.

Recoverability of investments in subsidiaries, joint ventures and associates

The Company assesses, at each reporting date, whether there is an indication that investments in subsidiaries, joint ventures and associates may be impaired. 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 investment exceeds its recoverable amount, the investment is considered to be impaired and is written down to its recoverable amount.

In assessing recoverable amount the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)****Recoverability of investments in subsidiaries, joint ventures and associates (continued)**

As at December 31, 2022 and 2021 the Company performed its annual impairment tests of investments in subsidiaries, joint ventures and associates due to existence of impairment indicators. As a result of the impairment analysis of the recoverable amount of investments in subsidiaries, joint ventures and associates impairment charges were recognized in the separate financial statements for the year ended December 31, 2022 and 2021 (*Note 15, 16*).

Impairment of exploration and evaluation assets

Exploration and evaluation assets are tested by the Company for impairment when reclassified to development tangible and intangible oil and gas assets or whenever facts and circumstances indicate impairment of these assets. Impairment loss is recognized at the amount by which the current amount of exploration and evaluation assets exceeds its recoverable amount. The recoverable amount is determined as the greater of: fair value of exploration and evaluation assets less selling costs and value in use.

5. DISPOSAL*PSA LLP (PSA)*

On December 20, 2022, the Company transferred to Corporate fund Samruk-Kazyna Trust 100% interest in PSA for 1 tenge. As a result, the Company lost control over PSA. The carrying value of the investment in PSA at the time of the transfer was nil.

KazTransGas JSC (KTG)

On March 11, 2021, the Company and Samruk-Kazyna entered into a trust management agreement with respect to 100% common shares of KTG. After the conclusion of this agreement, the Company continued to exercise control over KTG and account for it using the equity method. On November 9, 2021, the Company transferred to Samruk-Kazyna 100% shares of KTG for 1 tenge and the trust management agreement was terminated. Since that date, the Company has lost control of KTG and has derecognized it in these separate financial statements.

The carrying value of investments in KTG at the date of disposal was 1,772,218 million tenge. The share in profit of KTG for the period ended November 8, 2021 amounted to 350,579 million tenge.

The Company's obligation on the financial guarantee of the Company and KTG under syndicated loan of Beineu-Shymkent Gas Pipeline LLP, the joint venture of KTG, was transferred to KTG and amounted to 6,443 million tenge at the date of disposal.

The transfer of KTG shares was carried out pursuant to the order of the President of the RK and the decision of the Shareholder. Accordingly, the difference between the sale price and carrying amount of investments in KTG at the date of disposal and the Company's obligation under the financial guarantee of GBS at the date of disposal in the amount of 1,765,755 million tenge was included in retained earnings in the separate statement of changes in equity.

6. ACQUISITION**Acquisition of subsidiaries***KMG Kashagan B.V.*

On October 16, 2015, Cooperative KMG U.A., a subsidiary of the Company, sold 50% of its shares in KMG Kashagan B.V. (Kashagan) to Samruk-Kazyna with a right to buy back all or part of the shares (Option) effective from January 1, 2018 to December 31, 2020 which was later extended to December 31, 2022.

In 2017, the Amsterdam Court imposed certain restrictions on 50% of shares in Kashagan owned by Samruk-Kazyna (Restrictions). During the Restrictions period, these shares of Kashagan cannot be sold, transferred or pledge. As of December 31, 2021, the Restrictions remained in force.

On June 14, 2022 the Amsterdam Court lifted the Restrictions.

On September 14, 2022 Cooperative KMG U.A. and Samruk-Kazyna signed an Amendment to Share Option Agreement and Exercise of Option (Amendment Agreement), which set the exercise price of the Option in the amount of 3,781.7 million US dollars (equivalent to 1,777,076 million tenge).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

6. ACQUISITION (continued)

Acquisition of subsidiaries (continued)

KMG Kashagan B.V. (continued)

Amendment Agreement and Agreement on Transfer of Debt and Set-Off dated 14 September 2022 between the Company, Samruk-Kazyna and Cooperative KMG U.A. determine the following way for consideration payment:

- The amount of 566.7 million US dollars to be paid by Cooperative KMG U.A. with 10 business days after the completion of the deal (paid as at December 31, 2022; equivalent to 271,032 million tenge per exchange rate at the date of payment);
- The amount of 375.1 million US dollars to be paid by Cooperative KMG U.A. by December 31, 2022 (paid as at December 31, 2022; equivalent to 175,654 million tenge per exchange rate at the date of payment) and the amount of 363.6 million US dollars to be paid by Cooperative KMG U.A. by 30 June 2023 (as at December 31, 2022: 168,239 million tenge);
- Part of the debt of Cooperative KMG U.A. for consideration payment for exercise of Option to Samruk-Kazyna in the amount of 2,476.25 million US dollars (equivalent to 1,173,520 million tenge at the exchange rate at the date of transfer) was offset against to obligation of the Company in respect to additional contribution in the share capital of Cooperative KMG U.A. As the result of this transaction, the debt of the Company to Samruk-Kazyna in the amount of 2,476.25 million US dollars was recognized. Subsequently, this debt was settled by offsetting against the financial aid provided to Samruk-Kazyna in the amount of 424,587 million tenge (*Note 25*) (fair value approximately equals to the carrying value at the date of payment) and by cash in the amount of 751,631 million tenge which was received by the Company as a result of the placement of the Company's bonds (*Note 21*).

On September 15, 2022 the Company and Cooperative KMG U.A. fulfilled conditions of the Amendment Agreement, completing the transaction, exercised the Option and 50% of Kashagan shares were re-registered in favor of Cooperative KMG U.A.

As a result of exercising the Option, Cooperative KMG U.A. received control over Kashagan and recognized Kashagan as a subsidiary. The acquisition accounted for as an acquisition of the subsidiary from the parties under common control and accounted for under the pooling of interest method based on the carrying value of assets and liabilities of Kashagan based on Predecessor's accounting books. The difference between the consideration and net assets of Kashagan was recognized in equity.

The share in Kashagan's profit for the period from the date of completion of the transaction to December 31, 2022 amounted to 31,103 million tenge (*Note 12*).

KLPE LLP (KLPE)

On December 1, 2022, the Company acquired 100% interest in share capital of KLPE for 2 tenge from Samruk-Kazyna Odeu LLP (SKO) and Polimer Production LLP, subsidiaries of Samruk-Kazyna. Primary activity of KLPE is the construction of the first integrated gas and chemical complex in Kazakhstan.

As a result of acquisition, the Company has control over KLPE and recognized KLPE as a subsidiary. The acquisition accounted for as an acquisition of the subsidiary from the parties under common control and accounted for under the pooling of interest method based on the carrying value of assets and liabilities of KLPE based on Predecessor's accounting books. The carrying amount of the net assets at the time of acquisition was 25,250 million tenge. The difference between the consideration transferred and the net assets of KLPE was recognized in equity.

Acquisition of joint ventures

Kazakhstan Petrochemical Industries Inc. LLP (KPI)

On June 13, 2022, Samruk-Kazyna transferred 49.50% of the shares KPI to the Company. The cost of the acquisition was 91,175 million tenge and was paid by setting off a part of the amount against the provided financial aid from the Company to Samruk-Kazyna (*Note 25*). KPI is engaged in the implementation of the investment project “Construction of the first integrated petrochemical complex in Atyrau region”.

49.50% interest in KPI was accounted for as an acquisition of the joint venture from the parties under common control and accounted for under the pooling of interest method based on its carrying value.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

6. ACQUISITION (continued)

Acquisition of joint ventures (continued)

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

SKO and the Company have joint control over the KPI where decisions about the relevant activities of KPI require unanimous consent.

The difference between the consideration paid and carrying value of identifiable assets and liabilities of KPI at the date of acquisition was recognized as distribution to Samruk-Kazyna and presented in the line «*Acquisition of joint ventures*» in separate statement of changes in equity in the amount of 74,743 million tenge.

The share in loss of KPI for the period from the acquisition date to December 31, 2022 amounted to 18,227 million tenge (Note 13).

The following table illustrates the carrying value of KPI assets and liabilities as at the date of the acquisition (based on Predecessor’s accounting books):

In millions of tenge

Non-current assets	898,524
Current assets	81,276
Non-current liabilities	(868,850)
Current liabilities	(77,754)
Equity	33,196
Share of ownership	49.5%
The Company’s share in net assets	16,432
Purchase consideration transferred	91,175
Difference between consideration and carrying value of the investment in joint venture recognized in equity	74,743

PETROSUN LLP (PETROSUN)

On July 1, 2022, in accordance with the minutes of the meeting of the Commission under the chairmanship of the Prime-Minister of RK for the demonopolization of the economy, namely the market of fuels and lubricants, the Company acquired 49% interest in PETROSUN, that specializes in the sale of liquefied petroleum gas and petroleum products. The acquisition price was 1 tenge. The difference between the consideration paid and the fair value of identifiable assets and liabilities of PETROSUN at the date of acquisition was recognized as a contribution from Samruk-Kazyna based on instruction in minutes above and presented in the line «*Acquisition of joint ventures*» in separate statement of changes in equity in the amount of 10,989 million tenge.

49% interest in PETROSUN is recognized as a joint venture and accounts for using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures. CNPC INTERNATIONAL IN KAZAKHSTAN LLP (the second owner of PETROSUN) and the Company have joint control over PETROSUN where decisions about the relevant activities of PETROSUN require the unanimous consent.

The share in PETROSUN 's profits for the six months since the acquisition date amounted to 23,184 million tenge (Note 13).

The fair values of the identifiable assets and liabilities of PETROSUN as at the date of acquisition are as presented below:

In millions of tenge

Non-current assets	35
Current assets, including	103,762
<i>Inventories</i>	33,770
<i>Advanced paid</i>	54,930
Current liabilities, including	(81,371)
<i>Contract liabilities</i>	(34,237)
<i>Borrowings</i>	(38,198)
Total identifiable net assets at fair value	22,426
Share of ownership	49%
The Company’s share in net assets at fair value	10,989
Purchase consideration transferred	-
Difference between consideration and fair value of the investment in joint venture recognized in equity	10,989

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

6. ACQUISITION (continued)

Acquisition of joint ventures (continued)

Silleno LLP (Silleno)

On September 8, 2022, the Company acquired from SKO 49.9% interest in share capital of Silleno. The consideration payable for the acquired interest in the amount of 816 million tenge was offset against the financial aid provided by Samruk-Kazyna (Note 25).

The difference between the consideration paid for 49.9% interest in Silleno in the amount of 816 million tenge and the carrying amount of the identifiable assets and liabilities of Silleno in the amount of 120 million tenge was recognized as contribution of Samruk-Kazyna and is presented in the line "Acquisition of joint ventures" in a separate statement of changes in equity.

The share in loss of Silleno for the period from the acquisition date to December 31, 2022 amounted to 4 million tenge (Note 13).

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

<i>In millions of tenge</i>	2022	2021
Sales of refined products on domestic markets	654,200	475,742
Sales of refined products on export	185,429	122,553
Freight forwarding fee	499	602
Total revenue from contracts with customers	840,128	598,897
Geographical markets		
RK	654,698	476,344
Other countries	185,430	122,553
Total revenue from contracts with customers	840,128	598,897
Revenue recognition		
Goods are transferred at a point in time	839,629	598,295
Services are rendered over a period of time	499	602
Total revenue from contracts with customers	840,128	598,897

For the year ended December 31, 2022 revenue from major customers of refined products "PetroRetail" LLP, "VITOL S.A.", "Helios" LLP, "Sinooil" LLP and "KazMunayGas-Aero" LLP (KMG-Aero) amounted to 259,415 million tenge, 173,642 million tenge, 65,403 million tenge, 63,211 million tenge and 52,173 million tenge, respectively (2021: revenue from major customers of refined products "PetroRetail" LLP, "VITOL S.A." and KMG-Aero 312,848 million tenge, 115,378 million tenge and 28,314 million tenge, respectively).

8. COST OF SALES

<i>In millions of tenge</i>	2022	2021
Crude oil	468,849	263,111
Operational works and services	167,900	159,350
Excise taxes	90,012	35,227
Fuel additive	2,158	2,483
	728,919	460,171

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

9. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In millions of tenge</i>	2022	2021
Payroll and other employee costs	9,723	8,753
Outsourced and outstaffing services	4,388	3,807
Trust management services	2,492	23,434
Depreciation and amortization	2,476	2,885
Professional services	2,069	1,065
Information and reference assistance services	1,611	1,309
Repair and maintenance	1,580	977
VAT non-recoverable	1,563	1,610
Taxes other than income tax	1,350	1,321
Allowance/ (reversal of) for expected credit losses for trade and other current accounts receivable	44	(148)
Other	6,983	5,812
	34,279	50,625

In 2021, trust management services mainly presented by the remuneration for trust management of the 50% share in KazRosGas LLP (KRG), joint venture of the Company, carried out by KTG, in the amount of 21,428 million tenge.

10. TRANSPORTATION AND SELLING EXPENSES

<i>In millions of tenge</i>	2022	2021
Export customs duty	9,416	9,301
Transportation	9,219	10,298
Other	201	60
	18,836	19,659

11. FINANCE INCOME AND FINANCE COSTS

Finance income for the year ended December 31, 2022 and 2021 are presented below:

<i>In millions of tenge</i>	2022	2021
Interest income on loans and bonds due from related parties (Note 25)	83,885	67,667
Interest income on bank deposits	21,105	6,375
Total interest income	104,990	74,042
Amortization of financial guarantee (Note 22)	15,064	34,237
Reversal of expected credit losses for loans and bonds due from related parties	2,973	1,507
Other	591	427
Total finance income	123,618	110,213

Finance costs for the year ended December 31, 2022 and 2021 are presented below:

<i>In millions of tenge</i>	2022	2021
Interest expenses on loans and bonds received from related parties (Note 21 and 25)	515,221	54,959
Interest expenses on loans and bonds received from third parties (Note 21)	157,694	144,782
Interest expenses on long-term payable to related parties (Note 23 and 25)	38,978	8,086
Interest expenses on loans due from related parties (Note 25)	4,028	3,263
Total interest expenses	715,921	211,090
Accrual of expected credit losses for loans and bonds due from related parties and financial guarantee	1,227	1,082
Other	193	521
Total finance costs	717,341	212,693

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

12. SHARE IN PROFIT AND LOSS OF SUBSIDIARIES

<i>In millions of tenge</i>	2022	2021
KazMunayGas Exploration Production JSC (KMG EP)	706,281	241,793
Cooperative U.A.	346,874	170,148
KMG Karachaganak LLP (KMG Karachaganak)	66,598	29,487
KazTransOil JSC (KTO)	41,024	58,385
KMG International N.V. (KMGi)	22,480	(25,001)
TH KazMunaiGaz N.V. (TH N.V.)	20,946	11,791
Kazmortransflot LLP (KMTF)	12,371	(7,628)
KMG-Aero	8,383	2,042
Drilling Operations and Well Servicing LLP (DO&WS)	5,870	2,835
KazakhTurkMunay LLP (KTM)	3,966	4,705
Pavlodar oil chemistry refinery LLP (Pavlodar Refinery)	2,094	30,921
KMG Systems & Services LLP (KMG Systems & Services)	1,871	2,561
Atyrau Refinery LLP (Atyrau Refinery)	(50,165)	30,535
Urikhtau Operating LLP (Urikhtau Operating)	(21,726)	(13,852)
KazGPZ LLP (KazGPZ)	(4,949)	861
Ken-Kurylys-Service LLP (Ken-Kurylys-Service)	(1,106)	(691)
KTG (Note 5)	-	350,579
Others	(326)	(1,719)
	1,160,486	887,752

13. SHARE IN PROFIT AND LOSS OF JOINT VENTURES AND ASSOCIATES

<i>In millions of tenge</i>	2022	2021
Joint ventures		
Tengizchevroil LLP (TCO)	742,660	441,665
PETROSUN	23,184	-
JV KazGerMunai LLP (KGM)	20,530	6,108
Kazakhoil Aktobe LLP (KOA)	12,648	13,379
Kazakhstan Pipeline Ventures LLC (KPV)	3,828	4,122
KRG	554	20,952
KPI	(18,227)	-
TenizService LLP (TenizService)	(6,497)	(3,089)
Others	1,296	1,551
Associates		
Caspian Pipeline Consortium (CPC)	107,831	83,237
Others	1,094	922
	888,901	568,847

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

14. EXPLORATION AND EVALUATION ASSETS

<i>In millions of tenge</i>	Total
Net book value at December 31, 2020	68,388
Additions	4,434
Disposals	(59,707)
Other changes	(320)
Net book value at December 31, 2021	12,795
Additions	15,660
Impairment	(3,171)
Net book value at December 31, 2022	25,284

As at December 31, 2022 and 2021 the net book value of the exploration and evaluation assets are represented by the following projects:

<i>In millions of tenge</i>	2022	2021
Project “Zhenis”	18,310	4,962
Project “Abay”	3,512	2,916
Project “Becturly Vostochny”	2,989	1,878
Project “Isatay”	-	2,929
Other	473	110
	25,284	12,795

In 2022, the Company recognized the impairment loss in the amount of 3,171 million tenge on “Isatay” project due to the decision of the Company and the second strategic partner, Eni Isatay B.V., about withdrawal from the project and return of a contract territory to the Government.

In 2021, the Company has written off the exploration and evaluation assets in the amount of 59,283 million tenge of “Zhambyl” project, the subsoil use contract for which was terminated and the contract territory was returned to the Government.

15. INVESTMENTS IN SUBSIDIARIES

As at December 31, 2022 and 2021, investments in subsidiaries are as follows:

<i>In millions of tenge</i>	2022	2021
Cooperative U.A.	6,533,705	3,004,352
KMG EP	2,378,879	1,682,273
KMG Karachaganak	764,908	736,523
KTO	479,827	436,042
KMGI	326,074	284,863
Pavlodar Refinery	282,421	291,029
Atyrau Refinery	111,447	155,740
TH N.V.	52,376	31,517
KMTF	48,581	35,188
KTM	37,559	41,393
KLPE	25,250	-
KMG Engineering LLP (KMG Engineering)	17,959	17,986
DO&WS	16,148	10,278
KMG-Aero	12,384	6,600
KazGPZ	10,552	12,041
KMG Systems & Services	10,331	14,260
OzenMunayService LLP (OzenMunayService)	9,505	9,167
KMG Kumkol LLP (KMG Kumkol)	7,441	7,355
Ken-Kurylys-Service	3,707	4,296
KMG Security LLP	2,890	1,941
UDTV LLP (UDTV)	2,100	2,338
Urikhtau Operating	-	10,897
N Block B.V.	-	1,003
Zhambyl Petroleum LLP	33	119
	11,134,077	6,797,201

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

15. INVESTMENTS IN SUBSIDIARIES (continued)

The following table demonstrates activities, country of registration or location of subsidiaries of the Company as at December 31, 2022 and 2021 as well as share of the Company in these subsidiaries:

Company	Type of activity	Country	2022	2021
OOO KazMunayTeniz LLP (KMT)	Oil and gas exploration and production	Kazakhstan	99.80%	99.80%
KMG EP	Oil and gas exploration and production	Kazakhstan	99.72%	99.72%
Urikhtau Operating	Oil and gas exploration and production	Kazakhstan	100.00%	100.00%
KMG Karachaganak	Oil and gas exploration and production	Kazakhstan	100.00%	100.00%
KTM	Oil and gas exploration and production	Kazakhstan	100.00%	100.00%
N Block B.V.	Oil and gas exploration and production	Netherlands/ Kazakhstan	-	100.00%
KazGPZ	Oil and natural gas production	Kazakhstan	100.00%	100.00%
Ayrau Refinery	Refining of oil	Kazakhstan	99.53%	99.53%
Pavlodar Refinery	Refining of oil	Kazakhstan	100.00%	100.00%
KMGI	Refining and sale of refined products	Romania	100.00%	100.00%
TH N.V.	Sale of oil and oil products	Netherlands	100.00%	100.00%
KMG-Aero	Sale of aviation fuel and related refined products	Kazakhstan	100.00%	100.00%
KTO	Oil transportation	Kazakhstan	90.00%	90.00%
KMTF	Marine transportation of oil and other cargo	Kazakhstan	100.00%	100.00%
KMG Barlau LLP	Conducting geological exploration and surveys	Kazakhstan	100.00%	100.00%
Ak Su KMG LLP	Collection, treatment and distribution of water	Kazakhstan	100.00%	100.00%
Kurmangazy Petroleum LLP	Operator on subsoil use operations	Kazakhstan	100.00%	100.00%
Zhambyl Petroleum LLP	Operator on subsoil use operations	Kazakhstan	100.00%	100.00%
KMG Engineering	Scientific and research works	Kazakhstan	100.00%	100.00%
Cooperative KMG U.A.	Holding company	Netherlands	99.82%	99.72%
KMG Green Energy LLP	Holding company	Kazakhstan	100.00%	100.00%
KMG Systems & Services	Leasing of Northern Caspian Environmental Response to Oil Spill Base	Kazakhstan	100.00%	100.00%
KMGS	Services	Kazakhstan	93.87%	93.87%
Oil Construction Company LLP (OCC)	Oil services	Kazakhstan	100.00%	100.00%
Oil Service Company LLP (OSC)	Oil services	Kazakhstan	100.00%	100.00%
Oil Transport Corporation LLP (OTC)	Oil services	Kazakhstan	100.00%	100.00%
Mangystauenergomunai LLP	Oil services	Kazakhstan	100.00%	100.00%
Munaitelemek LLP	Oil services	Kazakhstan	100.00%	100.00%
KMG – Security LLP	Security services	Kazakhstan	100.00%	100.00%
KMG Drilling & Services	Drilling services	Kazakhstan	99.69%	99.69%
KMG-Kumkol	Shared Services Center for information technology services	Kazakhstan	100.00%	100.00%
OzenMunayService	Maintenance and workover of wells	Kazakhstan	100.00%	100.00%
UDTV	Production and transportation of water	Kazakhstan	100.00%	100.00%
Ken-Kurylys-Service	Construction of oil and gas trunk pipelines	Kazakhstan	100.00%	100.00%
KMG EP-Catering LLP	Catering and cleaning services	Kazakhstan	100.00%	100.00%
KLPE	Construction of the first integrated gas chemical complex	Kazakhstan	100.00%	-
PSA	Authorized body on production sharing agreement	Kazakhstan	-	100.00%

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

15. INVESTMENTS IN SUBSIDIARIES (continued)

The following table demonstrates movements of investment in subsidiaries in 2022 and 2021:

<i>In millions of tenge</i>	2022	2021
At January 1	6,797,201	7,702,398
Share in profits of subsidiaries, net (Note 12)	1,160,486	887,752
Dividends received	(73,628)	(102,433)
Change in dividends receivable	5,366	35,251
Acquisitions (Note 6)	1,802,326	-
Additional contribution to share capital of Cooperative KMG U.A.	1,173,520	-
Additional contributions to share capital by cash	28,623	21,846
Additional contribution to share capital by property	107	593
Cash withdrawal from share capital	(59,500)	(67,047)
Withdrawal of contributions from share capital by property	(23)	(2,911)
Guarantee issued (Note 22)	8,538	25,510
Disposals (Note 5)	(1,040)	(1,772,218)
Discount on financial aid and loans given to subsidiaries	80,284	24,509
Discount on financial aid received from KMG EP (Note 21)	(13,559)	(50,494)
Impairment, net	(85,945)	(23,883)
Transactions with Samruk-Kazyna	7,426	-
Distributions to Samruk-Kazyna (Note 20)	(10,199)	(393)
Share in gain of subsidiaries from revaluation of actuarial liabilities on defined benefit plans	9,367	4,795
Share in other comprehensive (loss)/income on cash flow hedge	(11,872)	10,055
Share in gains of subsidiaries from fair value adjustment to the carrying amount of equity instruments, classified as financial assets at fair value through other comprehensive income	1,581	2,939
Foreign currency translation	315,142	101,144
Other changes	(124)	(212)
At December 31	11,134,077	6,797,201

Accumulated unrecognized losses of subsidiaries as at December 31, 2022, amounted to 209,899 million tenge (December 31, 2021: 204,054 million tenge).

In 2022, unrecognized losses were mainly presented by losses of subsidiaries OTC, OSC, KMG Drilling & Services and OCC in the amount of 56,275 million tenge, 53,084 million tenge, 46,091 million tenge and 16,317 million tenge, respectively (2021: OTC, OSC, KMG Drilling & Services and OCC in the amount of 55,411 million tenge, 48,441 million tenge, 46,138 million tenge and 18,049 million tenge, respectively).

Dividends

In 2022, the Company received dividends in the total amount of 73,628 million tenge, including from KMG Karachaganak, Pavlodar Refinery, KTO and KTM for 31,296 million tenge, 10,589 million tenge, 9,000 million tenge and 7,800 million tenge, respectively (2021: in the total amount of 102,433 million tenge, including from KTO and KMG Karachaganak for 45,695 million tenge and 39,665 million tenge, respectively).

As at December 31, 2022, changes in dividends receivable are mainly represented by debt repayment of KMG I in the amount of 6,477 million tenge and negative exchange rate difference in the amount of 1,111 million tenge (2021: KMG Karachaganak in the amount of 39,665 million tenge).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

15. INVESTMENTS IN SUBSIDIARIES (continued)**Contributions to share capital of Cooperative KMG U.A.**

In 2022, the Company and Cooperative KMG U.A. entered into Agreement on equity contribution and debt settlement with respect to Cooperative KMG U.A., according to which the Company made contribution to the share capital of Cooperative KMG U.A., which was offset against the amount of debt formed by Cooperative KMG U.A. to Samruk-Kazyna as a result of the Amendment to Share Option Agreement and Exercise of Option, in the amount of 1,173,520 million tenge.

Contributions to share capital of subsidiaries by cash

In 2022, the Company made additional contributions in cash to the share capital of subsidiaries in the total amount of 28,623 million tenge, including PSA, OSC and KazGPZ for 11,984 million tenge, 3,642 million tenge and 3,369 million tenge, respectively.

In 2021, the Company made additional contributions in cash to the share capital of subsidiaries in the total amount of 21,846 million tenge, including OSC, PSA and "KazMunaiGas-Onimderi" LLP for 4,782 million tenge, 4,632 million tenge and 3,303 million tenge, respectively.

Withdrawals from share capital

In 2022, KMG Karachaganak returned the share capital in cash in the amount of 59,000 million tenge.

In 2021, KMG Karachaganak and Pavlodar Refinery returned the share capital in cash in the amount of 44,000 million tenge and 20,000 million tenge, respectively.

Guarantees issued

In 2022, the Company has increased investments in Cooperative KMG U.A. by recognizing the fair value of the issued guarantee in the amount of 5,464 million tenge to ensure obligations to repay the debt of Cooperative KMG U.A. to Samruk-Kazyna for exercising the Option in the amount of 363.6 million US dollars, which is payable by June 30, 2023.

In addition, in 2022, the Company has increased investment in KTO by recognizing the fair value of the issued guarantee in the amount of 2,911 million tenge to ensure obligations of Main Waterline LLP, a 100% subsidiary of KTO.

In 2021, the Company has increased investments in Atyrau Refinery by recognizing the fair value of the refinanced guarantees in the amount of 25,202 million tenge. The guarantee has been refinanced to ensure liabilities related to financing the project "Construction of deep oil refining complex".

Discount of financial aid and loans given

In 2022, the Company provided loans to Atyrau Refinery, KMT, Urikhtau Operating, OSC and OTC with the interest rate lower than the market rate. At the same time, the discount for the total amount of 11,610 million tenge, calculated as the difference between the fair value of these loans and their nominal value, was recognized as increase in investments in these subsidiaries.

In addition, in 2022, the Company extended the term of the loan provided to Urikhtau Operating at the interest rate lower than the market rate for 5 years. The discount in the amount of 68,674 million tenge was calculated as the difference between the fair value of this loan and its nominal value and recognized as increase in investment in this subsidiary.

In 2021, the Company provided loans to Atyrau Refinery, KMG Drilling & Services, KMT and Urikhtau Operating with the interest rate lower than the market rate. At the same time, the discount for the total amount of 24,509 million tenge, calculated as the difference between the fair value of these loans and their nominal value, was recognized as increase in investments in subsidiaries.

Impairment

In 2022, the Company recognized impairment loss of investments in subsidiaries for the total amount of 85,945 million tenge, including Urikhtau Operating, PSA, OSC, KMG Drilling & Services and OTC in the amount of 59,677 million tenge, 11,984 million tenge, 4,149 million tenge, 3,202 million tenge and 2,640 million tenge, respectively.

In 2021, the Company recognized impairment loss of investments in subsidiaries for the total amount of 23,883 million tenge, including UTTOS, OSC, PSA and KMG Drilling & Services in the amount of 4,921 million tenge, 4,782 million tenge, 4,632 million tenge and 3,757 million tenge, respectively.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

16. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

In millions of tenge	Type of activity	Place of business	December 31		
			2022	2021	Percentage ownership*
			Carrying value	Carrying value	Percentage ownership*
Joint ventures					
TCO	Oil and gas exploration and production	Kazakhstan	3,825,053	3,105,942	20.00%
KRG	Processing and sale of natural gas and processed products	Kazakhstan	58,812	54,317	50.00%
KPV	Oil transportation	Netherlands	44,010	39,884	49.90%
KGM	Oil and gas exploration and production	Kazakhstan	32,070	32,289	50.00%
KOA	Crude oil production and sale	Kazakhstan	26,911	25,262	50.00%
PETROSUN	Sale of liquefied gas and oil products	Kazakhstan	24,373	-	-
TenizService	Design, construction, facilities and offshore oil operations support	Kazakhstan	10,396	16,894	48.99%
Butadiene LLP (Butadiene) Other	Production of butadiene rubbers	Kazakhstan	8,539	-	-
			7,737	3,505	25%
Associates					
CPC	Transportation of liquid hydrocarbons	Kazakhstan/Russia	477,868	433,915	19.00%
Other			7,637	6,544	
			4,523,406	3,718,552	

* Under the terms of an agreement providing for joint control the Company may own less than 50% of shares in joint ventures. In this case, all decisions are made unanimously by all parties exercising joint control. Under the terms of an agreement providing for a significant influence, the Company may own less than a 20% interest in associates.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

16. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following table summarises the movements in the investments in joint ventures and associates in 2022 and 2021:

<i>In millions of tenge</i>	2022	2021
As at January 1	3,718,552	3,424,337
Share in profits, net (Note 13)	888,901	568,847
Dividends received	(350,367)	(330,366)
Acquisitions (Note 6)	28,357	1,007
Change in dividends receivable	(38,125)	(43,922)
Share in gains of joint ventures from fair value adjustment to the carrying amount of equity instruments, classified as financial assets at fair value through other comprehensive income	1,576	2,922
Additional contributions by cash without change in ownership	15,312	1,715
Discount of financial aid provided to joint venture (Note 25)	1,794	-
Impairment	-	(71)
Foreign currency translation	257,406	94,083
As at December 31	4,523,406	3,718,552

Dividends

In 2022, the Company received dividends in the total amount of 350,367 million tenge, including from TCO, CPC and KGM of 207,892 million tenge, 91,088 million tenge and 22,826 million tenge, respectively.

In 2021, the Company received dividends in the total amount of 330,366 million tenge, including from TCO, CPC and KRG of 177,260 million tenge, 88,792 million tenge and 45,532 million tenge, respectively.

Contributions to share capital

In 2022, the Company made additional contributions in cash to the share capital of joint ventures in the total amount of 15,312 million tenge, including Butadiene and Caspian Oil and Gas Company LLC for 8,518 million tenge and 6,775 million tenge, respectively.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

16. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following tables illustrate summarised financial information of material joint ventures, based on financial statements of these entities for 2022:

<i>In millions of tenge</i>	TCO	KRG	KPV	KGM	KOA	PETROSUN	TenizService	KPI
Non-current assets	25,713,747	40,100	76,116	71,787	51,962	28	14,283	993,030
Current assets, including	3,046,293	99,637	4,071	53,303	17,357	123,612	16,745	100,937
<i>Cash and cash equivalents</i>	1,905,924	59,000	4,059	46,729	1,186	14,662	2,570	80,619
Non-current liabilities, including	(7,808,607)	(269)	-	(21,569)	(4,101)	-	(573)	(918,226)
<i>Non-current financial liabilities</i>	(4,163,850)	-	-	-	-	-	-	-
Current liabilities, including	(1,826,167)	(21,844)	(5)	(39,391)	(11,396)	(73,899)	(9,236)	(210,830)
<i>Current financial liabilities</i>	-	-	(5)	-	-	-	-	-
Equity	19,125,266	117,624	80,182	64,140	53,822	49,741	21,219	(35,089)
Share of ownership	20%	50%	49.90%	50%	50%	49%	48.996%	49.50%
Accumulated unrecognized share of losses	-	-	-	-	-	-	-	17,369
Adjustments	-	-	3,999	-	-	-	-	-
Carrying amount of the investments as at December 31, 2022	3,825,063	58,812	44,010	32,070	26,911	24,373	10,396	-
Revenue	10,949,194	192,427	-	150,039	90,330	576,932	3,182	(6,410)
Depreciation and amortization	(1,129,895)	(323)	-	(22,550)	(111)	(22)	(645)	(1,005)
Finance income	36,076	2,765	32	791	933	870	27	1,317
Finance costs	(99,857)	-	(1,370)	(994)	(261)	(812)	(49)	(3,345)
Income tax expense	(1,591,414)	(4,040)	-	(39,783)	(10,266)	(12,722)	(58)	-
Profit/(loss) for the year from continuing operations	3,713,298	1,107	7,672	41,061	25,296	47,315	(13,261)	(71,910)
Other comprehensive income	1,114,004	7,884	-	4,115	-	-	-	-
Total comprehensive income/(loss)	4,827,303	8,991	7,672	45,176	25,296	47,315	(13,261)	(71,910)
Dividends received	207,892	-	4,022	22,826	14,000	9,800	-	-

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

16. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following tables illustrate summarised financial information of material joint ventures, based on financial statements of these entities for 2021:

<i>In millions of tenge</i>	TCO	KRG	KPV	KGM	KOA	TenizService
Non-current assets	21,900,722	45,961	68,082	65,184	50,961	13,544
Current assets, including	1,454,491	80,906	3,834	54,869	18,936	34,290
<i>Cash and cash equivalents</i>	331,602	31,428	3,826	49,531	11,652	8,728
Non-current liabilities, including	(6,307,907)	(225)	-	(18,405)	(2,671)	(357)
<i>Non-current financial liabilities</i>	(3,886,200)	-	-	-	-	-
Current liabilities, including	(1,517,597)	(18,008)	(3)	(37,070)	(16,702)	(12,997)
<i>Current financial liabilities</i>	(60,529)	-	(3)	-	-	-
Equity	15,529,709	108,634	71,913	64,578	50,524	34,480
Share of ownership	20%	50%	49.9%	50%	50%	48.996%
Adjustments	-	-	3,999	-	-	-
Carrying amount of the investments as at December 31, 2021	3,105,942	54,317	39,884	32,289	25,262	16,894
Revenue	6,793,158	196,978	-	118,071	65,050	106,302
Depreciation and amortization	(894,739)	(221)	-	(59,318)	(3,492)	(106,478)
Finance income	2,341	2,908	736	743	347	14
Finance costs	(62,409)	-	(1,383)	(1,752)	(588)	(2,383)
Income tax expense	(946,429)	(12,467)	-	(27,785)	(6,905)	245
Profit/(loss) for the year from continuing operations	2,208,327	41,903	8,260	12,216	26,758	(6,305)
Other comprehensive income	393,933	4,394	-	1,596	-	-
Total comprehensive income/(loss)	2,602,260	46,297	8,260	13,812	26,758	(6,305)
Dividends received	177,260	45,532	4,337	7,441	6,003	490

The following tables illustrate summarised financial information of material associate, based on its financial statements for 2022 and 2021:

<i>In millions of tenge</i>	2022	2021
	CPC	CPC
Non-current assets	2,240,723	2,050,453
Current assets	292,198	229,939
Non-current liabilities	(35,730)	(32,699)
Current liabilities	(196,152)	(163,713)
Equity	2,301,039	2,083,980
Share of ownership	19%	19%
Adjustments	40,670	37,959
Carrying amount of the investment as at December 31	477,867	433,915
Revenue	976,076	925,320
Depreciation and amortization	(216,492)	(174,032)
Finance income	8,120	775
Finance costs	-	(1,685)
Income tax expense	(122,394)	(128,913)
Profit for the year	567,533	438,091
Other comprehensive income	185,893	60,033
Total comprehensive income	753,426	498,124
Dividends received	91,088	88,791

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

17. BANK DEPOSITS

As at December 31, 2022 and 2021 bank deposits are presented as follows:

<i>In millions of tenge</i>	2022	2021
Bank deposits in US dollars	723,610	368,507
Bank deposits in tenge	831	1,390
Less: allowance for expected credit losses	(41)	(62)
	724,400	369,835
Less: current portion	(723,669)	(368,580)
Non-current portion	731	1,255

As at December 31, 2022, the weighted-average interest rate for long-term bank deposits was 0.65% in tenge (2021: 1.23% in tenge).

As at December 31, 2022, the weighted-average interest rate for short-term bank deposits was 4.30% in US dollars and 2.24% in tenge (2021: 0.27% in US dollars and 8.96% in tenge).

<i>In millions of tenge</i>	2022	2021
Maturities under 1 year	723,669	368,580
Maturities between 1 and 2 years	94	140
Maturities over 2 years	637	1,115
	724,400	369,835

18. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

<i>In millions of tenge</i>	2022	2021
Trade accounts receivable due from third parties	85,667	83,686
Trade accounts receivable due from related parties	1,956	1,541
Less: allowance for expected credit losses	(395)	(681)
Trade accounts receivable	87,228	84,546
Other current financial assets		
Other receivables due from third parties	22,250	18,454
Other receivables due from related parties	4,460	2,019
Receivable from assets sale	6,385	5,959
Less: allowance for expected credit losses	(26,641)	(24,696)
	6,454	1,736
Other current non-financial assets		
Advances provided to related parties	15,092	34,252
Advances provided to third parties	6,520	2,633
Other taxes prepaid	3,323	2,342
Other	17	66
	24,952	39,293
Total other current financial and non-financial assets	31,406	41,029

The significant changes in trade accounts receivable due from related parties and advances provided to related parties are disclosed in the *Note 25*.

As at December 31, 2022 receivable from assets sale is represented by receivable from Union Field Group Ltd for sale of 50% interest in KMG Usturt LLP in the amount of 6,385 million tenge (2021: 5,959 million tenge). The Company accrued allowance for expected credit losses for the entire amount of receivable from Union Field Group Ltd.

As at December 31, 2022 other taxes prepaid are mainly represented by export custom duty prepayment on oil products in the amount of 3,163 million tenge (2021: 2,080 million tenge).

As at December 31, 2022 and 2021 trade accounts receivable are denominated in tenge.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

18. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS (continued)

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

<i>In millions of tenge</i>	Days past due					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
December 31, 2022						
Expected credit loss rate	0.26%	0.92%	2.50%	-	-	
Trade accounts receivable	67,533	17,862	2,207	21	-	87,623
Allowance for expected credit losses	(176)	(164)	(55)	-	-	(395)

<i>In millions of tenge</i>	Days past due					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
December 31, 2021						
Expected credit loss rate	0.80%	0.81%	-	-	-	
Trade accounts receivable	84,344	851	32	-	-	85,227
Allowance for expected credit losses	(674)	(7)	-	-	-	(681)

19. CASH AND CASH EQUIVALENTS

As at December 31, 2022 and 2021 cash and cash equivalents are presented as follows:

<i>In millions of tenge</i>	2022	2021
Time deposits with Kazakhstani banks – tenge	49,183	103,114
Time deposits with foreign banks – US dollars	30,142	116,250
Current accounts with Kazakhstan banks – US dollars	39,132	65,572
Current accounts with Kazakhstan banks – tenge	787	80
Current accounts with foreign banks – US dollars	45	21
The contracts of reverse repo with original maturities of three months or less	27,499	-
Less: allowance for expected credit losses	(1)	(133)
	146,787	284,904

As at December 31, 2022, the weighted average rates for time deposits in US dollars and in tenge equaled to 4.52% and 16.25% (2021: for time deposits in US dollars and in tenge equaled to 0.18% and 9.17%).

As at December 31, 2022, the interest rates for current accounts varied from 7.90% to 11.50% in tenge (2021: from 7.25% to 7.90%) and from 0.50% to 4.44% in US dollars (2021: from 0.18% to 0.6%).

As at December 31, 2022 and 2021, no cash is pledged as collateral.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

20. EQUITY

Share capital

The total number of outstanding, issued and paid shares includes:

	December 31, 2022 and 2021
Number of shares issued and paid, including	610,119,493
Par value of 27,726.63 tenge	137,900
Par value of 10,000 tenge	20,719,604
Par value of 5,000 tenge	59,707,029
Par value of 2,500 tenge	71,104,187
Par value of 2,451 tenge	1
Par value of 1,000 tenge	1
Par value of 921 tenge	1
Par value of 858 tenge	1
Par value of 838 tenge	1
Par value of 704 tenge	1
Par value of 592 tenge	1
Par value of 500 tenge	458,450,766
Share capital (in thousands of tenge)	916,540,545

As at December 31, 2022 and 2021, the Company had only one class of issued shares. As at December 31, 2022 and 2021, common shares in the number of 239,440,103 were authorised, but not issued. In 2022, there was no issuance of any ordinary share.

Dividends

In 2022, based on the decision of Samruk-Kazyna and National Bank of RK, the Company declared and paid-off dividends for 2021 of 327.80 tenge per common share in the total of 199,997 million tenge (2021: declared dividends for 2020 of 81.95 tenge per common share in the total of 49,999 million tenge).

Transactions with Samruk-Kazyna

In 2022, the Company provided Samruk-Kazyna additional interest-free financial aid tranches of 23,605 million tenge (2021: 43,151 million tenge) under a long-term financial aid agreement signed on December 25, 2015, with a current maturity in 2022 (*Note 25*). In 2022, the difference between the fair value and nominal amount of the additional tranches of 1,906 million tenge (2021: 5,222 million tenge) was recognized as transactions with Samruk-Kazyna in the separate statement of changes in equity.

In September 2022, the Company placed bonds for 751,631 million tenge at a coupon interest rate of 3.00% per annum and due in 2035. The coupon rate is below market rate. Samruk-Kazyna purchased the bonds. The difference between the fair value and nominal amount of bonds of 380,477 million tenge was recognized as a transaction with Samruk-Kazyna in the separate statement of changes in equity (*Note 21*).

Distributions to Samruk-Kazyna

Financing of the construction of social facilities

In 2022, Ozenmunaygas LLP (OMG), subsidiary of KMG EP, in accordance with the Government decree on construction of the medical center in Zhanaozen town and on housing of the residents, living in Zhanaozen town, accrued liabilities in the amount of 10,199 million tenge and recognized as distribution to Samruk-Kazyna in equity (of which 2,398 million tenge was paid in 2022).

In 2021, OMG, in accordance with the Government decree on housing of the residents, living in Zhanaozen town, accrued the reserve in the amount of 393 million tenge.

In 2021, the Company received a refund of savings in cash paid by the Company to finance social facilities construction in Turkestan city in the amount of 308 million tenge.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

21. BORROWINGS AND BONDS

<i>In millions of tenge</i>	2022	2021
Fixed interest rate borrowings and bonds	4,343,678	3,213,313
Weighted average interest rates	3.78%	4.43%
Floating interest rate borrowings and bonds	23,768	12,355
Weighted average interest rates	3.95%	3.71%
	4,367,446	3,225,668

As at December 31, 2022 and December 31, 2021, all borrowings and bonds are denominated in the following currencies:

<i>In millions of tenge</i>	2022	2021
US Dollar	2,891,800	2,685,431
Tenge	1,475,646	540,237
	4,367,446	3,225,668

<i>In millions of tenge</i>	2022	2021
Current portion	1,130,745	27,726
Due from 2 to 5 years	686,801	214,852
Due over 5 years	2,526,132	2,970,735
Long-term portion	3,212,933	3,185,587
Borrowings under subsoil use projects	23,768	12,355
	4,367,446	3,225,668

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

21. BORROWINGS AND BONDS (continued)

As at December 31, 2022 and 2021, the bonds issued comprised the following:

<i>In millions of tenge</i>	issuance amount	Redemption date	Interest	2022	2021
Bonds LSE 2017	1 billion USD	April 2027	4.75%	460,655	428,552
Bonds LSE 2017	1.25 billion USD	April 2047	5.75%	561,160	522,827
Bonds LSE 2018	0.5 billion USD	April 2025	4.75%	232,586	216,760
Bonds LSE 2018	1.25 billion USD	April 2030	5.375%	579,391	540,156
Bonds LSE 2018	1.5 billion USD	October 2048	6.375%	685,181	639,046
Bonds LSE 2020	0.75 billion USD	April 2033	3.50%	349,059	325,735
Bonds KASE 2022	751.6 billion tenge	October 2035	3.00%		
			(14.50% effective interest rate)	379,306	-
				3,247,338	2,673,076

In September 2022, the Company placed bonds for 751,631 million tenge at a coupon interest rate of 3.00% per annum and due in 2035. Samruk-Kazyna purchased the bonds. The difference between the fair value and nominal amount of bonds of 380,477 million tenge was recognized as a transaction with Samruk-Kazyna in the separate statement of changes in equity (Note 20 and 25).

The increase in carrying value of bonds in 2022, also is due to the effect of the foreign currency exchange rate on bonds placed at the London Stock Exchange (LSE) and denominated in US dollars for 190,916 million tenge.

As at December 31, 2022 and 2021, the borrowings other than bonds issued comprised the following:

<i>In millions of tenge</i>	issuance amount	Redemption date	Interest	2022	2021
Creditors					
KMG EP	2 billion tenge	2027	0.01%	1,096,340	540,237
Lukoil Kazakhstan Upstream LLP	Financing for share of KMG costs in execution of subsoil use contract on project "Zhenis"	From beginning of commercial exploration	12M Libor + 2.50%	12,876	4,441
Eni Isatay B.V.	Financing for share of KMG costs in execution of subsoil use contracts on project "Isatay" and "Abay"	From beginning of commercial exploration	12M Libor + 3.00%	7,051	5,429
KokelMunay LLP	Financing for share of KMG costs in execution of subsoil use contraction project "Becturly"	From beginning of commercial exploration	12M Libor + 2.50%	3,841	2,485
				1,120,108	552,592

In 2022, the Company received additional tranche of loan from KMG EP for the total amount of 65,015 million tenge (2021: 100,413 million tenge). The difference between fair value of loan and its nominal value of 13,559 million tenge and was recognized as decrease in investment in KMG EP (Note 15).

On November 22, 2022, the Company decided to voluntarily liquidate KMG EP, which is planned for 2023, and therefore loan received from KMG EP was brought to nominal value, amortization of the discount in the amount of 504,542 million tenge was recognized as finance costs in separate statement of comprehensive income (Notes 11 and 25). As at December 31, 2022, the debt on the loan was transferred from the long-term part to the short-term part.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

21. BORROWINGS AND BONDS (continued)

Changes in borrowings and bonds

<i>In millions of tenge</i>	2022	2021
As at January 1	3,225,668	3,073,947
Received in cash	826,357	105,031
Interest paid	(155,074)	(171,150)
Interest accrued (Note 11)	672,915	199,741
Discount recognition (Note 15 and 20)	(394,036)	(50,494)
Foreign exchange loss	191,616	68,593
As at December 31	4,367,446	3,225,668
Current portion	1,130,745	27,726
Non-current portion	3,236,701	3,197,942

Covenants

The Company is required to ensure the execution of the financial and non-financial covenants under the terms of the loan agreements. As of December 31, 2022, and 2021, the Company complies with all financial and non-financial covenants.

22. FINANCIAL GUARANTEE OBLIGATIONS

The changes in financial guarantee obligations in 2022 and 2021 comprised the following:

<i>In millions of tenge</i>	2022	2021
As at January 1	35,716	50,886
Guarantees issued in respect of subsidiaries during the year (Note 15)	8,538	25,510
Amortization of financial guarantee obligations (Notes 5, 11)	(15,064)	(40,680)
As at December 31	29,190	35,716
Less: current portion	(29,190)	(10,558)
Non-current portion	-	25,158

23. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

As at December 31, 2022 and 2021, trade accounts payable and other current liabilities are presented by the following:

<i>In millions of tenge</i>	2022	2021
Trade accounts payable to related parties	55,793	31,788
Trade accounts payable to third parties	19	5
Trade accounts payable	55,812	31,793
Other current financial liabilities		
Payable for the acquisition of a subsidiary and joint venture	89,004	-
Other payables to third parties	11,076	4,475
Other payables to related parties	10,011	4,748
Due to employees	1,877	2,570
	111,968	11,793
Other current non-financial liabilities		
Contract liabilities	18,434	11,058
Other	1,074	280
	19,508	11,338
Total other current financial and non-financial liabilities	131,476	23,131

As at December 31, 2022 and 2021 trade payables and other current liabilities are non-interest bearing.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

23. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES (continued)

As at December 31, 2022 and 2021 trade accounts payable denominated in tenge.

As of December 31, 2022, the Company's debt to KMG EP in the amount of 89,004 million tenge for the acquisition of 100% interest in the share capital of a subsidiary and 50% share in a joint venture was transferred from the long-term part of other financial liabilities to the short-term part, due to with the Company's decision to voluntarily liquidate KMG EP dated November 22, 2022 (as at December 31, 2021: long-term part of 50,026 million tenge). The Company recognized amortization of the discount in the amount of 38,978 million tenge as finance costs in the separate statement of comprehensive income (Notes 11 and 25).

Contract liabilities movement:

<i>In millions of tenge</i>	2022	2021
At January 1	11,058	13,856
Deferred during the year	379,458	260,242
Recognized as revenue during the year	(372,082)	(263,040)
At December 31	18,434	11,058
Current portion	18,434	11,058
Non-current portion	-	-

24. INCOME TAX EXPENSES

The major components of income tax expenses for the years ended December 31, 2022 and 2021 are as follows:

<i>In millions of tenge</i>	2022	2021
Income tax		
Current withholding tax on dividends and interest received	49,121	42,745
Current corporate income tax expenses	-	1
Current excess profit tax	-	1
	49,121	42,747
Write-off of deferred assets	40,176	11,231
Deferred income tax expenses	73,011	11,945
Deferred excess profit tax expense/(benefit)	238	(34)
	113,425	23,142
Income tax expenses	162,546	65,889

Reconciliation of income tax expenses applicable to profit before income tax at the statutory income tax rate (20% in 2022 and 2021) to income tax expenses was as follows for the years ended December 31:

<i>In millions of tenge</i>	2022	2021
Profit before income tax from continuing operations	1,280,261	1,297,667
Statutory tax rate	20%	20%
Income tax expense on accounting profit	256,052	259,533
Change in unrecognized deferred tax assets	40,176	11,231
Share in profit of subsidiaries and joint ventures	(250,911)	(215,214)
Discounting and unwinding of discount on financial assets and liabilities	92,736	(4,391)
Impairment of investments in subsidiaries	16,832	4,742
Deferred excess profit tax	239	(34)
Effect of the application of the requirements of the legislation on transfer pricing and on income received in countries with preferential taxation	2,837	4,572
Disposal of investments	2,873	2,841
Other	1,712	2,609
Income tax expenses	162,546	65,889

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

24. INCOME TAX EXPENSES (continued)

In accordance with the requirements of the Tax Code regarding the transfer pricing and taxation of income received in countries with preferential taxation, income from financial aid provided to Samruk-Kazyna, as well as income received in countries with preferential taxation are included in the taxable profit.

Deferred income tax balances, calculated by applying the statutory tax rates in effect at the dates of respective statements of financial position to the temporary differences between the tax base of assets and liabilities and the amounts reported in the separate financial statements, are comprised of the following as at December 31:

<i>In millions of tenge</i>	2022			2021				
	Corporate income tax	Withholding tax	Total	Recognized in profit or loss for 2022	Corporate income tax	Withholding tax	Total	Recognized in profit or loss for 2021
Deferred tax assets								
Tax loss carryforward	560,999	-	560,999	7,829	553,170	-	553,170	(15,127)
Allowance for expected credit losses on accounts receivable	1,978	-	1,978	163	1,815	-	1,815	1,815
Property, plant and equipment	1,125	-	1,125	517	608	-	608	608
Provision for accrued liabilities to employees	348	-	348	(141)	489	-	489	(57)
Other	-	-	-	-	-	-	-	(7)
Less: unrecognized deferred tax assets	(564,444)	-	(564,444)	(8,368)	(556,076)	-	(556,076)	12,416
Deferred tax assets	6	-	6	-	6	-	6	(352)
Deferred tax liabilities								
Undistributed earnings of joint venture	-	(615,746)	(615,746)	(113,330)	-	(465,891)	(465,891)	(34,990)
Exploration and evaluation assets	(799)	-	(799)	(95)	(704)	-	(704)	11,848
Other	(6)	-	(6)	-	(6)	-	(6)	(6)
Property, plant and equipment	-	-	-	-	-	-	-	358
Deferred tax liabilities	(805)	(615,746)	(616,551)	(113,425)	(710)	(465,891)	(466,601)	(22,790)
Net deferred tax liabilities	(799)	(615,746)	(616,545)	(113,425)	(704)	(465,891)	(466,595)	23,142
Deferred tax expenses				(113,425)				

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

24. INCOME TAX EXPENSES (continued)

The movements in the deferred tax liability were as follows:

<i>In millions of tenge</i>	2022		2021		Total
	Corporate income tax	Withholding tax	Corporate income tax	Withholding tax	
Net deferred tax liability as at January 1	704	465,891	12,552	419,083	431,635
Recognized in profit or loss	95	113,330	(11,848)	34,990	23,142
Recognized in other comprehensive income	-	36,525	-	11,818	11,818
Net deferred tax liability as at December 31	799	615,746	704	465,891	466,595

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 utilised.

As at December 31, 2022, the Company did not recognize deferred tax assets in the amount of 561,495 million tenge (2021: 553,735 million tenge) and 2,949 million tenge (2021: 2,341 million tenge) related to non-contract and contract activities, respectively, that could be offset against future taxable profit in future periods. Tax losses carried forward could be offset against taxable profit during the next 10 (ten) consecutive years. These deferred tax assets have not been recognized in respect of these losses as they may not be used to offset taxable profit from the Company's other activities. The Company performed an analysis and concluded that the recoverability of these assets is remote. The Company has neither taxable temporary differences, nor any tax planning opportunities available that could partly support the recognition of deferred tax assets.

Due to the expiration of the period of possible offset and the absence of taxable profit, the Company wrote off the unused loss for 2012 of 30,536 million tenge. Furthermore, according to the results of final submission of income tax return the Company adjusted deferred tax assets decreasing by 1,810 million tenge.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

25. RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions, which have been entered into with related parties during 2022 and 2021 and the related balances as at December 31, 2022 and 2021, respectively:

<i>In millions of tenge</i>	2022	2021
Revenue from contract with customers	90,589	42,939
Subsidiaries	64,439	39,677
Joint ventures	2,866	2,723
Associates	295	257
Entities under common control of Samruk-Kazyna	22,989	282
Acquisition of goods, services and property, plant and equipment	620,351	462,241
Subsidiaries	590,235	430,983
Joint ventures	26,619	5,092
Associates	2,013	2,939
Entities under common control of Samruk-Kazyna	1,484	23,227
Interest accrued on financial assets	83,885	67,667
Subsidiaries	33,061	26,965
Joint ventures	5,671	3,929
Samruk-Kazyna	43,391	36,639
Entities under common control of Samruk-Kazyna	1,368	134
Other related parties	394	-
Interest accrued on financial liabilities	558,227	66,308
Subsidiaries	548,196	63,580
Samruk-Kazyna	10,031	-
Entities under common control of the Government	-	2,728

Revenue from contract with customers

In 2022, the sale of oil products to subsidiaries consisted mainly from sales of oil products to KMG-Aero, Atyrau Refinery, OMG and Pavlodar Refinery in the amount of 52,173 million tenge, 3,830 million tenge, 3,183 million tenge and 3,071 million tenge, respectively (2021: KMG-Aero, Atyrau Refinery, OMG and Pavlodar Refinery in the amount of 28,314 million tenge, 4,085 million tenge, 3,015 million tenge and 2,028 million tenge, respectively).

In 2022, the sale of oil products to Entities under common control of Samruk-Kazyna consisted mainly from sales of diesel fuel to “NC Kazakhstan Temir Zholy” JSC in the amount of 22,151 million tenge (2021: nil).

Acquisition of goods, services and property, plant and equipment

Acquisition of goods, services and property, plant and equipment are mainly related to the Company’s refining process of crude oil.

In 2022, the Company acquired crude oil from subsidiaries of KMG EP, OMG and EmbaMunayGas JSC (EMG), KTM and Urikhtau Operating in the amount of 273,548 million tenge, 126,798 million tenge, 11,248 million tenge and 3,843 million tenge, respectively (in 2021: OMG, EMG, KTM and Urikhtau Operating in the amount of 159,512 million tenge, 90,898 million tenge, 9,382 million tenge and 3,319 million tenge, respectively).

In 2022, the Company acquired services for the processing of crude oil from the Atyrau Refinery and Pavlodar Refinery in the amount of 100,130 million tenge and 46,145 million tenge, respectively (in 2021: Atyrau Refinery and Pavlodar Refinery 119,144 million tenge and 35,290 million tenge, respectively).

In 2022, the Company purchased crude oil from KAO, joint venture of the Company, in the amount of 4,850 million tenge (in 2021: nil).

In 2022, the Company acquired services for the processing of crude oil from joint venture Petro Kazakhstan Oil Products LLP (PKOP) in the amount of 21,626 million tenge (in 2021: 4,916 million tenge).

In 2021, the Company was provided with trust management services for a 50% share in KRG, joint venture of the Company, carried out by KTG, entity under common control of Samruk-Kazyna, in the amount of 21,428 million tenge (Note 9).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

25. RELATED PARTY TRANSACTIONS (continued)

Interest accrued on financial liabilities

In 2022, interest accrued on financial liabilities to subsidiaries is mainly represented by the amortization of the discount recognized in finance costs in the separate statement of comprehensive income in respect of loan from KMG EP and payables for the acquisition from KMG EP of 100% interest in share capital of a subsidiary and 50% share in a joint venture for the total amount of 543,520 million tenge (*Notes 21 and 23*).

In 2022, interest accrued on financial liabilities of Samruk-Kazyna is represented by interest expense accrued on bonds issued by Samruk-Kazyna in the amount of 751,631 million tenge with a coupon rate of 3,00% per annum and due in 2035 (*Note 21*).

<i>In millions of tenge</i>	2022	2021
Assets		
Bank deposits	-	86,481
Entities under common control of the Government	-	86,490
Less: allowance for expected credit losses	-	(9)
Loans due from related parties	346,506	783,457
<i>Loans due from related parties at amortized cost</i>	292,617	708,845
Subsidiaries	175,085	218,979
Joint ventures	13,529	-
Associates	1,086	1,086
Entities under common control of Samruk-Kazyna	15,847	21,540
Notes of National Bank of RK	70,192	-
Bonds receivable from Samruk - Kazyna	19,665	18,433
Financial aid provided to Samruk - Kazyna	-	453,327
Less: allowance for expected credit losses	(2,787)	(4,520)
<i>Loans due from related parties at fair value through profit or loss</i>	53,889	74,612
Joint venture (PKOP)	53,889	74,612
Trade accounts receivable and other current assets	21,484	37,711
Subsidiaries	17,184	36,898
Joint ventures	1,472	752
Associates	1,505	128
Entities under common control of Samruk-Kazyna	1,347	34
Less: allowance for expected credit losses	(24)	(101)
Dividends receivable from subsidiaries and joint ventures	320	9,477
Liabilities		
Trade accounts payable and other liabilities	154,996	86,719
Subsidiaries	149,152	85,294
Joint ventures	3,983	726
Associates	1,535	294
Entities under common control of Samruk-Kazyna	326	405
Financial guarantee obligations (Note 22)	29,190	35,716
Subsidiaries and their subsidiaries, joint ventures and associates	29,190	35,594
Entities under common control of Samruk-Kazyna	-	122
Borrowings and bonds (Note 21)	1,475,646	540,237
Subsidiaries	1,096,340	540,237
Bonds of the Company, acquired by Samruk-Kazyna	379,306	-

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

25. RELATED PARTY TRANSACTIONS (continued)

Bank deposits

As at December 31, 2022, the period for placing bank deposits has expired.

As of December 31, 2021, the bank deposits are represented by deposit placed by the Company for the total amount of 200 million US dollars (equivalent to 86,360 million tenge) at market rate.

Loans due from related parties

As of December 31, 2022, and 2021, loans due from related parties are as follows:

<i>In millions of tenge</i>	Maturity	Interest rate, per annum	2022	2021
Urikhtau Operating	2027	7.00%	74,637	108,009
Notes of National Bank of RK	2023	16.71%	70,192	-
PKOP	2024	12M Libor + 3.5%	53,889	74,612
Atyrau Refinery	2023-2032	0.00%-3.50%	51,234	43,745
KMG Drilling & Services	2023-2029	2.00%-5.75%	29,893	40,517
Bonds receivable from Samruk - Kazyna	2044	0.50%	19,665	18,433
KTG	2024	0.01%	15,847	21,540
KPI	2023	0.00%	13,529	-
Subsidiaries of Kazmorttransflot	2023	4.46%	11,930	18,941
CPC	2020	6.00%	1,086	1,086
Financial aid provided to Samruk - Kazyna (Note 6)	2022	0.00%	-	453,327
Other			7,391	7,767
Less: allowance for expected credit losses			(2,787)	(4,520)
			346,506	783,457
Less: current portion			(194,662)	(645,325)
Non-current portion			151,844	138,132

As at December 31, 2022 and 2021, all loans due from related parties are denominated in the following currencies:

<i>In millions of tenge</i>	2022	2021
Tenge	265,009	668,585
US dollar	81,497	114,872
	346,506	783,457

In 2022, the Company purchased short-term notes of the National Bank of RK in the total amount of 87,000 million tenge, of which notes in the amount of 17,000 million tenge were redeemed by the issuer.

In 2022, the Company provided KPI with interest-free financial aid in the amount of 14,550 million tenge. At the same time, discount of 1,794 million tenge calculated as the difference between the fair value of this financial aid and its nominal value was recognized as an investment in KPI (Note 16).

In 2022, the Company fully repaid the interest-free financial aid provided to Samruk-Kazyna by offset the debt for the acquisition of 49.50% ownership interest in KPI in the amount of 91,175 million tenge (Note 6), with the debt for the acquisition of 49.9% ownership interest in Silleno in the amount of 816 million tenge (Note 6) and debt to Samruk-Kazyna for the acquisition of Cooperative KMG U.A. 50% ownership interest in Kashagan in the amount of 424,587 million tenge (Note 6).

In 2021, the Company provided a loan to KTG in the amount of 56 million US dollars (equivalent to 24,104 million tenge at the exchange rate at the date of payment) with the interest rate lower than the market rate and related discount in the total amount of 2,703 million tenge was calculated as the difference between the fair value of this loan and its nominal value and recognized in finance costs (Note 11).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

25. RELATED PARTY TRANSACTIONS (continued)

Trade accounts receivable and other current assets

As at December 31, 2022, trade receivables and other current assets from subsidiaries are mainly represented by receivables from OMG for oil products and services for the sale of crude oil in the amount of 2,649 million tenge (2021: 2,241 million tenge) and an advance provided by the Company to Atyrau Refinery under the oil processing contract in the amount of 11,111 million tenge (2021: 32,651 million tenge).

Trade accounts payable and other liabilities

As at December 31, 2022, trade payables and other liabilities include the Company’s payables to KMG EP for the acquisition of subsidiary and a joint venture in the total amount of 89,004 million tenge, as well as trade payables to OMG and EMG in the amount of 37,653 million tenge and 15,099 million tenge, respectively (2021: Company’s payables to KMG EP for the acquisition of subsidiary and a joint venture in the total amount of 50,026 million tenge, as well as trade payables to EMG and OMG in the amount of 15,537 million tenge and 14,990 million tenge, respectively).

Compensation to the key management personnel

Key management personnel comprise members of the Management Board and the Board of Directors of the Company, totalling 15 persons as at December 31, 2022 (2021: 13 persons). Total compensation to the key management personnel included in general and administrative expenses in these separate financial statements amounted to 861 million tenge and 847 million tenge for 2022 and 2021, respectively. Compensation to key management personnel consists of contractual salary and performance bonus based on operating results of the Company.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company’s principal financial liabilities comprise borrowings, financial guarantee obligations, trade accounts payable, payable on purchase of interest in subsidiary. The main purpose of these financial liabilities is to raise finance for the Company’s investing activities. The Company’s financial assets comprise long-term and short-term bank deposits, cash and cash equivalents, loans from related parties that arise directly from its operations.

The Company is exposed to interest rate risk, currency risk, credit risk and liquidity risk. The Company’s management oversees the management of these risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s exposure to the risk of changes in market interest rates relates primarily to the Company’s long-term loans with floating interest rates (Note 21).

The Company’s policy is to manage its interest rate risk using a mix of fixed and variable rates on borrowings.

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

<i>In millions of tenge</i>	Increase/ decrease in basis points	Effect on profit before income tax
2022	+2.45	739
Libor	-2.45	(739)
2021	+1.25	778
Libor	-0.25	(156)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

It is the Company’s policy to enter into financial instrument transactions with creditworthy counterparties. Maximum credit risk exposure equals to the carrying amount of each financial asset. The Company believes that the maximum risk amount is represented by loans from the related parties (Note 25), long and short-term bank deposits (Note 17), trade accounts receivable (Note 18), cash and cash equivalents (Note 19), net of expected credit losses, recorded at the reporting date.

The table below shows the risk profile of Company’s cash and cash equivalents, short-term and long-term deposits held in banks as at December 31, 2022 and 2021 using the Fitch credit ratings, or in their absence, using their equivalent rates in S&P and Moody’s:

%	At December 31	
	2022	2021
A+	25%	9%
A to A-	61%	51%
BBB to BBB-	13%	37%
BB+ to BB-	0%	0%
B+ to B-	0%	2%

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

Liquidity risk is the risk that the Company 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 a 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 tables below summarise the maturity profile of the Company's financial liabilities at December 31, 2022 and 2021, based on contractual undiscounted payments.

<i>In millions of tenge</i>	Less than 1 month	From 1 to 3 months	3 months to 1 year	From 1 to 5 years	Over 5 years	Total
At December 31, 2022						
Borrowings and bonds	-	-	176,236	1,354,019	4,828,833	6,359,088
Financial guaranties*	-	33,555	228,400	431,408	20,058	713,421
Trade payables	50,252	5,560	-	-	-	55,812
Other financial liabilities	16,866	3,681	2,418	-	-	22,965
	67,118	42,796	407,054	1,785,427	4,848,891	7,151,286

<i>In millions of tenge</i>	Less than 1 month	From 1 to 3 months	3 months to 1 year	From 1 to 5 years	Over 5 years	Total
At December 31, 2021						
Borrowings and bonds	-	-	143,439	772,363	5,219,401	6,135,203
Financial guaranties*	-	272,118	32,862	387,917	89,198	782,095
Trade payables	31,793	-	-	-	-	31,793
Other financial liabilities	5,255	3,402	208	89,410	-	98,275
	37,048	275,520	176,509	1,249,690	5,308,599	7,047,366

* A financial guarantee is a contract by which the issuer is required to make specified payments to reimburse the holder of the instrument for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or revised terms of a debt instrument. Under IFRS 7.B11C(c), under financial guarantee agreements issued by the Company, the maximum amount of the guarantee relates to the very first period in which the guarantee can be called. In the liquidity table above, the financial guarantee is represented by the maximum amount by maturity of the underlying debt instrument. Under financial guarantee agreements, in the event of a default or improper performance by the debtor, the Company unconditionally undertakes to pay the entire amount of principal and unpaid interest within a certain period of time. In 2022 and 2021, there were no cases of using financial guarantees.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's operations are carried out primarily in Kazakhstan. Nevertheless, the Company's vast majority of cash inflows and outflows are denominated in US dollars.

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

<i>In millions of tenge</i>	Increase/ decrease in US dollar rate	Effect on profit before income tax
2022	21.00%	(420,177)
	-21.00%	420,177
2021	13.00%	(259,358)
	-10.00%	199,506

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital to ensure that Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company seeks to maintain a prudent capital structure to support its capital investment plans and maintain investment grade credit rating through the cycle. Maintaining sufficient financial flexibility is considered strategically important to mitigate industry cyclicality while also enabling the pursuit of investment opportunities. The Company has a comprehensive and disciplined internal approval process for capital expenditures, new projects and debt incurrence.

The capital of the Company consists of debt, which includes borrowings (*Note 21*) less cash and cash equivalents, short-term deposits and equity, comprising share capital, additional paid-in capital, other reserves and retained earnings (*Note 20*).

The Company's management regularly reviews the capital structure. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Also, to achieve this overall objective, the Company's capital management, among other things, aims to ensure that it meets financial covenants attached to borrowings that define capital structure requirements.

There have been no breaches of the financial covenants of any borrowing in the years ended December 31, 2022 and 2021 (*Note 21*).

<i>In millions of tenge</i>	2022	2021
Borrowings and bonds	4,367,446	3,225,668
Less: cash and short-term bank deposits	(870,456)	(653,484)
Net debt	3,496,990	2,572,184
Equity	11,903,002	8,334,243
Capital and net debt	15,399,992	10,906,427

No changes were made in the overall strategy, objectives, policies or processes for managing capital during the years ended December 31, 2022 and 2021.

Fair value

The current value of financial instruments and investment property of the Company as at December 31, 2022 and 2021 is the reasonable approximation of their fair values except for the following financial instruments disclosed below:

<i>In millions of tenge</i>	Current value	Fair value	December 31, 2022		
			Fair value by level of assessment		
			Level 1	Level 2	Level 3
Financial assets at amortized cost					
Bonds receivable from Samruk – Kazyna	19,599	20,138	-	20,138	-
Notes of National Bank of RK	70,188	70,188	70,188	-	-
Loans due from related parties	202,830	203,693	-	-	203,693
Financial assets at fair value through profit or loss					
Loans due from related parties	53,889	53,889	-	-	53,889
Financial liabilities at amortized cost					
Fixed interest rate borrowings	4,343,678	3,933,248	2,476,894	1,456,354	-
Financial guarantees					
Financial guarantees	29,190	27,865	-	-	27,865

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value (continued)

<i>In millions of tenge</i>	December 31, 2021				
	Carrying amount	Fair value	Fair value by level of assessment		
			Level 1	Level 2	Level 3
Financial assets at amortized cost					
Bonds receivable from Samruk – Kazyna	18,373	16,925	-	16,925	-
Loans due from related parties	690,472	694,210	-	448,658	245,552
Financial assets at fair value through profit or loss					
Loans due from related parties	74,612	74,612	-	-	74,612
Financial liabilities at amortized cost					
Fixed interest rate borrowings	3,213,313	3,750,869	3,210,632	540,237	-
Financial guarantees					
Financial guarantees	35,716	33,313	-	-	33,313

The table below provides a breakdown by expected credit losses level of financial assets:

<i>In millions of tenge</i>	December 31, 2022			December 31, 2021		
	Gross carrying amount	Allowance for expected credit losses	Expected credit losses coverage	Gross carrying amount	Allowance for expected credit losses	Expected credit losses coverage
Level 1	70,192	(4)	0.006%	-	-	-
Level 2	19,665	(66)	0.34%	471,760	(1,406)	0.30%
Level 3	259,436	(2,717)	1.05%	316,217	(3,114)	0.98%
	349,293	(2,787)	0.80%	787,977	(4,520)	0.57%

The fair value of bonds receivable from the Samruk-Kazyna and other debt instruments have been calculated by discounting the expected future cash flows at market interest rates.

All financial instruments for which fair value is recognized or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

For assets and liabilities that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the year.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value (continued)

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

	Valuation technique	Significant unobservable inputs	Range as of December 31,	
			2022	2021
Loans due from related parties at amortized cost	DCF method	Discount and interest rate	6.3%-19.8%	4.1%-17.3%
Financial guarantees			6.3%-19.8%	4.6%-17.3%

27. FINANCIAL 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.

Since the beginning of March 2020, the world markets are experiencing a significant volatility in oil demand and oil prices, in particular as a result of COVID-19 pandemic. Kazakhstan tenge value has fallen significantly against the major world currencies. In the opinion of the Company’s management, these trends will not have a material impact on the Company’s future financial position, results of operations and business prospects.

Legal proceedings

In the opinion of management, there are no current legal proceedings or other claims outstanding, which could have a material negative effect on the separate financial results or financial position of the Company and which have not been accrued or disclosed in these separate financial statements.

Taxation

Kazakhstan’s tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan’s tax laws are severe. Due to uncertainties associated with Kazakhstan’s tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at December 31, 2022. As at December 31, 2022, Management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Company’s tax positions will be sustained, except as provided for or otherwise disclosed in these separate financial statements.

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 Company’s position, which could result in additional taxes, fines and interest. As at December 31, 2022 management believes that its interpretation of the transfer pricing legislation is appropriate and that it is probable that the Company’s positions with regard to transfer pricing will be sustained.

Commitments under subsoil use contract

According to the terms of subsurface use contracts signed by the Company with the Government of the Republic of Kazakhstan, the Company has certain commitments on fulfilment of minimal work programs related to its oil and gas projects.

As at December 31, 2022, the Company failed to comply with work programs under some of its subsurface use contracts in full. Management believes that the outstanding amounts can be transferred to subsequent years and that such transfer will not result in termination of subsoil use contracts.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

28. IMPACTS OF THE WAR IN UKRAINE

Since February 2022, due to the conflict between the Russian Federation and Ukraine, numerous sanctions have been announced by a majority of western countries against the Russian Federation. These sanctions are targeted to have a negative economic impact on the Russian Federation.

Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility in the securities and currency markets, as well as a significant depreciation of the tenge against the US dollar and the euro. There has also been a significant increase in the key rate of the National Bank of RK from 9.75% to 16.75% during the year.

Assessment of significant influence

In accordance with IAS 28 Investments in associates and joint ventures, the Company has assessed and confirmed that the changes in the legal and operating environment of Russia and Ukraine have not impacted the ability to exercise significant influence over the CPC, KMG's associate, in Russia.

Operating environment of CPC, KMG's associate

On March 23, 2022, CPC, stopped loading oil at the Black Sea terminal due to damage of two out of three single-point moorings (SPM) caused by a storm. On April 24, 2022, oil loading at the second of three SPM systems on the CPC network at Novorossiysk was resumed.

On April 27, 2022, a Russian Court (the Arbitration Court of the Krasnodar Territory) fully satisfied the claim of Rosprirodnadzor to recover from the CPC damage from an oil spill at the CPC Marine Terminal (occurred in August 2021), of 5.2 billion Russian ruble (equivalent to 30 billion tenge). The CPC recognized a provision for the full amount. In the separate financial statements of the Company, the provision was reflected in share in profit of associate for the 2022.

On July 6, 2022, a Russian Court (Primorsky District Court) ordered CPC to suspend operations for 30 days. Later the month-long suspension was replaced by a 200,000 Russian rubles fine (equivalent to 3,300 US dollars). CPC reflected this fine in its accounting books in July 2022. The operations of CPC were not stopped during the above period.

On August 22, 2022 while performing scheduled maintenance on SPM-1 and SPM-2, divers discovered cracks in subsea hose attachments to buoyancy tanks. On November 12 and 29, 2022, both SPM-1 and SPM-2 on the CPC network at Novorossiysk have resumed their operations.

All matters occurred during 2022 are resolved during the year, no further developments.

Impact of sanctions

Starting February 5, 2023, the European Union imposed a ban on imports of Russian diesel, jet fuel and other oil products transported via sea. This measure is not applicable to Company's operations in Kazakhstan or internationally.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

29. SUBSEQUENT EVENTS

Purchasing of short-term notes

In January 2023, the Company purchased short-term notes of the National Bank of RK in the total amount of 38,019 million tenge, and previously purchased by the Company in 2022 and 2023 short-term notes of the National Bank of RK in the amount of 108,019 million tenge were redeemed by the issuer.

In April 19, 2023 and May 3, 2023, the Company purchased short-term notes of the National Bank of RK in the total amount of 80,000 million tenge and 66,000 million tenge, respectively.

Creation of subsidiary

On February 27, 2023, the Company entered into a contract with the Ministry of Energy of the RK for the production of hydrocarbons at the Kalamkas-Sea, Khazar and Auezov subsoil blocks located in the Kazakhstani sector of the Caspian Sea.

Additional contribution to share capital

In May 5, 2023, the Company made additional contribution in cash to the share capital of KMTF in the amount of 7,050 million tenge.

Return of share capital

In February 2023, Cooperative KMG U.A., subsidiary of the Company, returned the share capital in the amount of 9 million US dollars (equivalent to 4,097 million tenge).

In March 2023, TH N.V. returned the share capital in the amount of 4.6 million US dollars (equivalent to 2,052 million tenge).

Early redemption of bonds

On April 26, 2023, the Company made an early repayment of Eurobonds in the amount of 501 million US dollars with an interest rate of 4.75% and maturity in 2025, including premium for early repayment and coupon payment.

Dividends received

In April 2023, the Company received dividends from the joint ventures, PETROSUN, KGM and KOA, in the amount of 19,600 million tenge, 4,563 million tenge and 3,500 million tenge, respectively.

In April 2023, the Company received dividends from the subsidiaries, KMG Karachaganak and Pavlodar Refinery, in the amount of 45,025 million tenge and 10,000 million tenge, respectively.

Obligations coupon repayment

In April 2023, the Company made a coupon repayment of obligations placed at LSE in the amount of 75,937 million tenge.

In April 2023, the Company made a coupon repayment of obligations purchased from Samruk-Kazyna in the amount of 11,274 million tenge.

Obligations issuance

On April 27, 2023, the Company issued bonds in the amount of 50,000 million tenge, maturing in 2033 at a rate of 0.5%, to further transfer of the funds received from this issuance through the loan on similar terms to Main Waterline LLP with the purpose of financing the project "Reconstruction and expansion of the main water pipeline" Astrakhan-Mangyshlak "1st stage".

Annex No.2 on item "On approval of the annual financial statements of JSC NC "KazMunayGas" for 2022" of the agenda of Annual General Meeting of Shareholders of JSC NC "KazMunayGas" held on 30 May 2023, Minutes No. 2/2023

**Joint Stock Company
"National Company "KazMunayGas"**

Consolidated financial statements

*For the year ended December 31, 2022
with independent auditor's report*

Amir

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Independent auditor's report

To the Shareholders, Board of Directors and Management of Joint Stock Company "National Company "KazMunayGas"

Opinion

We have audited the consolidated financial statements of Joint Stock Company "National Company "KazMunayGas" and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, 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 a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 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' 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 consider this matter to be one of the matters of most significance in our audit due to materiality of the balances of non-current assets, including upstream, downstream and midstream assets, to the consolidated financial statements, the high level of subjectivity in respect of assumptions underlying impairment analysis and significant judgements and estimates made by management.

Assumptions included discount rates, oil and petroleum products prices forecasts and inflation and exchange rate forecasts. Significant estimates included production forecast, future capital expenditure and oil and gas reserves available for development and production.

Information on non-current assets and the impairment tests performed is disclosed in notes 4 and 15 to the consolidated financial statements.

We considered management's assessment of the existence of impairment indicators and where impairment indicators were identified, we involved our business valuation specialists in the testing of management's impairment analysis and calculation of recoverable amounts.

We analyzed the assumptions underlying management forecasts. We compared oil and petroleum products prices used in the calculation of recoverable amount to available market forecasts.

We compared the discount rates and long-term growth rates to general market indicators and other available evidence and checked the adjustments made by management when calculating the applicable discount rate.

We tested the mathematical integrity of the impairment models and assessed the analysis of the sensitivity of the results of impairment tests to changes in assumptions.

We performed procedures to assess competence, capabilities and objectivity of the external experts engaged by the Group to estimate the volumes of oil and gas reserves and prepare impairment models, where applicable.

We analysed disclosures on impairment test in the consolidated financial statements.

Accounting for business combinations and acquisitions of joint ventures

In 2022 the Group obtained control and joint control over certain entities.

We consider this matter to be one of the matters of most significance in our audit due to the significance of businesses and investments acquired to the consolidated financial statements, and the complexity of these transactions. In addition, management's judgement was applied when determining the accounting policy to be used in respect of these acquisitions.

Information about business combinations and acquisitions is included in notes 6 and 7 to the consolidated financial statements.

We examined the sale and purchase agreements and other documents related to these transactions and gained an understanding of the main terms, nature and structure of the transactions.

We inspected corporate approvals, corporate and shareholders agreements and other legal documents in order to understand the nature of the transactions and assess management's judgement in respect of the application of the common control exemption from IFRS 3 "Business combinations".

We evaluated the accounting policy applied by the Group to the acquisition of investments in joint ventures.

For the acquisitions under common control, where financial information from the predecessor's financial statements was used, we compared the information included in the consolidated financial statements, including the restatement of comparative information, where applicable, with the available financial information included in the financial statements of previous owners.

We compared the amounts of consideration paid by the Group to the related payment supporting documents and contractual commitments.

For acquisition of joint venture not under common control, we assessed the management's estimates in respect of the fair values of share in assets and liabilities acquired.

We analyzed the related disclosure 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.

In 2022 the Agency for protection and development of the competition of the Republic of Kazakhstan conducted an inspection of certain entities within the Group. In addition, the Group recorded changes in certain estimates related to ARO.

The assessment as to whether, or not, a liability should be recognized and whether amounts can be reliably estimated involves estimation and judgement. 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 related to the liquidation of each asset 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 potential significance to the consolidated

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 legal advisers.

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

We have analysed the results of government inspections, disclosed in Note 35 to the consolidated financial statements and discussed them with the Group's legal department.

Our procedures in respect of ARO included assessment of legal and constructive obligations related to the liquidation of each asset 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.

financial statements, the level of judgment required and the 2022 events describe above.

Information on provisions, contingent liabilities and commitments is disclosed in notes 29 and 35 to the consolidated financial statements.

Other information included in the Group's 2022 annual report

Other information consists of the information included in the Group's 2022 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2022 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.

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 Kairat Medetbayev.

Ernst & Young LLP



Kairat Medetbayev
Auditor

Auditor Qualification Certificate
No. MΦ-0000137 dated 8 February 2013

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

6 March 2023



Rustamzhan Sattarov
General Director
Ernst & Young LLP

State audit license for audit activities on
the territory of the Republic of Kazakhstan:
series MΦЮ-2 No. 0000003 issued by the
Ministry of finance of the Republic of
Kazakhstan on 15 July 2005

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In millions of tenge</i>	Note	For the years ended December 31	
		2022	2021 (restated)*
Continuing operations			
Revenue and other income			
Revenue from contracts with customers	8	8,686,384	6,459,335
Share in profit of joint ventures and associates, net	9	991,310	680,292
Finance income	16	120,587	85,226
Gain on sale of joint ventures		-	19,835
Other operating income		22,283	30,779
Total revenue and other income		9,820,564	7,275,467
Costs and expenses			
Cost of purchased oil, gas, petroleum products and other materials	10	(4,954,384)	(3,607,202)
Production expenses	11	(1,142,388)	(721,057)
Taxes other than income tax	12	(677,805)	(461,244)
Depreciation, depletion and amortization	36	(506,585)	(523,044)
Transportation and selling expenses	13	(205,340)	(183,439)
General and administrative expenses	14	(160,168)	(151,392)
Impairment of property, plant and equipment, intangible assets and assets classified as held for sale	15	(708)	(20,724)
Exploration expenses	15	(12,113)	(79,083)
Finance costs	16	(306,846)	(262,823)
Foreign exchange gain, net		40,925	17,565
Other expenses	29	(84,586)	(27,714)
Total costs and expenses		(8,009,998)	(6,020,157)
Profit before income tax		1,810,566	1,255,310
Income tax expenses	32	(493,247)	(321,248)
Profit for the year from continuing operations		1,317,319	934,062
Discontinued operations			
Profit after income tax for the year from discontinued operations	5	-	352,478
Net profit for the year		1,317,319	1,286,540

The accounting policies and explanatory notes on pages 10 through 99 form an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In millions of tenge</i>	For the years ended December 31	
	2022	2021 (restated)*
Other comprehensive (loss)/income		
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods</i>		
Hedging effect	30	(11,872)
Exchange differences on translation of foreign operations		10,055
Tax effect		508,202
		(36,525)
Net other comprehensive income to be reclassified to profit or loss in the subsequent periods, net of tax	459,805	169,158
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods</i>		
Actuarial gain on defined benefit plans of the Group, net of tax	9,075	5,959
Actuarial loss on defined benefit plans of the joint ventures, net of tax	(19)	(169)
Tax effect	(116)	(48)
Net other comprehensive gain not to be reclassified to profit or loss in the subsequent periods, net of tax	8,940	5,742
Net other comprehensive income for the year, net of tax	468,745	174,900
Total comprehensive income for the year, net of tax	1,786,064	1,461,440
Net profit/(loss) for the year attributable to:		
Equity holders of the Parent Company	1,289,118	1,304,761
Non-controlling interests	28,201	(18,221)
	1,317,319	1,286,540
Total comprehensive income/(loss) for the year attributable to:		
Equity holders of the Parent Company	1,756,410	1,477,856
Non-controlling interests	29,654	(16,416)
	1,786,064	1,461,440
Earnings per share** – tenge thousands		
Basic and diluted	26	2.159
Basic and diluted, from continuing operations		2.159
Basic and diluted, from discontinued operations		-
		0.578

* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2021 and reflect adjustments made, refer to Note 6

** The number of ordinary shares as of December 31, 2022 and 2021 equaled to 610,119,493

Deputy Chairman of the Management Board



S. Karabayev

Chief accountant

A.S. Yesbergenova

The accounting policies and explanatory notes on pages 10 through 99 form an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In millions of tenge</i>	Note	As at December 31	
		2022	2021 (restated)*
Assets			
Non-current assets			
Exploration and evaluation assets	18	251,280	235,004
Property, plant and equipment	17	6,989,837	6,725,910
Investment property		17,304	19,711
Intangible assets	19	918,253	889,491
Right-of-use assets		76,567	68,145
Investments in joint ventures and associates	21	4,947,403	4,145,646
VAT receivable		16,760	11,972
Advances for non-current assets		52,982	40,845
Other non-current non-financial assets		3,713	7,913
Loans and receivables due from related parties	24	129,857	142,394
Other non-current financial assets		10,672	13,248
Long-term bank deposits	20	59,229	56,058
Deferred income tax assets	32	41,598	34,035
		13,515,455	12,390,372
Current assets			
Inventories	22	309,425	300,592
Trade accounts receivable	23	519,537	501,394
VAT receivable		42,697	31,379
Income tax prepaid	32	36,167	25,165
Other current non-financial assets	23	109,137	85,673
Loans and receivables due from related parties	24	119,874	485,765
Other current financial assets	23	57,057	329,772
Short-term bank deposits	20	1,178,138	562,352
Cash and cash equivalents	25	762,817	1,144,193
		3,134,849	3,466,285
Assets classified as held for sale		459	795
		3,135,308	3,467,080
Total assets		16,650,763	15,857,452

The accounting policies and explanatory notes on pages 10 through 99 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In millions of tenge</i>	Note	As at December 31	
		2022	2021 (restated)*
Equity and liabilities			
Equity			
Share capital	26	916,541	916,541
Additional paid-in capital		1,142	1,142
Other equity		(1,759)	10,113
Currency translation reserve		4,209,612	3,738,581
Retained earnings		4,809,455	5,439,811
Attributable to equity holders of the Parent Company		9,934,991	10,106,188
Non-controlling interests	26	(61,541)	(89,282)
Total equity		9,873,450	10,016,906
Non-current liabilities			
Borrowings	27	3,775,891	3,261,347
Lease liabilities	28	65,872	56,412
Other non-current financial liabilities	30	15,080	15,915
Provisions	29	276,818	330,659
Other non-current non-financial liabilities	30	41,548	39,448
Deferred income tax liabilities	32	999,010	703,200
		5,174,219	4,406,981
Current liabilities			
Trade accounts payable	30	564,906	558,266
Borrowings	27	367,443	484,980
Lease liabilities	28	15,682	18,009
Other current financial liabilities	30	283,717	69,418
Provisions	29	63,076	24,511
Income tax payable	32	66,648	6,882
Other taxes payable	31	148,477	137,055
Other current non-financial liabilities	30	93,145	134,444
		1,603,094	1,433,565
Total liabilities		6,777,313	5,840,546
Total equity and liabilities		16,650,763	15,857,452
Book value per ordinary share** – tenge thousands	26	14.678	14.960

* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2021 and reflect adjustments made, refer to Note 6

** The number of ordinary shares as of December 31, 2022 and 2021 equaled to 610,119,493. Presentation of Book value per ordinary share is a non-IFRS measure required by KASE

Deputy Chairman of the Management Board



A. Karabayev



Chief accountant



A.S. Yesbergenova

The accounting policies and explanatory notes on pages 10 through 99 form an integral part of these consolidated financial statements



CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In millions of tenge</i>	Note	For the years ended December 31,	
		2022	2021 (restated)*
Cash flows from operating activities			
Profit before income tax from continuing operations		1,810,566	1,255,310
Profit before income tax from discontinued operations		-	407,993
Profit before income tax		1,810,566	1,663,303
Adjustments:			
Depreciation, depletion and amortization	36	506,585	523,044
Depreciation, depletion and amortization from discontinued operations	5	-	63,502
Impairment of property, plant and equipment, intangible assets and assets classified as held for sale	15	708	20,724
Exploration expenses	15	12,113	79,083
Impairment of investments in joint venture and associate	21	-	64
Realized losses from derivatives on petroleum products	11	121,539	14,954
Finance income	16	(120,587)	(85,226)
Finance income from discontinued operations	5	-	(19,750)
Finance costs	16	306,846	262,823
Finance costs from discontinued operations	5	-	36,330
Gain on sale of joint venture		-	(19,835)
Share in profit of joint ventures and associates, net	9	(991,310)	(680,292)
Share in profit of joint ventures and associates from discontinued operations, net	5	-	(275,100)
Movements in provisions		78,603	(140,318)
Net foreign exchange gain		(34,290)	(6,565)
Write off of inventories to net realizable value		4,236	4,906
Loss/(gain) on disposal of property, plant and equipment, intangible assets, investment property and assets held for sale, net		2,623	(2,259)
Reversal of impairment of VAT receivable	14	(1,942)	(5,144)
Change in financial guarantees		122	3,527
VAT non-recoverable	14	2,582	2,599
Allowance of expected credit loss for trade receivables and other assets	14	2,758	3,453
Other adjustments		-	427
Operating profit before working capital changes		1,701,152	1,444,250
Change in VAT receivable		(14,118)	81,409
Change in inventory		(116,439)	(96,521)
Change in trade accounts receivable and other current assets		32,933	(206,440)
Change in trade and other payables and contract liabilities		(112,525)	(52,217)
Change in other taxes payable		(58,183)	(52,580)
Cash generated from operations		1,432,820	1,117,901
Dividends received from joint ventures and associates	21	462,309	415,359
Income taxes paid		(144,013)	(111,396)
Interest received		49,471	39,977
Interest paid	27, 28	(233,280)	(252,366)
Net cash flow from operating activities		1,567,307	1,209,475

The accounting policies and explanatory notes on pages 10 through 99 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In millions of tenge</i>	Note	For the years ended December 31.	
		2022	2021 (restated)*
Cash flows from investing activities			
Placement of bank deposits		(1,698,647)	(966,217)
Withdrawal of bank deposits		1,138,293	681,538
Acquisition of subsidiary	6	(1,198,317)	-
Purchase of property, plant and equipment, intangible assets and exploration and evaluation assets		(451,474)	(453,799)
Proceeds from sale of property, plant and equipment, exploration and evaluation assets and assets held for sale		2,219	71,084
Cash of disposed subsidiaries, net		(4,137)	(375,910)
Additional contributions to joint ventures without changes in ownership	21	(15,398)	(1,926)
Proceeds from disposal of joint ventures		-	17,169
Loans given to related parties	33	(42,018)	(73,274)
Repayment of loans due from related parties	33	38,190	24,438
Acquisition of debt securities		-	(14,741)
Proceeds from sale of debt securities		118	10,528
Redeem of notes of the National Bank of RK	24	17,000	-
Acquisition of notes of the National Bank of RK	24	(87,000)	-
Other		(1,138)	(2,918)
Net cash flows used in investing activities		(2,302,309)	(1,084,028)
Cash flows from financing activities			
Proceeds from borrowings	27	980,634	451,096
Repayment of borrowings	27	(216,243)	(339,552)
Reservation of cash for payment of borrowings**		-	(292,258)
Dividends paid to Samruk-Kazyna and National Bank of RK	26	(199,997)	(49,999)
Dividends paid to non-controlling interests	26	(1,975)	(5,756)
Distributions to Samruk-Kazyna	26	(266,069)	(534)
Contribution from the related party	26	3,742	16,396
Payment of principal portion of lease liabilities	28	(19,709)	(53,382)
Return of insurance premium	27	7,370	-
Net cash flows from/(used in) financing activities		287,753	(273,989)
Effects of exchange rate changes on cash and cash equivalents		65,759	26,482
Change in allowance for expected credit losses		114	(136)
Net change in cash and cash equivalents		(381,376)	(122,196)
Cash and cash equivalents, at the beginning of the year		1,144,193	1,266,389
Cash and cash equivalents, at the end of the year		762,817	1,144,193

* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2021 and reflect adjustments made, refer to Note 6.

The accounting policies and explanatory notes on pages 10 through 99 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)*Non-cash transactions*

** In June and November 2021, the Group made reservation of cash in total amount of 292,258 million tenge for repayment of loan from The Export-Import Bank of China, including interest accrued. The loan was repaid in July 2021 for 32,799 million tenge (Note 27) and in January 2022 for 259,459 million tenge (Notes 23 and 27). Repayment of the loan was treated as non-cash transaction.

As at December 31, 2022 the financial aid provided to Samruk-Kazyna has been fully repaid by setting of against the payable for the acquisition of 49.50% ownership interest in Kazakhstan Petrochemical Industries Inc. LLP for 91,175 million tenge, payable for the acquisition of 49.9% ownership interest in Sileno LLP for 816 million tenge and the part of the payable for exercising the Option for 424,587 million tenge (acquisition of Kashagan) (Notes 6, 24 and 33).


Deputy Chairman of the Management Board





 Karabayev

Chief accountant



 A.S. Yesbergenova

The accounting policies and explanatory notes on pages 10 through 99 form an integral part of these consolidated financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of tenge	Attributable to equity holders of the Parent Company							Non-controlling interests	Total
	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings	Total			
As at December 31, 2020 (restated)*	916,541	8,981	58	3,579,835	5,911,286	10,416,701	(71,641)	10,345,060	
Net profit/(loss) for the year (restated)*	-	-	-	-	1,304,761	1,304,761	(18,221)	1,286,540	
Other comprehensive income (restated)*	-	-	10,055	158,746	4,294	173,095	1,805	174,900	
Total comprehensive income/(loss) (restated)*	-	-	10,055	158,746	1,309,055	1,477,856	(16,416)	1,461,440	
Dividends (Note 26)	-	-	-	-	(49,999)	(49,999)	(6,192)	(56,191)	
Distributions to Samruk-Kazyna (Note 26)	-	-	-	-	(85)	(85)	-	(85)	
Transactions with Samruk-Kazyna (Note 26)	-	-	-	-	(5,222)	(5,222)	-	(5,222)	
Transfer of KazTransGas to Samruk-Kazyna (Note 5)	-	(7,839)	-	-	(1,741,620)	(1,749,459)	-	(1,749,459)	
Contribution from the related party (Note 26)	-	-	-	-	16,396	16,396	-	16,396	
Equity contribution to subsidiary	-	-	-	-	-	-	4,967	4,967	
As at December 31, 2021 (restated)*	916,541	1,142	10,113	3,738,581	5,439,811	10,106,188	(89,282)	10,016,906	

* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2021 and reflect adjustments made, refer to Note 6.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

in millions of tenge	Attributable to equity holders of the Parent Company						Total	Non-controlling interests	Total
	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings	Total			
As at December 31, 2021 (restated)*	916,541	1,142	10,113	3,738,581	5,439,811	10,106,188	(89,282)	10,016,906	
Net profit for the year	-	-	-	-	1,289,118	1,289,118	28,201	1,317,319	
Other comprehensive (loss)/income	-	-	(11,872)	471,031	8,133	467,292	1,453	468,745	
Total comprehensive income/(loss)	-	-	(11,872)	471,031	1,297,251	1,756,410	29,654	1,786,064	
Dividends (Note 26)	-	-	-	-	(199,997)	(199,997)	(2,296)	(202,293)	
Distributions to Samruk-Kazyna (Note 26)	-	-	-	-	(273,870)	(273,870)	-	(273,870)	
Acquisition of joint ventures (Notes 6 and 7)	-	-	-	-	(63,634)	(63,634)	-	(63,634)	
Acquisition of KMG Kashagan B.V. under common control (Note 6)	-	-	-	-	(1,777,076)	(1,777,076)	-	(1,777,076)	
Transactions with Samruk-Kazyna (Note 26)	-	-	-	-	385,997	385,997	-	385,997	
Contribution from the related party (Note 26)	-	-	-	-	3,742	3,742	-	3,742	
Equity contribution to subsidiary	-	-	-	-	-	-	383	383	
Other distributions	-	-	-	-	(2,769)	(2,769)	-	(2,769)	
As at December 31, 2022	916,541	1,142	(1,759)	4,209,612	4,809,455	9,934,991	(61,541)	9,873,450	

* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2021 and reflect adjustments made, refer to Note 6.

Deputy Chairman of the Management Board



Chief accountant

The accounting policies and explanatory notes on pages 10 through 99 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Joint stock company "National Company "KazMunayGas" (further the Company, JSC NC "KazMunayGas" or Parent Company) is oil and gas enterprise of the Republic of Kazakhstan (further RK), which was established on February 27, 2002 as a closed joint stock company pursuant to the Decree No. 811 of the President of the RK dated February 20, 2002 and the resolution of the Government of the RK (further the Government) No. 248 dated February 25, 2002. The Company was formed as a result of the merger of closed joint stock companies "National Oil and Gas Company Kazakhoil" and "National Company Transport Nefti i Gaza". As the result of the merger, all assets and liabilities, including ownership interest in all entities owned by these companies, have been transferred to the Company. The Company was reregistered as a joint stock company in accordance with the legislation of the RK in March 2004.

Starting from June 8, 2006, the sole shareholder of the Company was joint stock company "Kazakhstan Holding Company for State Assets Management "Samruk", which in October 2008 was merged with the state owned Sustainable Development Fund "Kazyna" and formed joint stock company "National Welfare Fund Samruk-Kazyna", now renamed to joint stock company "Sovereign Wealth Fund Samruk-Kazyna" (further Samruk-Kazyna). The Government is the sole shareholder of Samruk-Kazyna. On August 7, 2015, the National Bank of RK (further NB RK) purchased 9.58% plus one share of the Company from Samruk-Kazyna. From December 8, 2022, 3.00% of shares of the Company are freely available on the Astana International Exchange (further AIX) and the Kazakhstan Stock Exchange (further KASE) stock exchanges.

As at December 31, 2022, the Company has interest in 59 operating companies (as of December 31, 2021: 60) (jointly "the Group").

The Company has its registered office in the RK, Astana, Dinmukhamed Kunayev, 8.

The principal activity of the Group includes, but is not limited, to the following:

- Participation in the development and implementation of the uniform public policy in the oil and gas sector;
- Representation of the state interests in subsoil use contracts through interest participation in those contracts; and
- Corporate governance and monitoring of exploration, development, production, oil servicing, processing, petrochemistry, transportation and sale of hydrocarbons and the designing, construction and maintenance of oil-and-gas pipeline and field infrastructure.

The consolidated financial statements comprise the financial statements of the Company and its controlled subsidiaries (*Note 3*).

These consolidated financial statements of the Group were approved for issue by the Deputy Chairman of the Management Board and the Chief accountant on March 6, 2023.

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

Statement of compliance

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

The preparation of the 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 Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group consolidated financial statements are disclosed in *Note 4*.

In course of preparation of these consolidated financial statements the Group management considered the current international economic and geopolitical environment including the war in Ukraine (*Note 37*). The consolidated financial statements were prepared on a going concern basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)**Foreign currency translation***Functional and presentation currency*

Items included in the financial statements of each of the Group's entities included in these consolidated financial statements are measured using the currency of the primary economic environment in which the entities operate (the functional currency). The consolidated financial statements are presented in Kazakhstan tenge (tenge or KZT), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Group Companies

The results and financial position of all 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 presented 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 date of the transaction); and
- All resulting exchange differences are recognized as a separate component of other comprehensive income.

Exchange rates

Weighted average currency exchange rates established by KASE are used as official currency exchange rates in the Republic of Kazakhstan. The currency exchange rate of KASE as at December 31, 2022 was 462.65 tenge to 1 United States dollar (US dollar). This rate was used to translate monetary assets and liabilities denominated in US dollar as at December 31, 2022 (2021: 431.80 tenge to 1 US dollar). The currency exchange rate of KASE as at March 6, 2023 was 432.83 tenge to 1 US dollar. For the year ended December 31, 2022, the Group had net foreign exchange gain of KZT 40,925 million due to fluctuations in foreign exchange rates to tenge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)**Renegotiation of loans in the context of IBOR reform**

In the context of IBOR reform, some financial instruments have already been amended or will be amended as they transition from IBORs to risk free rates (further RFR). In addition to the interest rate of a financial instrument changing, there may be other changes made to the terms of the financial instrument at the time of transition. For financial instruments measured at amortised cost, the Group first applies the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Second, for any changes not covered by the practical expedient, the Group applies judgement to assess whether the changes are substantial and if they are, the financial instrument is derecognized and a new financial instrument is recognized. If the changes are not substantial, the Group adjusts the gross carrying amount of the financial instrument by the present value of the changes not covered by the practical expedient, discounted using the revised effective interest rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Changes in accounting policies and disclosures***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, 2021, except for the adoption of new standards and interpretations effective as of January 1, 2022.

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 2022, 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.

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

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. These amendments had no impact on the consolidated financial statements of the Group as there were no onerous contracts identified.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the *Conceptual Framework*, to determine whether a present obligation exists at the acquisition date. These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Changes in accounting policies and disclosures (continued)***New and amended standards and interpretations (continued)**Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

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

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

Standards issued but not yet effective

There are new pronouncements issued as at 31 December 2022:

- *Definition of Accounting Estimates - Amendments to IAS 8*
- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS 2 Practice Statement*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*
- *Lease Liability in a Sale and Leaseback – Amendments to IFRS 16*
- *Classification of Liabilities as Current or Non-current - Amendments to IAS 1*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28*

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has: power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from its involvement with the investee, and; the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: the contractual arrangement with the other vote holders of the investee; rights arising from other contractual arrangements; the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, revenue and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Basis of consolidation (continued)**

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Profit or loss and each component of other comprehensive income are attributable to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Subsidiaries

As at December 31, 2022 and 2021, the following direct significant subsidiaries were included in these consolidated financial statements:

Significant entities	Main activity	Country of incorporation	Percentage ownership	
			2022	2021 (restated)
KazMunayGas Exploration Production JSC (further KMG EP)	Exploration and production	Kazakhstan	99.72%	99.72%
KazMunayTeniz LLP	Exploration and production	Kazakhstan	100%	100%
KMG Karachaganak LLP	Exploration and production	Kazakhstan	100%	100%
Kazakhturkmunay LLP	Exploration and production	Kazakhstan	100%	100%
KMG Kashagan B.V. (Note 6)	Exploration and production	Netherlands	100%	100%
KazTransOil JSC	Oil transportation	Kazakhstan	90%	90%
KazMorTransFlot LLP	Oil transportation and construction	Kazakhstan	100%	100%
Cooperative KazMunayGas PKI U.A.	Refinery and marketing of oil products	Netherlands	100%	100%
Atyrau Refinery LLP	Refinery	Kazakhstan	99.53%	99.53%
Pavlodar oil chemistry refinery LLP	Refinery	Kazakhstan	100%	100%
KMG International N.V. (further KMG I)	Refinery and marketing of oil products	Romania	100%	100%
KMG Drilling&Services LLP	Drilling services	Kazakhstan	100%	100%

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in 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 the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with changes in fair value recognized 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 its subsequent settlement is accounted for within equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Business combinations and goodwill (continued)**

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations achieved in stages

The acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

In a business combination achieved in stages the acquirer recognizes goodwill as of the acquisition date measured as the excess of (a) over (b) below:

- (a) The aggregate of: (i) the consideration transferred measured in accordance with this IFRS 3 *Business Combinations*, which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with this IFRS; and (iii) the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree;
- (b) The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Acquisition of subsidiaries from parties under common control

Acquisitions of subsidiaries from parties under common control are accounted for using the pooling of interest method.

The assets and liabilities of the subsidiary transferred under common control are recorded in the consolidated financial statements at the carrying amounts of the transferring entity (the Predecessor) at the date of the transfer. Related goodwill, if any, inherent in the Predecessor's original acquisition is also recorded in the consolidated financial statements. Any difference between the total book value of net assets, including the Predecessor's goodwill, and the consideration paid is accounted for in the consolidated financial statements as an adjustment to equity.

The consolidated financial statements, including corresponding figures, are presented as if the subsidiary had been acquired by the Group on the date it was originally acquired by the Predecessor.

Acquisition of joint ventures and associates from parties under common control

Acquisition of joint ventures and associates from parties under common control are accounted for using the pooling of interest method.

The Group's share in the assets and liabilities of the joint ventures and associates transferred under common control is recorded in the consolidated financial statements at the carrying amounts of the transferring entity (the Predecessor) at the date of the transfer. Any difference between the Group's share in the total book value of net assets, and the consideration paid is accounted for in the consolidated financial statements as an adjustment to equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 associates and joint ventures

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Under contractual arrangement that establishes joint control the Group may own less than 50% of shares in joint ventures.

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

Under the equity method, the investment in a joint venture or an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture or associate since the acquisition date. Goodwill relating to the joint venture or associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the joint venture or associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the joint venture or associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture or associate are eliminated to the extent of the interest in the joint venture or associate.

The aggregate of the Group's share in profit or loss of a joint venture and an associate is shown on the face of the consolidated statement of comprehensive income and represents profit or loss after tax and non-controlling interest in the subsidiaries of the joint venture or associate. The financial statements of the joint venture or associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring their accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its joint venture or associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture or associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as "Impairment of investment in joint venture and associate" in the consolidated statement of comprehensive income.

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

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is classified as current when it is: expected to be realized or intended to sold or consumed in normal operating cycle; held primarily for the purpose of trading; expected to be realized within 12 (twelve) months after the reporting period; or it is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 (twelve) months after the reporting period. All other assets are classified as non-current.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Current versus non-current classification (continued)**

A liability is classified as current when it is: expected to be settled in normal operating cycle; held primarily for the purpose of trading; due to be settled within 12 (twelve) months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 (twelve) months after the reporting period. The Group classifies all other liabilities as non-current.

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

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 RK, in such cases costs incurred after this date are capitalized in exploration and evaluation assets.

Subsoil use rights and property acquisition costs

Exploration and production subsoil use rights and related property acquisition costs are capitalized within exploration and evaluation assets and subclassified as intangible. Each property under exploration and appraisal is reviewed on an annual basis to confirm that drilling activity is planned and it is not impaired. If no future activity is planned, the carrying amount of the exploration subsoil use right and related property acquisition costs is written off. Upon determination of economically recoverable reserves ('proved reserves' or 'commercial reserves') and internal approval of development, the carrying amount of the subsoil use right and related property acquisition costs held on a field-by-field basis is aggregated with exploration and evaluation assets and transferred to oil and gas assets or intangible assets.

Exploration and evaluation costs

Once the legal right to explore has been acquired, geological and geophysical exploration costs and costs directly associated with exploration and appraisal wells, including unsuccessful development or delineation wells are capitalized as exploration and evaluation intangible or tangible assets, according to the nature of the costs, until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors. If no expected reserves are found, the exploration and evaluation asset is tested for impairment. If extractable hydrocarbons are found and, subject to further appraisal activity, which may include the drilling of further wells, are likely to be developed commercially; the costs continue to be carried as an asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbon reserves. All such carried costs are subject to technical, commercial and management review as well as review for impairment at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery.

When proved reserves of hydrocarbons are determined and development is sanctioned, the relevant expenditure is transferred to oil and gas assets after impairment is assessed and impairment loss recognized, if any.

When this is no longer the case, and the Group decides to relinquish the contract territory to the Government and terminate the subsoil use contracts, the assets are written off.

Development costs

Expenditures on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, are capitalized within oil and gas assets.

Oil and gas assets and other property, plant and equipment

Oil and gas assets and other property, plant and equipment are stated at cost less accumulated depreciation, depletion and impairment.

The initial cost of an asset comprises its purchase price or construction cost, borrowing cost for long-term construction or development project, if recognition criteria is met, any costs directly attributable to bringing the asset into operation and the initial estimate of decommissioning obligation, if there is any. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Oil and gas assets and other property, plant and equipment (continued)**

Oil and gas assets are depreciated using a unit-of-production method, whereas tangible assets are depreciated over proved developed reserves and intangible assets – over proved reserves. Certain oil and gas assets with useful lives less than the remaining life of the fields or term of the subsoil use contracts are depreciated on a straight-line basis over useful lives.

Property, plant and equipment other than oil and gas assets and land principally comprise buildings, machinery and equipment, vehicles and others that are depreciated on a straight-line basis over the expected remaining useful average lives as follows:

Refinery assets	4-100 years
Pipelines	2-30 years
Buildings and improvements	2-100 years
Machinery and equipment	2-30 years
Vehicles	3-35 years
Other	2-20 years
Land	Not depreciated

The expected useful lives of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

The carrying value of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

An item of property, plant and equipment, inclusive of production wells which stop producing commercial quantities of hydrocarbons and are scheduled for abandonment, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period the item is derecognized.

Intangible assets

Intangible assets are stated at cost, less accumulated amortization and accumulated impairment losses. Intangible assets include expenditure on acquiring subsoil use rights for oil and natural gas exploration, evaluation and development, computer software and goodwill. Intangible assets acquired separately from a business are carried initially at cost. The initial cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Intangible assets, except for goodwill and subsoil use rights, are amortized on a straight-line basis over the expected remaining useful life. The expected useful lives of the assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively. Computer software costs have an estimated useful life of 3 to 7 years.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is tested for impairment annually (as at December 31) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of 5 (five) years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

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

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 commercially 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.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Non-current assets held for sale and discontinued operations (continued)**

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the consolidated statement of comprehensive income.

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

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 plant, property 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 item of property, plant and equipment of an amount equivalent to the provision is also created. This asset is subsequently depreciated as part of the capital costs of the production and transportation facilities based on the appropriate 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:

- (a) Changes in the provision are added to, or deducted from, the cost of the related asset in the current period;
- (b) 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
- (c) 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.

Financial assets***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a debt financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial assets (continued)***Subsequent measurement*

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

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through profit or loss.

The Group does not have financial assets at fair value through other comprehensive income.

*Initial recognition and measurement**Financial assets at amortized cost (debt instruments)*

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost include trade and other receivables, loans due from related parties and bank deposits.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include certain loans due from related parties, which contain embedded derivative financial instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of comprehensive income within the profit and loss.

Derecognition

A financial asset is primarily derecognized (removed from the consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial assets (continued)***Impairment of financial assets*

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

ECL are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL 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 ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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.

Inventories

Inventories are stated at the lower of cost and net realizable value on a first-in first-out (FIFO) basis. Cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition. The cost of crude oil and refined products is the cost of production, including the appropriate proportion of depreciation, depletion and amortization and overheads based on normal capacity. Net realizable value of crude oil and refined products is based on estimated selling price in the ordinary course of business less any costs expected to be incurred to complete the sale.

Value added tax (VAT)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Cash and cash equivalents**

Cash and cash equivalents include cash in bank and cash on hand, demand deposits with banks with original maturities of three months or less.

Financial liabilities***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans borrowings and payables, or as derivatives financial instruments.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Trade and other payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate 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 effective interest rate. The effective interest rate amortization is included in finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense when incurred.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the expected credit losses allowance calculated under IFRS 9 and the amount recognized less cumulative amortization, if any.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial liabilities (continued)*****Derecognition***

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When 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.

Provision for obligations to the Government

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. Furthermore, as the Government is the ultimate controlling party of the Group, the expenditures on these assignments are recognized as other distributions to the Shareholders directly in the equity, in the consolidated financial statements.

Employee benefits***Pension scheme***

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state – managed retirement benefit schemes are dealt with as defined contribution plans where the Group's obligations under the scheme are equivalent to those arising in a defined contribution retirement benefit plan.

Long-term employee benefits

The Group provides long-term employee benefits to employees before, on and after retirement, in accordance with the collective agreements between the Group entities and their employees. The collective agreement provides for certain one-off retirement payments, financial aid for employees' disability, anniversaries, funeral and other benefits. The entitlement to benefits is usually conditional on the employee remaining in service up to retirement age.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Employee benefits (continued)***Long-term employee benefits (continued)*

The expected costs of the benefits associated with one-off retirement payments are accrued over the period of employment using the same accounting methodology as used for defined benefit post-employment plans with defined payments upon the end of employment. Actuarial gains and losses arising in the year are taken to other comprehensive income. For this purpose, actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising because of differences between the previous actuarial assumptions and what has actually occurred. Other movements are recognized in the current period, including current service cost, any past service cost and the effect of any curtailments or settlements.

The most significant assumptions used in accounting for defined benefit obligations are discount rate and mortality assumptions. The discount rate is used to determine the net present value of future liabilities and each year the unwinding of the discount on those liabilities is charged to the consolidated statement of comprehensive income as finance costs. The mortality assumption is used to project the future stream of benefit payments, which is then discounted to arrive at a net present value of liabilities.

Employee benefits other than one-off retirement payments are considered as other long-term employee benefits. The expected cost of these benefits is accrued over the period of employment using the same accounting methodology as used for the defined benefit plan. Actuarial gains and losses on other long-term employee benefits are recognized in the profit or loss. These obligations are valued by independent qualified actuaries on an annual basis.

Revenue recognition

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. Specifically, domestic sales of crude oil and gas, as well as petroleum products and materials are usually recognized when title passes. For export sales, title generally passes at the border of the RK. 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.

Interest income and expense

For all financial instruments measured at amortized cost, and interest income and interest expense are recorded using the effective interest rate. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income and interest expense is included in finance costs in the consolidated statement of comprehensive income.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Expense recognition

Expenses are recognized as incurred and are reported in the consolidated financial statements in the period to which they relate on an accrual basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Income taxes**

Income tax for the year comprises current income tax, excess profit tax and deferred tax. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax (CIT) relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

Excess profit tax (EPT) is treated as an income tax and forms part of income tax expense. In accordance with the applicable tax legislation, the Group accrues and pays EPT in respect of each subsoil use contract, at varying rates based on the ratio of aggregate annual income to deductions for the year for a particular subsoil use contract. The ratio of aggregate annual income to deductions in each tax year triggering the application of EPT is 1.25:1. EPT rates are applied to the part of the taxable income (taxable income after corporate income tax and allowable adjustments) related to each subsoil use contract in excess of 25% of the deductions attributable to each contract.

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

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

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

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where 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 income tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Equity***Non-controlling interest*

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the Company's owners. Total comprehensive income is attributed to the Company's owners and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Dividends

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are declared before the reporting date or after the reporting date but before the consolidated financial statements are authorized for issue.

Distributions to the Shareholders

Expenditures incurred by the Group based on the respective resolution of the Government based on the RK President's charge or decision and instructions of Samruk-Kazyna are accounted for as other distributions through equity. Such expenditures include costs associated with non-core activity of the Group (construction of social assets to be transferred to Samruk-Kazyna).

Subsequent events

The results of post-year-end events that provide evidence of conditions that existed at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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-term 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 12.01-17.09% depending on the functional currency, production period, size, equity risk premium, beta and gearing ratio of the relevant CGU.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)****Impairment testing assumptions (continued)**

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 2022 terms, is provided below:

	2023	2024	2025	2026	2027
Brent oil (ICE Brent \$/bbl)	93.94	88.00	85.00	80.05	81.65

In “*Exploration and production of oil and gas segment*” net impairment charges were 12,113 million tenge for 2022. Impairment charges mainly relate to the exploration and evaluation assets in the amount of 8,895 million tenge of Southern Urikhtau project and in the amount of 3,172 million tenge of Isatay project.

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.

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 15* for details on annual impairment test results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**Recoverability of oil and gas assets, downstream, refining and other assets**

The Group assesses assets or CGU for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. 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.

KMGI CGU, including goodwill

As at December 31, 2022 and 2021, the Group performed its annual impairment tests for goodwill and downstream, refining and other assets due to existence of impairment indicators at the CGUs of KMGI. As the result of the impairment analysis, recoverable amount of KMGI CGUs exceeded their carrying values (*Note 15*).

Pavlodar refinery, goodwill

As of December 31, 2022 and 2021 the Group has goodwill of 88,553 million tenge related to acquisition of Pavlodar oil chemistry refinery LLP (further Pavlodar refinery) (*Note 19*). The Group performed annual impairment test for the Pavlodar refinery goodwill using the current tolling business scheme employed by Pavlodar refinery in December 2022 and 2021. 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 2022, the discount rate of 12.86% (2021: 12.06%) 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 2031 were based on five-years business plan of Pavlodar refinery 2023-2027 (2021: 2022-2026 years), which assumes current management estimates on potential changes in operating and capital costs. As at December 31, 2022 and 2021 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 13.86% (2021: 13.06%) 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.

Other CGUs

Revision to the Group's commodity price and other assumptions have not resulted in impairment charges in any other CGUs of the *Refining and trading of crude oil and refined products segment*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**Assets retirement obligations***Oil and gas production facilities*

Under the terms of certain subsoil use contracts, legislation and regulations the Group has legal obligations to dismantle and remove tangible assets and restore the land at each production site. Specifically, the Group's obligation relates to the ongoing closure of all non-producing wells and final closure activities such as removal of pipes, buildings and recultivation of the contract territories, and also obligations to dismantle and remove tangible assets and restore territory at each production site. 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. The extent of the Group's obligations to finance the abandonment of wells and for final closure costs depends on the terms of the respective subsoil use contracts and current legislation.

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.

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.

At each reporting date the Group reviews site restoration provisions, and adjusts them to reflect the current best estimate in accordance with IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*.

Estimating the future closure costs involves significant estimates and judgments by management. Most of these obligations are many years in the future and, in addition to ambiguities in the legal requirements, the Group's estimate can be affected by changes in asset removal technologies, costs and industry practice. The Group estimates future well abandonment cost using current year prices and the average long-term inflation rate.

The long-term inflation and discount rates used to determine the obligation in the consolidated statement of financial position across the Group entities at December 31, 2022 were in the range from 2.09% to 15.05% and from 6.42% to 12.38%, respectively (December 31, 2021: from 2.23% to 8.10% and from 3.80% to 10.25%, respectively). As at December 31, 2022 the carrying amounts of the Group's asset retirement obligations relating to decommissioning of oil and gas facilities were 88,163 million tenge (December 31, 2021: 174,913 million tenge) (*Note 29*).

Major oil and gas pipelines

According to the Law of the RK *On Major Pipelines* which was made effective on July 4, 2012 KazTransOil JSC (further KTO) has legal obligation to decommission its major oil pipelines at the end of their operating life and to restore the land to its original condition. Asset retirement obligation is calculated based on estimate of the work to decommission and rehabilitate. As at December 31, 2022, the carrying values of the Group's asset retirement obligations relating to decommissioning of pipelines and land were 40,665 million tenge (December 31, 2021: 34,547 million tenge) (*Note 29*).

Environmental remediation obligations provision

The enforcement of environmental regulation in Kazakhstan is evolving and subject to ongoing changes. In accordance with the amendments to the Environmental Code of the RK effective from 1 July 2021, the management believes that there are possible liabilities that may have an impact on the Group's financial position and results of operations.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**Environmental remediation obligations provision (continued)**

The Group continues to monitor this matter and will adjust for new facts and circumstances, and any clarification provided by the State body in regards to the application of the Environmental Code of the RK.

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 2023. 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 29*.

Employee benefits

The cost of defined long-term employee benefits payable before, on and after retirement and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Taxation

In assessing tax risks, management considers to be probable obligations the known areas of tax positions which the Group would not appeal or does not believe it could successfully appeal, if assessed by tax authorities. Such determinations inherently involve significant judgment and are subject to change as a result of changes in tax laws and regulations, amendments to the taxation terms of the Group's subsoil use contracts, the determination of expected outcomes from pending tax proceedings and current outcome of ongoing compliance audits by tax authorities. The provision for tax risks other than on income tax are disclosed under provisions for taxes in *Note 29*. Contingent liabilities for tax risks other than on income tax are disclosed in *Note 35*. Provisions and contingent liabilities related to income tax are included or disclosed as income tax liabilities or contingencies (see *Note 32* and *35* for further details).

Useful lives of property, plant and equipment

The Group assesses the remaining useful lives of items of property, plant and equipment at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for prospectively as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments presented in the consolidated financial statements. Further details are disclosed in *Note 34*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**5. LOSS OF CONTROL****PSA LLP (further PSA)**

On December 20, 2022, the Company transferred to Corporate fund Samruk-Kazyna Trust 100% interest in PSA for 1 tenge. As a result, the Group lost control over PSA.

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

<i>In millions of tenge</i>	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:

<i>In millions of tenge</i>	January 1, 2022 – December 20, 2022
Operating	(7,702)
Investing	(28)
Financing	11,871
Net increase in cash and cash equivalents	4,108

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

<i>In millions of tenge</i>	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

Since the transfer of PSA was carried out pursuant to the instructions of Samruk-Kazyna, the difference between the sale price and the carrying amount of net assets of PSA at the date of loss of control was recorded as transactions with Samruk-Kazyna and presented in the line «Other distributions» in consolidated statement of changes in equity.

KazTransGas JSC (further KTG)

On March 11, 2021, the Company and Samruk-Kazyna entered into a trust management agreement with respect to 100% common shares of KTG. On November 9, 2021, the Company transferred to Samruk-Kazyna 100% shares of KTG for 1 tenge and the trust management agreement was terminated.

The transaction was preceded by fulfilment of a number of legal and financial conditions, including approvals from KMG lenders and relevant government agencies. The last condition was fulfilled on November 8, 2021. Starting from November 8, 2021, KTG was classified as a discontinued operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**5. LOSS OF CONTROL (continued)*****KazTransGas JSC (further KTG) (continued)***

The Company's obligation on the financial guarantee of the Company and KTG under syndicated loan of Beineu-Shymkent Gas Pipeline LLP, the joint venture of KTG, was transferred to KTG (Note 30).

The business of KTG represented the entirety of the Group's *Gas trading and transportation* segment until November 8, 2021. With KTG being disposed, the *Gas trading and transportation* segment is no longer presented in the segment note.

The results of KTG for the period ended November 8, 2021 are presented below:

<i>In millions of tenge</i>	January 1, 2021 – November 8, 2021
Revenue	708,110
Share in profit of joint ventures, net	275,100
Finance income	19,750
Other operating income	18,288
Total revenue and other income from discontinued operations	1,021,248
Cost of purchased gas and other materials	(158,438)
Production expenses	(66,266)
Taxes other than income tax	(12,645)
Depreciation, depletion and amortization	(63,502)
Transportation and selling expenses	(248,832)
General and administrative expenses	(18,420)
Finance costs	(36,330)
Net foreign exchange loss	(4,423)
Other expenses	(4,399)
Profit before income tax from discontinued operations	407,993
Income tax expenses	(55,515)
Profit after income tax for the period from discontinued operations	352,478

The net cash flows incurred by KTG period ended November 8, 2021 are as follows:

<i>In millions of tenge</i>	January 1, 2021 – November 8, 2021
Operating	184,675
Investing	(8,689)
Financing	(44,270)
Net increase in cash and cash equivalents	134,138

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**5. LOSS OF CONTROL (continued)***KazTransGas JSC (further KTG) (continued)*

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

<i>In millions of tenge</i>	As at November 8, 2021
Assets	
Property, plant and equipment	968,467
Investments in joint ventures	662,208
Loans due from related parties	176,019
VAT receivable	94,439
Inventories	41,834
Trade accounts receivable	127,567
Other non-current assets	95,088
Other current assets	77,582
Cash and cash equivalents	380,438
Assets classified as held for sale	2,623,642
Liabilities	
Borrowings	490,813
Provisions	119,902
Trade accounts payable	132,708
Other non-current liabilities	25,157
Other current liabilities	32,694
Deferred income tax liabilities	72,909
Liabilities directly associated with assets classified as held for sale	874,183
Net assets directly associated with disposal group	1,749,459

Other non-current liabilities of KTG as of the date of loss of control were adjusted for the Company's obligation on the financial guarantee for 6,445 million tenge.

Since the transfer of KTG was carried out pursuant to the order of the President of the RK and the decision of the Samruk-Kazyna, the difference between the sale price and the carrying amount of net assets of KTG at the date of loss of control was recorded as transactions with Samruk-Kazyna.

6. ACQUISITIONS UNDER COMMON CONTROL**Acquisition of joint venture under common control***Kazakhstan Petrochemical Industries Inc. LLP (further KPI)*

On June 13, 2022, Samruk-Kazyna transferred 49.50% of the shares KPI to the Company. The cost of the acquisition was 91,175 million tenge and was paid by setting off a part of the amount against the provided financial aid from the Company to Samruk-Kazyna (Note 24). KPI is engaged in the implementation of the investment project "Construction of the first integrated petrochemical complex in Atyrau region".

49.50% interest in KPI was accounted for as an acquisition of the joint venture from the parties under common control and accounted for under the pooling of interest method based on its carrying value. Samruk-Kazyna Odeu LLP (further SKO), subsidiary of Samruk-Kazyna, and the Company have joint control over the KPI where decisions about the relevant activities of KPI require unanimous consent.

The difference between the consideration paid and carrying value of identifiable assets and liabilities of KPI at the date of acquisition was recognized as distribution to Samruk-Kazyna and presented in the line «Acquisition of joint ventures» in consolidated statement of changes in equity in the amount of 74,743 million tenge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6. ACQUISITIONS UNDER COMMON CONTROL (continued)****Acquisition of joint venture under common control (continued)***Kazakhstan Petrochemical Industries Inc. LLP (further KPI) (continued)*

The following table illustrates the carrying value of KPI assets and liabilities as at the date of the acquisition (based on Predecessor's accounting books):

In millions of tenge

Non-current assets	898,524
Current assets	81,276
Non-current liabilities	(868,850)
Current liabilities	(77,754)
Net assets	33,196
Share of ownership	49.5%
The Group's share in net assets	16,432
Purchase consideration transferred	91,175
Difference between consideration and carrying value of the investment in joint venture recognized in equity	74,743

Acquisition of subsidiary under common control*KMG Kashagan B.V. (further Kashagan)*

On October 16, 2015, Coöperatieve KazMunaiGaz U.A. (further Cooperative), a subsidiary of the Company, sold 50% of its shares in Kashagan to Samruk-Kazyna with a right to buy back all or part of the shares (further Option) effective from January 1, 2018 to December 31, 2020 which was later extended to December 31, 2022.

In 2017, the Amsterdam Court imposed certain restrictions on 50% of shares in Kashagan owned by Samruk-Kazyna (further Restrictions). During the Restrictions period, these shares of Kashagan cannot be sold, transferred or pledge. As of December 31, 2021 the Restrictions remained in force.

On June 14, 2022 the Amsterdam Court lifted the Restrictions.

On September 14, 2022 the Cooperative and Samruk-Kazyna signed an Amendment to Share Option Agreement and Exercise of Option (further Amendment Agreement), which set the exercise price of the Option in the amount of 3,781.7 million US dollars (equivalent to 1,777,076 million tenge presented in statement of changes in equity).

Amendment Agreement and Agreement on Transfer of Debt and Set-Off dated 14 September 2022 between the Company, Samruk-Kazyna and Cooperative determine the following way for consideration payment:

- The amount of 2,476.3 million US dollars to be converted at the agreed exchange rate of 475.00 tenge to 1 US dollar for subsequently setting off a part of the amount against the provided financial aid from the Company to Samruk-Kazyna for 424,587 million tenge, and paying the rest of the amount by the Company from the proceeds of the sale of bonds for 751,631 million tenge (*Notes 27 and 33*);
- The amount of 566.7 million US dollars to be paid with 10 business days after the completion of the deal (paid as at December 31, 2022; equivalent to 271,032 million tenge per exchange rate at the date of payment);
- The amount of 375.1 million US dollars to be paid by December 31, 2022 (paid as at December 31, 2022; equivalent to 175,654 million tenge per exchange rate at the date of payment) and the amount of 363.6 million US dollars to be paid by 30 June 2023 (as at December 31, 2022: 168,239 million tenge) (*Notes 30 and 33*).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. ACQUISITIONS UNDER COMMON CONTROL (continued)**Acquisition of subsidiary under common control (continued)**

KMG Kashagan B.V. (further Kashagan) (continued)

On September 15, 2022 the Group fulfilled conditions of the Amendment Agreement, completing the transaction, exercised the Option and 50% of Kashagan shares were re-registered in favor of Cooperative.

As a result of exercising the Option, the Group has control over Kashagan and recognized Kashagan as a subsidiary. The acquisition accounted for as an acquisition of the subsidiary from the parties under common control and accounted for under the pooling of interest method based on the carrying value of assets and liabilities of Kashagan based on Predecessor's accounting books. Comparative consolidated financial position as at December 31, 2021, consolidated statement of comprehensive income for the year ended December 31, 2021 and consolidated statement of cash flows for the year ended December 31, 2021, as well as the related notes to the consolidated financial statements for the year ended December 31, 2021, were restated, as if the acquisition has occurred from the beginning of the earliest period presented. The difference between the consideration and net assets of Kashagan was recognized in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6. ACQUISITIONS UNDER COMMON CONTROL (continued)****Acquisition of subsidiary under common control (continued)***KMG Kashagan B.V. (further Kashagan) (continued)*

Impact on comparative data due to acquisition of Kashagan is presented below:

<i>In millions of tenge</i>	As at December 31, 2021
Impact on financial position:	
Increase in assets	
Increase in non-current assets	
Increase in exploration and evaluation assets	191,463
Increase in property, plant and equipment	3,301,832
Increase in intangible assets	707,161
Increase in right-of-use assets	27,594
Decrease in investments in joint ventures and associates	(2,404,820)
	1,823,230
Increase in current assets	
Increase in inventories	41,095
Increase in trade accounts receivable	83,139
Increase in VAT receivable	6,534
Increase in income tax prepaid	223
Increase in other current non-financial assets	8,997
Increase in other current financial assets	269
Increase in short-term bank deposits	51,839
Increase in cash and cash equivalents	164,701
	356,797
Increase in total assets	2,180,027
Increase in non-current liabilities	
Increase in lease liabilities	20,306
Increase in provisions	107,723
Increase in other current non-financial liabilities	219
Increase in deferred income tax liabilities	157,437
	285,685
Increase in current liabilities	
Increase in trade accounts payable	36,924
Increase in lease liabilities	9,021
Increase in provisions	2,202
Increase in other taxes payable	10,276
Increase in other current non-financial liabilities	175
	58,598
Increase in total liabilities	344,283
Increase in equity	
Increase in currency translation reserve	1,478,048
Increase in retained earnings	357,696
Increase in equity, attributable to equity holders of the Parent Company	1,835,744
Increase in total equity	1,835,744

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6. ACQUISITIONS UNDER COMMON CONTROL (continued)****Acquisition of subsidiary under common control (continued)***KMG Kashagan B.V. (further Kashagan) (continued)*

<i>In millions of tenge</i>	For the year ended December 31, 2021
Impact on the results:	
Revenue and other income	
Revenue from contracts with customers	620,542
Share in profit of a joint venture	(88,423)
Finance income	484
Total revenue and other income	532,603
Costs and expenses	
Cost of purchased oil, gas, petroleum products and other materials	(10,711)
Production expenses	(28,026)
Taxes other than income tax	(32,557)
Depreciation, depletion and amortization	(200,922)
Transportation and selling expenses	(51,527)
General and administrative expenses	(2,021)
Finance costs	(13,558)
Foreign exchange loss, net	(174)
Other expenses	(3,118)
Total costs and expenses	(342,614)
Profit before income tax	189,989
Income tax expenses	(99,855)
Profit for the year	90,134
Other comprehensive income	
Other comprehensive income to be reclassified to profit or loss in subsequent periods	
<i>Exchange differences on translation of foreign operations</i>	44,248
Net other comprehensive income to be reclassified to profit or loss in the subsequent periods, net of tax	44,248
Total comprehensive income for the year, net of tax	134,382
Net profit for the year attributable to:	
Equity holders of the Parent Company	90,134
	90,134
Total comprehensive income attributable to:	
Equity holders of the Parent Company	134,382
	134,382

The net cash flows effect for the year ended December 31, 2021 were as follows:

<i>In millions of tenge</i>	2021
Operating	132,780
Investing	(81,122)
Financing	(7,852)
Net increase in cash and cash equivalents	47,432

Increase in equity, attributable to equity holders of the Parent Company due to the acquisition of Kashagan amounted to 1,701,362 million tenge as at December 31, 2020.

The business of Kashagan represented in the Group's Exploration and production of oil and gas segment in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6. ACQUISITIONS UNDER COMMON CONTROL (continued)****Acquisition of subsidiary under common control (continued)****KLPE LLP (further - KLPE)**

On December 1, 2022, the Company acquired 100% interest in charter capital of KLPE for 2 tenge from Samruk-Kazyna Ondeu LLP (further SKO) and Polimer Production LLP, subsidiaries of Samruk-Kazyna. Primary activity of KLPE is the construction of the first integrated gas and chemical complex in Kazakhstan.

As a result of acquisition, the Group has control over KLPE and recognized KLPE as a subsidiary. The acquisition accounted for as an acquisition of the subsidiary from the parties under common control and accounted for under the pooling of interest method based on the carrying value of assets and liabilities of KLPE based on Predecessor's accounting books. Comparative consolidated financial position as at December 31, 2021, consolidated statement of comprehensive income for the year ended December 31, 2021 and consolidated statement of cash flows for the year ended December 31, 2021, as well as the related notes to the consolidated financial statements for the year ended December 31, 2021, were restated, as if the acquisition has occurred from the beginning of the earliest period presented.

The difference between the consideration and net assets of KLPE was recognized in equity.

Impact on comparative data due to acquisition of KLPE is presented below:

In millions of tenge	As at December 31, 2021
Impact on financial position:	
Increase in assets	
Increase in non-current assets	
Increase in property, plant and equipment	18,098
Increase in intangible assets	108
Increase in investments in joint ventures and associates	82
Increase in other non-financial assets	3,129
	21,417
Increase in current assets	
Increase in income tax prepaid	42
Increase in other current non-financial assets	62
Increase in cash and cash equivalents	3,643
	3,747
Increase in total assets	25,164
Increase in current liabilities	
Increase in trade accounts payable	2,141
Increase in other taxes payable	355
Increase in other current financial liabilities	187
	2,683
Increase in total liabilities	2,683
Increase in equity	
Increase in retained earnings	22,481
Increase in equity, attributable to equity holders of the Parent Company	22,481
Increase in total equity	22,481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6. ACQUISITIONS UNDER COMMON CONTROL (continued)****Acquisition of subsidiary under common control (continued)****KLPE LLP (further - KLPE) (continued)**

<i>In millions of tenge</i>	For the year ended December 31, 2021
Impact on the results:	
Revenue and other income	
Share in loss of a joint venture	(18)
Finance income	143
Total revenue and other income	125
Costs and expenses	
Taxes other than income tax	(48)
Depreciation, depletion and amortization	(54)
General and administrative expenses	(893)
Foreign exchange loss, net	(42)
Other expenses	(22)
Total costs and expenses	(1,059)
Loss before income tax	(934)
Loss for the year	(934)
Net loss for the year attributable to:	
Equity holders of the Parent Company	(934)
	(934)

The net cash flows effect for the year ended December 31, 2021 were as follows:

<i>In millions of tenge</i>	2021
Operating	(1,802)
Investing	(14,212)
Financing	16,396
Net increase in cash and cash equivalents	387

Increase in equity, attributable to equity holders of the Parent Company due to the acquisition of KLPE amounted to 7,019 million tenge as at December 31, 2020.

The business of KLPE represented in the Group's *other* segment in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**7. ACQUISITION OF JOINT VENTURE****PETROSUN LLP (further Petrosun)**

On July 1, 2022, in accordance with the minutes of the meeting of the Commission under the chairmanship of the Prime-Minister of RK for the demonopolization of the economy, namely the market of fuels and lubricants, the Company acquired 49% interest in Petrosun, that specializes in the sale of liquefied petroleum gas and petroleum products. The acquisition price was 1 tenge. The difference between the consideration paid and the fair value of identifiable assets and liabilities of Petrosun at the date of acquisition was recognized as a contribution from Samruk-Kazyna based on instruction in minutes above and presented in the line «Acquisition of joint ventures» in consolidated statement of changes in equity in the amount of 10,989 million tenge (Note 26).

49% interest in Petrosun is recognized as a joint venture and accounts for using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures. CNPC INTERNATIONAL IN KAZAKHSTAN LLP (the second owner of Petrosun) and the Company have joint control over Petrosun where decisions about the relevant activities of Petrosun require the unanimous consent.

These consolidated financial statements include share in Petrosun's profits for the six months since the acquisition date in the amount of 23,184 million tenge (Note 9).

The fair values of the identifiable assets and liabilities of Petrosun as at the date of acquisition are as presented below:

In millions of tenge

Non-current assets	35
Current assets, including:	103,762
Inventories	33,770
Advanced paid	54,930
Current liabilities, including:	(81,371)
Contract liabilities	(34,237)
Borrowings	(38,198)
Total identifiable net assets at fair value	22,426
Share of ownership	49%
The Group's share in net assets at fair value	10,989
Purchase consideration transferred	-
Difference between consideration and fair value of the investment in joint venture recognized in equity	10,989

8. REVENUE FROM CONTRACTS WITH CUSTOMERS

<i>In millions of tenge</i>	2022	2021 (restated)
Type of goods and services		
Sales of crude oil and gas	4,593,971	3,711,540
Sales of refined products	3,369,860	2,095,837
Refining of oil and oil products	204,390	203,425
Oil transportation services	187,533	170,734
Other revenue	330,630	277,799
	8,686,384	6,459,335
Geographical markets		
Kazakhstan	1,215,470	978,344
Other countries	7,470,914	5,480,991
	8,686,384	6,459,335
Timing of revenue recognition		
At a point in time	8,503,597	6,277,200
Over time	182,787	182,135
	8,686,384	6,459,335

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**9. SHARE IN PROFIT OF JOINT VENTURES AND ASSOCIATES, NET**

<i>In millions of tenge</i>	2022	2021 (restated)
Joint ventures		
Tengizchevroil LLP	742,660	441,665
Mangistau Investments B.V. Group (MMG)	48,486	80,154
Petrosun (Note 7)	23,184	–
Valseira Holdings B.V. Group (PKOP)	21,009	11,868
KazGerMunay LLP	20,530	6,108
Kazakhstan-China Pipeline LLP	16,783	13,464
Kazakhoil-Aktobe LLP	12,648	13,379
KazRosGas LLP	554	20,952
Teniz Service LLP	(6,497)	(3,089)
Ural Group Limited	(11,470)	(11,060)
KPI (Note 6)	(18,227)	–
Other	4,234	2,143
Associates		
Caspian Pipeline Consortium	117,763	90,904
PetroKazakhstan Inc.	6,502	8,042
Other	13,151	5,762
	991,310	680,292

10. COST OF PURCHASED OIL, GAS, PETROLEUM PRODUCTS AND OTHER MATERIALS

<i>In millions of tenge</i>	2022	2021 (restated)
Purchased oil for resale	3,620,699	2,626,857
Cost of oil for refining	765,164	558,603
Materials and supplies	415,809	256,761
Purchased petroleum products for resale	87,644	97,964
Purchased gas for resale	65,068	67,017
	4,954,384	3,607,202

11. PRODUCTION EXPENSES

<i>In millions of tenge</i>	2022	2021 (restated)
Payroll	433,672	319,264
Repair and maintenance	190,577	126,172
Realized losses from derivatives on petroleum products (Note 30)	121,539	14,954
Energy	119,205	98,258
Short-term lease expenses	78,568	28,213
Transportation costs	30,953	52,187
Environmental protection	21,461	6,929
Write off of inventories to net realizable value	19,473	5,631
Others	126,940	69,449
	1,142,388	721,057

12. TAXES OTHER THAN INCOME TAX

<i>In millions of tenge</i>	2022	2021 (restated)
Rent tax on crude oil export	215,765	129,056
Mineral extraction tax	163,334	123,010
Export customs duty	131,732	107,074
Excise	90,012	35,227
Property tax	29,222	27,642
Other taxes	47,740	39,235
	677,805	461,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**13. TRANSPORTATION AND SELLING EXPENSES**

<i>In millions of tenge</i>	2022	2021 (restated)
Transportation	153,403	139,016
Payroll	16,591	11,899
Other	35,346	32,524
	205,340	183,439

14. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In millions of tenge</i>	2022	2021 (restated)
Payroll	77,671	65,792
Consulting services	20,668	15,925
Maintenance	6,148	5,620
Social payments	5,829	4,594
Accrual of expected credit losses for trade receivables and other current financial assets (Note 23)	2,756	3,268
VAT non-recoverable	2,582	2,599
Communication	1,861	4,081
Allowance for fines, penalties and tax provisions	605	2,114
Accrual of impairment of other current non-financial assets (Note 23)	2	101
Reversal of impairment of VAT receivable	(1,942)	(5,144)
Management fees	-	21,478
Other	43,988	30,964
	160,168	151,392

For the year ended December 31, 2022, the total payroll amounted to 527,934 million tenge (2021: 396,955 million tenge) and was included in production expenses, transportation and selling expenses and general and administrative expenses in the consolidated statement of comprehensive income.

15. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, ASSETS CLASSIFIED AS HELD FOR SALE AND EXPLORATION EXPENSES

<i>In millions of tenge</i>	2022	2021 (restated)
Impairment charge and reversal		
Property, plant and equipment (Note 17)	562	17,013
Intangible assets (Note 19)	139	(59)
Investment property	7	-
Assets classified as held for sale	-	3,770
	708	20,724
Exploration expenses (impairment and write-off) (Note 18)		
Southern Urikhtay project	8,895	-
Isatay project	3,172	-
Zhambyl project	-	59,283
Brownfields of KMG EP	-	19,800
Others	46	-
	12,113	79,083
	12,821	99,807

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**15. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, ASSETS CLASSIFIED AS HELD FOR SALE AND EXPLORATION EXPENSES (continued)**

Impairment was recognized for the following CGUs:

<i>In millions of tenge</i>	2022	2021 (restated)
Barys, Berkut, Beket Ata and Turkistan sea vessels	1,801	4,453
CGUs of KMGI	–	8,298
Others	(1,093)	7,973
	708	20,724

Sea vessels

The recoverable amount of the sea vessels of KazMorTransFlot LLP was determined on the basis of value-in-use method. Value-in-use was assessed as the present value of the future cash flows expected to be derived from the sea vessels until the end of the existing and probable contracts at the discount rate of 14.00% (2021: 10.70%). As a result of the test, the Group recognized an impairment loss of 1,801 million tenge for the year ended December 31, 2022, in regards of Barys, Turkistan and Beket Ata sea vessels (2021: 4,453 million tenge on Barys and Berkut sea vessels).

CGUs of KMGI

On July 2, 2021, an incident occurred at the Petromidia Refinery (further Petromidia), subsidiary of KMGI, that led to fire and resulted in temporarily interruption of the production until damaged facilities are repaired. KMGI conducted assessments to estimate the incident consequences and recognized impairment of property, plant and equipment of Petromidia for 1,615 million tenge.

For the year ended December 31, 2021, based on the results of the property, plant and equipment physical inspection, KMGI recognized an impairment loss of property, plant and equipment for 6,683 million tenge.

Based on the impairment analysis performed in 2022, no impairment of KMGI CGUs was identified.

Exploration expenses

For the year ended December 31, 2022, the Group has recognized impairment of exploration and evaluation assets in the amount of 8,895 million tenge of Southern Urikhtau project, for which the contract territory was decided to be relinquished to the Government by the Group.

Also, the Group recognized impairment of exploration and evaluation assets in the amount of 3,172 million tenge of Isatay project for which the Company and the second partner, Isatay Operating Company LLP, decided to exit the project and relinquish the contract territory to the Government.

For the year ended December 31, 2021, the Group has recognized exploration expenses in the amount of 59,283 million tenge of Zhambyl project, the subsoil use contract for which was terminated and the contract territory was relinquished to the Government. Also, the Group partially reduced the contract area at Taisoigan site and, accordingly, wrote off exploration and evaluation expenses in the amount of 19,800 million tenge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**16. FINANCE INCOME / FINANCE COST****Finance income**

<i>In millions of tenge</i>	2022	2021 (restated)
Interest income on bank deposits, financial assets, loans and bonds	115,476	65,282
Amortization of issued financial guarantees	-	1,704
Total interest income	115,476	66,986
Revaluation of financial assets at fair value through profit or loss	895	12,022
Other	4,216	6,218
	120,587	85,226

Finance costs

<i>In millions of tenge</i>	2022	2021 (restated)
Interest expense on loans and bonds	258,135	226,691
Commission for the early redemption of the loan (Note 27)	4,498	-
Interest expense on lease liabilities (Note 28)	4,188	5,151
Unwinding of discount on payables to Samruk-Kazyna for exercising the Option (Note 30)	3,929	-
Total interest expense	270,750	231,842
Unwinding of discount on asset retirement obligations, for environmental obligation and other provisions (Note 29)	17,947	12,871
Unwinding of discount on employee benefits obligations (Note 29)	4,723	4,412
Other	13,426	13,698
	306,846	262,823

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. PROPERTY, PLANT AND EQUIPMENT

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improve- ments	Machinery and equip- ment	Vehicles	Other	Capital work in progress	Total
Net book value as at									
December 31, 2020 (restated)	4,407,460	808,757	1,171,110	289,702	453,821	84,661	112,138	370,587	7,698,236
Foreign currency translation	97,868	1,075	7,241	908	1,288	894	1,822	4,720	115,816
Change in estimate	11,107	(382)	-	(3)	-	-	-	-	10,722
Additions	54,131	3,163	2,063	6,716	42,099	6,857	3,471	338,360	456,860
Disposals	(27,370)	(9,103)	(39,685)	(5,401)	(7,141)	(5,033)	(4,933)	(685)	(99,351)
Loss of control over subsidiaries	-	-	-	(631)	(557)	(248)	(222)	(38)	(1,696)
Depreciation charge	(277,033)	(27,370)	(114,521)	(19,786)	(36,632)	(9,925)	(11,091)	-	(496,358)
Accumulated depreciation and impairment on disposals	23,602	8,586	11,649	4,525	5,935	4,102	4,710	373	63,482
(Impairment)/reversal of impairment (Note 15)	(3,939)	(3)	(8,276)	2	13	(4,451)	22	(381)	(17,013)
Discontinued operations (Note 5)	(32,655)	(549,852)	-	(73,865)	(261,707)	(4,196)	(4,547)	(41,645)	(968,467)
Transfers to assets classified as held for sale	-	-	(24)	(11,452)	(33,477)	(48)	(450)	-	(45,451)
Transfers from exploration and evaluation assets (Note 18)	16,674	-	-	-	-	-	-	-	16,674
Transfers from investment property	-	-	-	2,296	-	-	7	-	2,303
Other changes	(5,077)	1,387	125	1	82	1	1,408	(7,774)	(9,847)
Transfers	163,579	26,459	91,738	18,811	75,467	2,611	6,833	(385,498)	-
Net book value as at									
December 31, 2021 (restated)	4,428,347	262,717	1,121,420	211,823	239,191	75,225	109,168	278,019	6,725,910
At cost	6,436,571	394,496	2,624,793	507,485	588,037	214,572	243,865	327,734	11,337,553
Accumulated depreciation and impairment	(2,008,224)	(131,779)	(1,503,373)	(295,662)	(348,846)	(139,347)	(134,697)	(49,715)	(4,611,643)
Net book value as at									
December 31, 2021 (restated)	4,428,347	262,717	1,121,420	211,823	239,191	75,225	109,168	278,019	6,725,910

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. PROPERTY, PLANT AND EQUIPMENT (continued)

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improve- ments	Machinery and equip- ment	Vehicles	Other	Capital work in progress	Total
Net book value as at									
December 31, 2021 (restated)	4,428,347	262,717	1,121,420	211,823	239,191	75,225	109,168	278,019	6,725,910
Foreign currency translation	275,403	1,760	21,162	6,698	3,925	2,490	5,491	9,300	326,229
Change in estimate	(105,568)	(7,609)	-	(3,405)	-	-	-	-	(116,582)
Additions	84,069	638	938	18,920	9,953	5,743	873	384,227	505,361
Disposals	(46,201)	(1,761)	(3,295)	(948)	(5,125)	(4,810)	(4,179)	(863)	(67,182)
Loss of control over subsidiaries (Note 5)	-	-	-	-	-	-	(36)	-	(36)
Depreciation charge	(262,374)	(13,821)	(110,749)	(17,008)	(26,885)	(9,395)	(10,486)	-	(450,718)
Accumulated depreciation and impairment on disposals	44,364	1,651	2,901	820	4,704	4,073	3,677	625	62,815
Reversal of impairment/ (impairment) (Note 15)	909	643	(3,009)	(1,449)	(1,017)	(140)	4,499	(998)	(562)
Transfers from assets classified as held for sale	-	-	-	324	5	11	68	-	408
Transfers from exploration and evaluation assets (Note 18)	3,253	-	-	-	-	-	-	-	3,253
Transfers from investment property	-	-	-	2,073	-	-	-	-	2,073
Other changes	(635)	(65)	11	-	(784)	-	279	62	(1,132)
Transfers	176,668	22,413	46,006	15,779	41,763	1,343	5,732	(309,704)	-
Net book value as at									
December 31, 2022	4,598,235	266,566	1,075,385	233,627	265,730	74,540	115,086	360,668	6,989,837
At cost	6,915,401	412,952	2,765,873	560,414	646,407	222,283	258,267	411,846	12,193,443
Accumulated depreciation and impairment	(2,317,166)	(146,386)	(1,690,488)	(326,787)	(380,677)	(147,743)	(143,181)	(51,178)	(5,203,606)
Net book value as at									
December 31, 2022	4,598,235	266,566	1,075,385	233,627	265,730	74,540	115,086	360,668	6,989,837

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. PROPERTY, PLANT AND EQUIPMENT (continued)**Additions**

In 2022, additions were mainly attributable to development drilling at Ozenmunaigas JSC, Embamunaigas JSC, subsidiaries of KMG EP, KMG Karachaganak LLP and Kashagan for the total amount of 280,470 million tenge, overhauls at Rompetrol Rafinare, subsidiary of KMGI for 75,792 million tenge, replacement of the section of the pipelines "Uzen-Atyrau-Samara" and "Astrakhan-Mangyshlak" for a total of 39,538 million tenge in KazTransOil JSC.

Other

For the year ended December 31, 2022, the Group capitalized to the carrying amount of property, plant and equipment borrowing costs related to construction of 1,304 million tenge at the average interest rate of 4.40% (for the year ended December 31, 2021: 32 million tenge at the average interest rate of 2.10%) (*Note 27*).

As at December 31, 2022, the cost of fully depreciated but still in use property, plant and equipment was 384,815 million tenge (as at December 31, 2021: 329,355 million tenge).

As at December 31, 2022, property, plant and equipment with the net book value of 778,757 million tenge were mainly pledged as collateral to secure borrowings of the Group (as at December 31, 2021: 837,744 million tenge).

Capital commitments are disclosed in *Note 35*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**18. EXPLORATION AND EVALUATION ASSETS**

<i>In millions of tenge</i>	Tangible	Intangible	Total
Net book value as at December 31, 2020 (restated)	320,219	24,228	344,447
Additions	9,342	831	10,173
Foreign currency translation	4,822	-	4,822
Change in estimate	77	-	77
Write-off (Note 15)	(76,869)	(2,214)	(79,083)
Discontinued operations (Note 5)	(19,250)	(14)	(19,264)
Loss of control over subsidiaries	-	(427)	(427)
Transfers to intangible assets (Note 19)	-	(8,768)	(8,768)
Transfer to property, plant and equipment (Note 17)	(16,674)	-	(16,674)
Other changes	(299)	-	(299)
Net book value as at December 31, 2021 (restated)	221,368	13,636	235,004
Additions	17,417	510	17,927
Foreign currency translation	13,682	-	13,682
Change in estimate	33	-	33
Transfer to property, plant and equipment (Note 17)	(3,253)	-	(3,253)
Impairment (Note 15)	(10,418)	(1,695)	(12,113)
Other changes	173	(173)	-
Net book value as at December 31, 2022	239,002	12,278	251,280

As at December 31, 2022 and 2021, the exploration and evaluation assets are represented by the following projects:

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021 (restated)
North Caspian project	206,007	191,463
Zhenis	18,310	4,692
Embamunaigas JSC	14,084	16,357
Urikhtau	4,889	13,726
Other	7,990	8,766
	251,280	235,004

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. INTANGIBLE ASSETS

<i>In millions of tenge</i>	Licenses	Subsoil use rights (under production)	Goodwill	Marketing related intangible assets	Software	Other	Total
Net book value as at December 31, 2020 (restated)	519,388	207,377	99,564	24,824	20,123	19,686	890,962
Foreign currency translation	13,110	5,219	285	643	111	683	20,051
Additions	957	451	-	-	1,619	1,759	4,786
Disposals	(55)	-	-	-	(1,930)	(71)	(2,056)
Amortization charge	(24,693)	(10,266)	-	-	(7,280)	(1,540)	(43,779)
Accumulated amortization and impairment on disposals	37	-	-	-	1,775	70	1,882
Reversal of impairment (Note 15)	-	-	-	-	54	5	59
Loss of control over subsidiaries	(1)	-	-	-	(2)	(1)	(4)
Transfers from assets classified as held for sale	-	-	-	-	42	-	42
Transfers from exploration and evaluation assets (Note 18)	-	-	-	-	-	8,768	8,768
Discontinued operations (Note 5)	(152)	-	-	-	(5,246)	(599)	(5,997)
Other changes	234	(1,056)	-	-	3,924	11,675	14,777
Transfers	1,315	-	-	-	4,211	(5,526)	-
Net book value as at December 31, 2021 (restated)	510,140	201,725	99,849	25,467	17,401	34,909	889,491
Foreign currency translation	36,280	14,389	807	1,819	351	1,916	55,562
Additions	765	637	-	-	2,414	7,811	11,627
Disposals	(2,546)	-	-	-	(3,605)	(516)	(6,667)
Amortization charge	(23,284)	(7,990)	-	-	(6,370)	(1,245)	(38,889)
Accumulated amortization and impairment on disposals	2,271	-	-	-	3,326	362	5,959
Loss of control (Note 5)	-	-	-	-	-	(64)	(64)
Impairment (Note 15)	-	-	-	-	-	(139)	(139)
Other changes	274	669	-	-	425	5	1,373
Transfers	801	2,790	-	-	4,304	(7,895)	-
Net book value as at December 31, 2022	524,701	212,220	100,656	27,286	18,246	35,144	918,253
At cost	698,951	268,892	209,401	70,041	78,576	100,138	1,425,999
Accumulated amortization and impairment	(174,250)	(56,672)	(108,745)	(42,755)	(60,330)	(64,994)	(507,746)
Net book value as at December 31, 2022	524,701	212,220	100,656	27,286	18,246	35,144	918,253
At cost	654,056	246,092	208,594	65,371	72,271	95,689	1,342,073
Accumulated amortization and impairment	(143,916)	(44,367)	(108,745)	(39,904)	(54,870)	(60,780)	(452,582)
Net book value as at December 31, 2021 (restated)	510,140	201,725	99,849	25,467	17,401	34,909	889,491

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**19. INTANGIBLE ASSETS (continued)**

As at December 31, 2022 and 2021, marketing related intangible assets were represented by trademarks of KMG I.

Carrying amount of goodwill is allocated to each of the group of cash-generating units as follows:

Cash-generating unit	December 31, 2022	December 31, 2021
Pavlodar refinery CGU	88,553	88,553
CGUs of KMG I	12,103	11,296
Total goodwill	100,656	99,849

In 2022 and 2021, based on the impairment test results, no impairment of Pavlodar refinery or KMG I goodwill was recognized. For the detailed discussion of Pavlodar refinery goodwill impairment test refer to *Note 4*.

20. BANK DEPOSITS

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021 (restated)
Denominated in US dollar	1,230,928	611,060
Denominated in tenge	6,616	7,549
Less: allowance for expected credit losses	(177)	(199)
	1,237,367	618,410

As at December 31, 2022, the weighted average interest rate for long-term bank deposits was 0.94% in US dollars and 0.74% in tenge (December 31, 2021: 1.04% in US dollars and 0.94% in tenge).

As at December 31, 2022, the weighted average interest rate for short-term bank deposits was 2.64% in US dollars and 1.24% in tenge (December 31, 2021: 0.26% in US dollars and 5.48% in tenge).

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021 (restated)
Maturities under 1 year	1,178,138	562,352
Maturities between 1 and 2 years	94	140
Maturities over 2 years	59,135	55,918
	1,237,367	618,410

As at December 31, 2022 bank deposits include those pledged as collateral of 59,229 million tenge (December 31, 2021: 56,058 million tenge), which are represented mainly by 55,517 million tenge at restricted bank accounts designated as a liquidation fund per requirements of subsoil use contracts (December 31, 2021: 51,163 million tenge).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**21. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

<i>In millions of tenge</i>	Main activity	Place of business	December 31, 2022		December 31, 2021 (restated)	
			Carrying value	Percentage ownership	Carrying value	Percentage ownership
Joint ventures						
Tengizchevroil LLP (TCO)	Oil and gas exploration and production	Kazakhstan	3,825,053	20.00%	3,105,942	20.00%
Mangistau Investments B.V. Group (MMG)	Oil and gas development and production	Kazakhstan	164,716	50.00%	207,410	50.00%
KazRosGas LLP (KRG)	Processing and sale of natural gas and refined gas products	Kazakhstan	58,812	50.00%	54,317	50.00%
Kazakhstan-China Pipeline LLP (KCP)	Oil transportation	Kazakhstan	37,138	50.00%	25,355	50.00%
KazGerMunay LLP (KGM)	Oil and gas exploration and production	Kazakhstan	32,070	50.00%	32,289	50.00%
Ural Group Limited (UGL)	Oil and gas exploration and production	Kazakhstan	31,490	50.00%	41,453	50.00%
Kazakhoil-Aktobe LLP (KOA)	Production of crude oil	Kazakhstan	26,911	50.00%	25,262	50.00%
Valseira Holdings B.V. Group (PKOP)	Oil refining	Kazakhstan	26,351	50.00%	9,590	50.00%
Petrosun LLP (Petrosun) (Note 7)	Sale of liquefied gas and oil products	Kazakhstan	24,373	49.00%	-	-
Teniz Service LLP (Teniz Service)	Design, construction and operation of infrastructure facilities, offshore oil operations support	Kazakhstan	10,396	48.996%	16,894	48.996%
Other			42,014		30,607	
Associates						
Caspian Pipeline Consortium (CPC)	Transportation of liquid hydrocarbons	Kazakhstan / Russia	521,882	20.75%	473,880	20.75%
PetroKazakhstan Inc. (PKI)	Exploration, production and processing of oil and gas	Kazakhstan	94,635	33.00%	84,905	33.00%
Other			51,562		37,742	
			4,947,403		4,145,646	

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**21. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)**

As at December 31, 2022, the Group's share in unrecognized losses of joint ventures and associates was equal to 19,950 million tenge (December 31, 2021: 1,811 million tenge).

The following table summarizes the movements in the investments in 2022 and 2021:

<i>In millions of tenge</i>	2022	2021 (restated)
On January 1 (restated)	4,145,646	4,214,205
Share in profits of joint ventures and associates, net (Notes 5 and 9)	991,310	955,392
Acquisitions under common control (Notes 6 and 33)	17,368	-
Acquisition (Note 7)	10,989	-
Dividends received	(462,309)	(415,359)
Change in dividends receivable	(41,682)	(48,511)
Impairment of investments	-	(64)
Other changes in the equity of the joint venture	(637)	9,391
Additional contributions without change in ownership	15,398	1,926
Transfers to assets classified as held for sale	(76)	-
Eliminations and adjustments*	(1,944)	(6,308)
Discontinued operations (Note 5)	-	(662,208)
Foreign currency translation	273,340	97,182
On December 31	4,947,403	4,145,646

* Equity method eliminations and adjustments represent capitalized borrowing costs on the loans provided by the Company and subsidiaries to joint ventures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**21. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)**

The following tables illustrate summarized financial information of material joint ventures, based on financial statements of these entities for 2022:

<i>In millions of tenge</i>	TCO	MMG	KRG	KCP	KGM
Non-current assets	25,713,747	464,868	40,100	137,004	71,787
Current assets, including	3,046,293	111,126	99,637	42,103	53,303
<i>Cash and cash equivalents</i>	1,905,924	28,622	59,000	17,871	46,729
Non-current liabilities, including	(7,808,607)	(144,698)	(269)	(58,417)	(21,559)
<i>Non-current financial liabilities</i>	(4,163,850)	-	-	(32,197)	-
Current liabilities, including	(1,826,167)	(99,344)	(21,844)	(46,415)	(39,392)
<i>Current financial liabilities</i>	-	-	-	(33,900)	-
Equity	19,125,266	331,952	117,624	74,275	64,139
Share of ownership	20%	50%	50%	50%	50%
Equity method adjustments	-	(1,260)	-	-	-
Carrying amount of the investments as at December 31, 2022	3,825,053	164,716	58,812	37,138	32,070
Revenue	10,949,194	910,069	192,427	86,319	150,039
<i>Depreciation, depletion and amortization</i>	(1,129,895)	(26,647)	(323)	(10,269)	(22,550)
Finance income	36,076	594	2,765	357	791
Finance costs	(99,857)	(9,404)	-	(4,593)	(994)
Income tax expenses	(1,591,414)	(38,267)	(4,040)	(8,703)	(39,783)
Profit for the year from continuing operations	3,713,299	96,971	1,107	33,566	41,061
Other comprehensive income	1,114,004	1,784	7,884	-	4,115
Total comprehensive income	4,827,303	98,755	8,991	33,566	45,176
Dividends received	207,892	92,071	-	5,000	22,826

The following tables illustrate summarized financial information of material joint ventures, based on financial statements of these entities for 2022:

<i>In millions of tenge</i>	UGL	KOA	PKOP	Petrosun	Teniz Service
Non-current assets	275,714	51,963	454,653	28	14,283
Current assets, including	1,851	17,357	120,412	123,612	16,745
<i>Cash and cash equivalents</i>	1,704	1,186	79,079	14,662	2,570
Non-current liabilities, including	(171,042)	(4,101)	(377,788)	-	(573)
<i>Non-current financial liabilities</i>	(133,544)	-	(340,106)	-	-
Current liabilities, including	(3,543)	(11,397)	(97,393)	(73,899)	(9,236)
<i>Current financial liabilities</i>	-	-	(82,347)	-	-
Equity	102,980	53,822	99,884	49,741	21,219
Share of ownership	50%	50%	50%	49%	48.996%
Impairment of the investment	(20,000)	-	-	-	-
Accumulated unrealized losses	-	-	(23,591)	-	-
Carrying amount of the investments as at December 31, 2022	31,490	26,911	26,351	24,373	10,396
Revenue	223	90,330	219,429	676,932	3,182
<i>Depreciation, depletion and amortization</i>	(26)	(111)	(38,552)	(22)	(645)
Finance income	-	933	244	870	27
Finance costs	(8,387)	(261)	(31,616)	(812)	(49)
Income tax expenses	(3,005)	(10,266)	(10,260)	(12,722)	(58)
(Loss)/profit for the year from continuing operations	(22,939)	25,296	42,018	47,315	(13,261)
Other comprehensive income/(loss)	2,746	-	(228)	-	-
Total comprehensive (loss)/income	(20,193)	25,296	41,790	47,315	(13,261)
Dividends received	-	14,000	2,189	9,800	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**21. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)**

The following tables illustrate summarized financial information of material joint ventures, based on financial statements of these entities for 2021:

<i>In millions of tenge</i>	TCO	MMG	KRG	KCP	KGM	UGL
Non-current assets	21,900,722	480,741	45,961	149,828	65,184	254,152
Current assets, including	1,454,491	160,802	80,906	80,675	54,869	911
<i>Cash and cash equivalents</i>	331,602	101,431	31,428	58,398	49,531	830
Non-current liabilities, including	(6,307,907)	(138,617)	(225)	(122,857)	(18,405)	(129,822)
<i>Non-current financial liabilities</i>	(3,886,200)	-	-	(94,393)	-	(95,775)
Current liabilities, including	(1,517,597)	(86,154)	(18,009)	(56,937)	(37,070)	(2,335)
<i>Current financial liabilities</i>	(60,529)	-	-	(44,617)	-	-
Equity	15,529,709	416,772	108,633	50,709	64,578	122,906
Share of ownership	20%	50%	50%	50%	50%	50%
Impairment of investments	-	-	-	-	-	(20,000)
Equity method adjustments	-	(976)	-	-	-	-
Carrying amount of the investments as at December 31, 2021	3,105,942	207,410	54,317	25,355	32,289	41,453
Revenue	6,793,158	763,148	196,978	74,019	118,071	-
<i>Depreciation, depletion and amortization</i>	(894,739)	(66,434)	(221)	(10,119)	(59,318)	(61)
Finance income	2,341	181	2,908	226	743	-
Finance costs	(62,409)	(9,296)	-	(4,750)	(1,752)	(3,918)
Income tax expenses	(946,429)	(55,667)	(12,467)	(6,889)	(27,785)	(171)
Profit/(loss) for the year from continuing operations	2,208,327	160,308	41,903	26,927	12,216	(22,120)
Other comprehensive income/(loss)	393,933	18	4,394	(1)	1,596	3,995
Total comprehensive income/(loss)	2,602,260	160,326	46,297	26,926	13,812	(18,125)
Dividends received	177,260	15,338	45,532	1,800	7,441	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**21. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)**

The following tables illustrate summarized financial information of material joint ventures, based on financial statements of these entities for 2021:

<i>In millions of tenge</i>	KOA	PKOP	Teniz Service	AGP (Note 5)	BSGP (Note 5)
Non-current assets	50,961	487,137	13,544	-	-
Current assets, including	18,936	119,241	34,290	-	-
<i>Cash and cash equivalents</i>	11,652	66,868	8,728	-	-
Non-current liabilities, including	(2,671)	(443,302)	(357)	-	-
<i>Non-current financial liabilities</i>	-	(412,600)	-	-	-
Current liabilities, including	(16,701)	(100,603)	(12,997)	-	-
<i>Current financial liabilities</i>	-	(74,181)	-	-	-
Equity	50,525	62,473	34,480	-	-
Share of ownership	50%	50%	48.996%	-	-
Accumulated unrealized losses	-	(21,647)	-	-	-
Carrying amount of the investments as at December 31, 2021	25,262	9,590	16,894	-	-
Revenue	65,050	181,777	106,302	732,768	167,239
<i>Depreciation, depletion and amortization</i>	(3,492)	(38,773)	(106,478)	(69,439)	(16,839)
Finance income	347	19	14	1,006	-
Finance costs	(588)	(24,063)	(2,383)	(31,528)	(10,840)
Income tax expenses	(6,905)	(13,179)	245	(112,025)	-
Profit/(loss) for the year from continuing operations	26,758	23,737	(6,305)	436,821	113,246
Other comprehensive (loss)/income	-	(353)	-	412	-
Total comprehensive income/(loss)	26,758	23,384	(6,305)	437,233	113,246
Dividends received	6,003	-	490	40,216	8,000

The following tables illustrate summarized financial information of material associates, based on their financial statements for 2022:

<i>In millions of tenge</i>	December 31, 2022	
	CPC	PKI
Non-current assets	2,240,723	224,559
Current assets	292,198	116,827
Non-current liabilities	(35,730)	(18,489)
Current liabilities	(196,152)	(15,586)
Equity	2,301,039	307,311
Share of ownership	20.75%	33%
Goodwill	44,416	-
Impairment of the investment	-	(6,778)
Carrying amount of the investment	521,882	94,635
Revenue	976,076	140,901
<i>Depreciation, depletion and amortization</i>	(216,491)	(24,217)
Finance income	8,119	439
Finance costs	-	(1,503)
Income tax expenses	(122,394)	(17,548)
Profit for the year	567,533	19,702
Other comprehensive income	185,893	9,782
Total comprehensive income	753,426	29,484
Dividends received	98,854	2,890

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**21. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)**

The following tables illustrate summarized financial information of material associates, based on their financial statements for 2021:

<i>In millions of tenge</i>	December 31, 2021	
	CPC	PKI
Non-current assets	2,050,452	255,912
Current assets	229,939	88,537
Non-current liabilities	(32,699)	(20,905)
Current liabilities	(163,712)	(45,717)
Equity	2,083,980	277,827
Share of ownership	20.75%	33%
Goodwill	41,454	-
Impairment of the investment	-	(6,778)
Carrying amount of the investment as at December 31	473,880	84,905
Revenue	925,320	113,185
Depreciation, depletion and amortization	(174,032)	(17,008)
Finance income	775	249
Finance costs	(1,685)	(1,675)
Income tax expenses	(128,913)	(1,112)
Profit for the year	438,091	24,369
Other comprehensive income	60,033	3,149
Total comprehensive income	498,124	27,518
Dividends received	96,489	2,676

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**21. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)**

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

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021
Group share in:		
Non-current assets	39,088	30,611
Current assets	18,950	16,171
Non-current liabilities	(13,922)	(6,563)
Current liabilities	(8,800)	(10,720)
Goodwill	172	172
Accumulated unrecognized share of losses	1,706	936
Other changes	4,820	-
Carrying amount of the investments as at December 31	42,014	30,607
Profit for the year from continuing operations	4,013	4,302
Other comprehensive (loss)/income	(1,148)	22
Total comprehensive income	2,865	4,324
Unrecognized share of loss	-	(273)

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

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021
Group share in:		
Non-current assets	53,699	47,781
Current assets	87,702	93,419
Non-current liabilities	(15,673)	(13,860)
Current liabilities	(75,041)	(90,409)
Impairment of the investment in associates	-	(64)
Accumulated unrecognized share of losses	875	875
Carrying amount of the investments as at December 31	51,562	37,742
Profit for the year from continuing operations	31,339	16,338
Other comprehensive income	3,675	425
Total comprehensive income	35,014	16,763

22. INVENTORIES

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021 (restated)
Materials and supplies (at cost)	179,296	148,484
Crude oil (at cost)	69,332	62,326
Refined products (at lower of cost and net realizable value)	60,670	89,725
Gas products (at cost)	127	57
	309,425	300,592

As at December 31, 2022 carrying value of inventories under pledge as collateral amounted to 126,345 million tenge (December 31, 2021: 121,772 million tenge).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**23. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS**

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021 (restated)
Trade accounts receivable		
Trade accounts receivable	549,163	528,639
Less: allowance for expected credit losses	(29,626)	(27,245)
	519,537	501,394
Other current financial assets		
Other receivables	98,485	102,968
Dividends receivable	320	6,375
Reservation of cash for repayment of borrowings (<i>Note 27</i>)	-	259,459
Less: allowance for expected credit losses	(41,748)	(39,030)
	57,057	329,772
Other current non-financial assets		
Advances paid and prepaid expenses	60,198	46,139
Taxes receivable, other than VAT	43,030	33,158
Other	6,040	6,479
Less: impairment allowance	(131)	(103)
	109,137	85,673
Total other current assets	166,194	415,445

As at December 31, 2022 and 2021, the above assets were non-interest bearing.

As at December 31, 2022, trade accounts receivable with a carrying value of 167,255 million tenge are pledged as collateral (December 31, 2021: 131,000 million tenge).

As at December 31, 2021, the Group reserved cash in the amount of 259,459 million tenge for repayment of the loan from The Export-Import Bank of China (further Eximbank), including interest accrued. Cash reserved was used for early redemption of the loan from Eximbank, including interest accrued, in January 2022 (*Note 27*).

As of December 31, 2022 and 2021, trade accounts receivable is denominated in the following currencies:

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021 (restated)
US dollars	325,296	328,207
Tenge	114,303	104,660
Romanian Leu	73,508	60,616
Euro	3,871	3,615
Other currency	2,559	4,296
	519,537	501,394

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**23. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS (continued)**

Movements in the allowance for expected credit losses and impairment were as follows:

<i>In millions of tenge</i>	Individually impaired	
	Trade accounts receivable and other current financial assets	Other current non-financial assets
As at December 31, 2020 (restated)	69,246	3,546
Charge for the year, net (Notes 5 and 14)	3,819	100
Written-off	(3,915)	(1,410)
Transfers and reclassifications	2,121	(2,121)
Discontinued operations (Note 5)	(4,932)	(12)
Foreign currency translation	(64)	-
As at December 31, 2021 (restated)	66,275	103
Charge for the year, net (Note 14)	2,756	2
Written-off	(748)	(1)
Discontinued operations (Note 5)	-	(2)
Foreign currency translation	3,091	29
As at December 31, 2022	71,374	131

Set out below is the information about credit risk exposure on the Group's trade receivables using a provision matrix:

<i>In millions of tenge</i>	Days past due					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
December 31, 2022						
Expected credit loss rate	0.23%	3.80%	9.83%	41.72%	95.84%	
Trade accounts receivable	484,411	32,690	3,489	857	27,716	549,163
Expected credit losses	(1,120)	(1,242)	(343)	(358)	(26,563)	(29,626)
December 31, 2021 (restated)						
Expected credit loss rate	0.32%	3.17%	18.42%	8.28%	94.05%	
Trade accounts receivable	488,607	11,088	617	1,661	26,666	528,639
Expected credit losses	(1,561)	(352)	(114)	(138)	(25,080)	(27,245)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**24. LOANS AND RECEIVABLES DUE FROM RELATED PARTIES**

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021
At amortized cost		
NB RK notes (Note 33)	70,192	—
Loans due from related parties (Note 33)	31,062	478,064
Bonds receivable from Samruk-Kazyna (Note 33)	19,665	18,433
Less: allowance for expected credit losses	(1,878)	(3,249)
	119,041	493,248
At fair value through profit or loss		
Loans due from related parties (Note 33)	117,511	123,161
Guaranteed returns from shareholders of joint venture	13,179	11,750
	130,690	134,911
Total loans and receivables due from related parties	249,731	628,159

Loans and receivables due from related parties are denominated in the following currencies:

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021
US dollars	146,435	156,374
Tenge	103,296	470,677
Other foreign currencies	—	1,108
	249,731	628,159

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021
Current portion	119,874	485,765
Non-current portion	129,857	142,394
	249,731	628,159

In 2022, the Company purchased short-term notes of the NB RK in the total amount of 87,000 million tenge, out of which notes in the amount of 17,000 million tenge were redeemed.

As at December 31, 2022 the financial aid provided to Samruk-Kazyna has been fully repaid by setting of against the payable for the acquisition of 49.50% ownership interest in KPI for 91,175 million tenge, payable for the acquisition of 49.9% ownership interest in Silleno for 816 million tenge and the part of the payable for exercising the Option for 424,587 million tenge (acquisition of Kashagan) (Notes 6 and 33).

Movements in the allowance for expected credit losses of loans and receivables due from related parties were as follows:

<i>In millions of tenge</i>	
As at December 31, 2020	3,947
Charged, net	188
Foreign currency translation	52
Discontinued operations (Note 5)	(938)
As at December 31, 2021	3,249
Charged, net	71
Foreign currency translation	5
Discontinued operations (Note 5)	(1,447)
As at December 31, 2022	1,878

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**25. CASH AND CASH EQUIVALENTS**

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021 (restated)
Term deposits with banks – US dollar	228,818	654,591
Term deposits with banks – tenge	231,543	238,430
Term deposits with banks – other currencies	17,550	32,343
Current accounts with banks – US dollar	200,478	198,500
Current accounts with banks – tenge	20,877	7,509
Current accounts with banks – other currencies	15,699	10,097
The contracts of reverse repo with original maturities of three months or less	27,499	–
Cash in transit	17,449	1,557
Cash-on-hand and cheques	2,961	1,337
Less: allowance for expected credit losses	(57)	(171)
	762,817	1,144,193

Term deposits with banks are made for various periods of between one day and three months, depending on the immediate cash requirements of the Group.

As at December 31, 2022, the weighted average interest rate for time deposits with banks was 1.12% in US dollars, 13.01% in tenge and 4.84% in other currencies (December 31, 2021: 0.15% in US dollars, 8.56% in tenge and 5.00% in other currencies).

As at December 31, 2022 and 2021, cash and cash equivalents were not pledged as collateral for obligations of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**26. EQUITY****Share capital**

Total number of outstanding, issued and paid shares comprises:

	December 31, 2022 and 2021
Number of shares issued and paid, including	610,119,493
Par value of 27,726.63 tenge	137,900
Par value of 10,000 tenge	20,719,604
Par value of 5,000 tenge	59,707,029
Par value of 2,500 tenge	71,104,187
Par value of 2,451 tenge	1
Par value of 1,000 tenge	1
Par value of 921 tenge	1
Par value of 858 tenge	1
Par value of 838 tenge	1
Par value of 704 tenge	1
Par value of 592 tenge	1
Par value of 500 tenge	458,450,766
Share capital (thousands of tenge)	916,540,545

As at December 31, 2022 and 2021, the Company had only one class of issued shares. As at December 31, 2022 and 2021, common shares in the number of 239,440,103 were authorized, but not issued. In 2022, there was no issuance of any ordinary share.

Dividends

In 2022, based on the decision of Samruk-Kazyna and NB RK, the Company declared and paid off dividends for 2021 of 327.80 tenge per common share in the total of 199,997 million tenge (2021: declared and paid-off dividends for 2020 of 81.95 tenge per common share in the total of 49,999 million tenge).

In 2022, the Group declared and paid-off dividends to the non-controlling interest holders of KTO, KMGI and KMG EP in the total amount of 2,296 million tenge and 1,975 million tenge, respectively (2021: 6,192 million tenge and 5,756 million tenge, respectively).

Transactions with Samruk-Kazyna

In 2022, the Company provided Samruk-Kazyna additional interest-free financial aid tranches of 23,605 million tenge (2021: 43,151 million tenge) under a long-term financial aid agreement signed on December 25, 2015, with a current maturity in 2022 (Note 33). In 2022, the difference between the fair value and nominal amount of the additional tranches of 1,906 million tenge (2021: 5,222 million tenge) was recognized as transactions with Samruk-Kazyna in the consolidated statement of changes in equity.

In September 2022, the Company placed bonds for 751,631 million tenge at a coupon interest rate of 3.00% per annum and due in 2035. The coupon rate is below market rate. Samruk-Kazyna purchased the bonds. The difference between the fair value and nominal amount of bonds of 380,477 million tenge was recognized as transactions with Samruk-Kazyna in the consolidated statement of changes in equity (Notes 27 and 33).

In September 2022, within the exercising of the Option the Group is due to Samruk-Kazyna in the amount of 738.8 million US dollars (equivalent to 350.321 million tenge per exchange rate at the date of recognition). The payable was recognized at fair value upon initial recognition. The difference between the fair value and nominal amount of the payable of 7,426 million tenge was recognized as transactions with Samruk-Kazyna in the consolidated statement of changes in equity (Notes 6 and 33).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**26. EQUITY (continued)****Distributions to Samruk-Kazyna**

In 2022, in accordance with the Government decree 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, (2021: 393 million tenge and 842 million tenge, respectively).

In 2021, the Company reversed its distribution to Samruk-Kazyna by 308 million tenge and received reimbursement of 308 million tenge from contractor due to savings, which was recognized in prior years under the construction for social facilities in Turkestan city.

In July 2022, based on the decision of Samruk-Kazyna and Cooperative, Kashagan declared and paid-off dividends in the amount of 1.133,4 million U.S. dollars (equivalent to 529,789 million tenge). Due to the recognition of the acquisition of Kashagan under common control the Group recognized dividends distributed to the former shareholder of Kashagan as Distributions to Samruk-Kazyna in the amount of 566,7 million U.S. dollars (equivalent to 263.671 million tenge) (*Note 6*).

Contributions from the related party

In 2022, SKO, a previous shareholder of KLPE, made a contribution to the share capital of KLPE for 3,742 million tenge (2021: 16,396 million tenge). Due to the acquisition of KLPE under common control (*Note 6*) the Group recognized this as contribution from the related party in the consolidated statement of changes in equity.

Acquisitions of joint ventures

The difference between the consideration paid for acquisition of 49.9% ownership interest in Silleno from SKO in the amount of 816 million tenge and the carrying value of investment in Silleno in the amount of 120 million tenge was recognized as contribution from Samruk-Kazyna and presented in the line «*Acquisition of joint ventures*» in consolidated statement of changes in equity.

The difference between the consideration paid for acquisition of 49% interest in Petrosun for 1 tenge and the fair value of identifiable assets and liabilities of Petrosun at the date of acquisition in the amount of 10,989 million tenge was recognized as a contribution from Samruk-Kazyna and presented in the line «*Acquisition of joint ventures*» in consolidated statement of changes in equity in the amount of 10,989 million tenge (*Note 7*).

Book value per share

In accordance with the decision of KASE dated October 4, 2010 financial statements shall disclose book value per share (ordinary and preferred) as of the reporting date, calculated in accordance with the KASE rules.

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021 (restated)
Total assets	16,650,763	15,857,452
Less: intangible assets	918,253	889,491
Less: total liabilities	6,777,313	5,840,546
Net assets	8,955,197	9,127,415
Number of ordinary shares	610,119,493	610,119,493
Book value per ordinary share (in thousand tenge)	14.678	14.960

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**26. EQUITY (continued)****Earnings per share**

<i>In thousand tenge</i>	2022	2021 (restated)
Weighted average number of common shares for basic and diluted earnings per share	610,119,493	610,119,493
Basic and diluted earnings per share	2.159	2.109
Basic and diluted earnings per share from continuing operations	2.159	1.531
Basic and diluted earnings per share from discontinued operations	-	0.578

Non-controlling interests

The following tables illustrate information of subsidiaries in which the Group has significant non-controlling interests:

	Country of incorporation and operation	December 31, 2022		December 31, 2021	
		Non- controlling shares	Carrying value	Non- controlling shares	Carrying value
Rompetrol Downstream S.R.L.	Romania	45.37%	66,468	45.37%	56,869
KTO	Kazakhstan	10.00%	53,642	10.00%	49,100
Rompetrol Petrochemicals S.R.L.	Romania	45.37%	17,464	45.37%	15,935
KMG EP	Kazakhstan	0.28%	8,119	0.28%	6,115
Rompetrol Vega	Romania	45.37%	(23,768)	45.37%	(15,113)
Rompetrol Rafinare S.A.	Romania	45.37%	(212,487)	45.37%	(219,641)
Other			29,021		17,453
			(61,541)		(89,282)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. EQUITY (continued)

Non-controlling interests (continued)

The following tables illustrate summarized financial information of subsidiaries on a stand-alone basis, in which the Group has significant non-controlling interests as at December 31, 2022 and for the year then ended:

<i>In millions of tenge</i>	Rompotrol Downstream S.R.L.	KTO	Rompotrol Petrochemicals S.R.L.	KMG EP	Rompotrol Vega	Rompotrol Rafinare S.A.
Summarized statement of financial position						
Non-current assets	93,101	652,668	3,210	1,047,369	31,254	119,520
Current assets	166,214	119,379	36,121	1,600,377	15,215	48,757
Non-current liabilities	(16,185)	(149,990)	(664)	(83,988)	(43,795)	(85,885)
Current liabilities	(96,635)	(91,602)	(176)	(202,509)	(55,058)	(550,715)
Total equity	146,495	530,455	38,491	2,361,249	(52,384)	(468,323)
Attributable to:						
Equity holder of the Parent Company	80,027	476,813	21,027	2,353,130	(28,616)	(255,836)
Non-controlling interests	66,468	53,642	17,464	8,119	(23,768)	(212,487)
Summarized statement of comprehensive income						
Revenue	1,178,244	255,627	-	1,294,096	122,133	2,233,851
Profit/(loss) for the year from continuing operations	13,557	45,582	858	708,225	(16,794)	50,548
Total comprehensive income/(loss) for the year, net of tax	21,156	55,416	3,370	721,462	(19,076)	15,768
Attributable to:						
Equity holder of the Parent Company	11,557	49,874	1,841	719,442	(10,421)	8,614
Non-controlling interests	9,599	5,542	1,529	2,020	(8,655)	7,154
Dividends declared to non-controlling interests	-	(1,000)	-	(16)	-	-
Summarized cash flow information						
Operating activity	36,791	73,513	(3,149)	218,119	4,570	67,361
Investing activity	14,540	(47,288)	3,150	(222,714)	(1,012)	(16,045)
Financing activity	(44,507)	17,011	-	(2,390)	(3,490)	(50,443)
Net increase/(decrease) in cash and cash equivalents	6,824	44,659	1	2,189	68	873

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**26. EQUITY (continued)****Non-controlling interests (continued)**

The following tables illustrate summarized financial information of subsidiaries on a stand-alone basis, in which the Group has significant non-controlling interests as at December 31, 2021 and for the year then ended:

<i>In millions of tenge</i>	Rompotrol Downstream S.R.L.	KTO	Rompotrol Petrochemicals S.R.L.	KMG EP	Rompotrol Vega	Rompotrol Rafinare S.A.
Summarized statement of financial position						
Non-current assets	94,973	595,294	3,078	1,515,936	30,700	142,738
Current assets	195,726	80,960	32,700	369,789	11,550	65,598
Non-current liabilities	(57,646)	(112,607)	(632)	(81,740)	(29,969)	(66,933)
Current liabilities	(107,713)	(78,607)	(24)	(141,796)	(45,589)	(625,494)
Total equity	125,340	485,040	35,122	1,662,189	(33,308)	(484,091)
Attributable to:						
Equity holder of the Parent Company	68,471	435,940	19,187	1,656,074	(18,195)	(264,450)
Non-controlling interests	56,869	49,100	15,935	6,115	(15,113)	(219,641)
Summarized statement of comprehensive income						
Revenue	81,210	238,176	-	1,026,022	81,210	1,225,765
Profit/(loss) for the year from continuing operations	6,326	64,872	(1,503)	240,606	2,637	(64,132)
Total comprehensive income/(loss) for the year, net of tax	8,383	68,620	1,317	244,322	1,568	(75,719)
Attributable to:						
Equity holder of the Parent Company	4,579	61,758	719	243,638	857	(41,364)
Non-controlling interests	3,804	6,862	598	684	711	(34,355)
Dividends declared to non-controlling interests	-	(5,076)	-	(16)	-	-
Summarized cash flow information						
Operating activity	12,442	89,776	(8)	291,813	3,547	36,361
Investing activity	3,235	(48,768)	-	(237,951)	(1,660)	(16,996)
Financing activity	(6,378)	(52,802)	-	(17)	(1,884)	(49,899)
Net increase/(decrease) in cash and cash equivalents	9,299	(11,516)	(8)	57,459	3	(30,534)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**27. BORROWINGS**

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021
Fixed interest rate borrowings	3,584,422	3,041,001
Weighted average interest rates	6.43%	5.72%
Floating interest rate borrowings	558,912	705,326
Weighted average interest rates (Note 34)	8.61%	5.78%
	4,143,334	3,746,327

As at December 31, 2022 and 2021, borrowings are denominated in the following currencies:

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021
US dollar	3,152,169	3,213,820
Tenge	704,752	294,581
Russian ruble	245,349	221,207
Euro	23,069	8,424
Other currencies	17,995	8,295
	4,143,334	3,746,327

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021
Current portion	367,443	484,980
Non-current portion	3,775,891	3,261,347
	4,143,334	3,746,327

As at December 31, 2022 and 2021, the bonds comprised:

<i>In millions of tenge</i>	Issuance amount	Redemption date	Interest	December 31, 2022	December 31, 2021
Bonds					
KASE 2022	751.6 billion KZT	2035	3.00% (14.5% effective interest rate)	379,306	-
Bonds LSE 2020	750 million USD	2033	3.50%	349,059	325,735
AIX 2019	56 billion KZT	2024	5.00%	34,385	33,123
Bonds LSE 2018	1.5 billion USD	2048	6.375%	685,181	639,046
Bonds LSE 2018	1.25 billion USD	2030	5.375%	579,391	540,156
Bonds LSE 2018	0.5 billion USD	2025	4.75%	232,586	216,760
Bonds LSE 2017	1.25 billion USD	2047	5.75%	561,160	522,827
Bonds LSE 2017	1 billion USD	2027	4.75%	460,655	428,552
Total				3,281,723	2,706,199

In September 2022, the Company placed bonds for 751,631 million tenge at a coupon interest rate of 3.00% per annum and due in 2035. Samruk-Kazyna purchased the bonds. The coupon rate of the bonds is below market rate. The difference between the fair value and nominal amount of bonds of 380,477 million tenge was recognized as a transaction with Samruk-Kazyna in the consolidated statement of changes in equity (Notes 26 and 33).

The increase in carrying value of bonds in 2022, also is due to the effect of the foreign currency exchange rate on bonds placed at the London Stock Exchange (further LSE) and denominated in US dollars for 190,916 million tenge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**27. BORROWINGS (continued)**

As at December 31, 2022 and 2021, the borrowings comprised:

<i>In millions of tenge</i>	Issuance amount	Redemption date	Interest	December 31, 2022	December 31, 2021
Loans					
VTB Bank (PJSC)	38 billion RUB	2027	Key Rate of Central Bank of Russia Federation + 2.25%	245,349	221,207
Halyk bank JSC (Halyk bank)	151 billion KZT	2024-2025	11.00%	135,062	138,119
Development bank of Kazakhstan JSC (DBK) (Note 33)	157 billion KZT	2023-2026	7.00%-9.00%	100,694	119,243
Cargill	150 million USD	2023-2024	3M SOFR + 2.61% 3M LIBOR + 2.50% 3M SOFR + 2.98%	70,165	43,343
Halyk bank	100 million USD ¹	2024	5.00% (USD), 16.00%-19.00% (KZT)	46,460	43,302
ING Bank NV	250 million USD	2024	COF ² (4.80%) + 2.00%	31,871	24,034
Credit Agricole	250 million USD	2023	COF (4.60%) + 2.00%	30,934	21,533
Halyk bank JSC	30 billion KZT	2032	Key Rate of NB RK + 2.50%	29,761	-
The Syndicate of banks (Unicredit Tiriak Bank, ING Bank, BCR, Raiffeisen Bank)	405 - 435 million USD ³	2023	1M LIBOR + 2.75% 1M LIBOR + 2.5% 1W EURIBOR + 2.5%	26,270	84,096
The Syndicate of banks (BCR, Raiffeisen Bank, OTP, Alpha, Garanti)	83 million EUR	2029	6M EURIBOR + 3.00%	21,411	-
DBK (Note 33)	843.6 million USD	2023	10.99%	20,483	34,138
NATIXIS	250 million USD	2023	COF (4.65%) + 2.00%	18,165	-
Bank of Tokyo-Mitsubishi UFJ, Ltd (London Branch)	150 million USD	2023	COF (4.32%) + 1.70% 1M ROBOR + 2.00%	17,415	22,385
Banca Transilvania	57.96 million EUR	2023	1M LIBOR + 2.50%	16,739	18,296
OTP Bank JSC	25.17 million USD	2030	3M ROBOR + 1.10%	11,801	-
Eximbank	1.13 billion USD	2026	6M LIBOR + 4.10%	-	242,555
Other	-	-	-	39,031	27,877
Total				861,611	1,040,128

¹ Revolving credit facility.² Cost of funding³ 75 million USD with revolving credit facility

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. BORROWINGS (continued)

In January 2022, Atyrau Refinery LLP (further Atyrau Refinery) made early full repayment of the loan from Eximbank for 604 million US dollars (equivalent to 259,459 million tenge), including accrued interest. For the repayment was used the cash reserved in November 2021 (Note 23).

In 2012, Atyrau Refinery paid an insurance premium to China Export & Credit Insurance Corporation in the amount of 85 million USD (equivalent to 12,820 million tenge) under a loan Agreement with Eximbank. In connection with the early repayment of the loan, China Export & Credit Insurance Corporation returned the part of the insurance premium in December 2022 in the amount of 16 million USD (equivalent to 7,370 million tenge).

In 2022, KTO received a long-term loan from Halyk Bank for 29,593 million tenge with the key rate of the NB RK + 2.50% and maturity of 4 years to finance the first stage of the project "Reconstruction and expansion of the main water pipeline "Astrakhan-Mangyshlak".

In 2022, KMGI partially redeemed Syndicated loan (Unicredit Tiriak Bank, ING Bank, BCR, Raiffeisen Bank) used to finance its working capital for the total amount of 191.47 million US dollars (equivalent to 88,258 million tenge).

In 2022, KMGI received a long-term syndicated loan (BCR, Raiffeisen Bank, OTP, Alpha, Garanti) to finance the construction of the cogeneration power plant for 42 million euro (equivalent to 20,196 million tenge) at the rate of 6M Euribor + 3.00% per annum and maturity of 7 years.

In 2022, KMGI received a loan from NATIXIS to finance working capital for 39 million USD (equivalent to 18,097 million tenge) at the rate of COF (4.65%) + 2.00% per annum and maturity in 2023.

In 2022, KMGI received a long-term loan from OTP Bank JSC to finance the extension and development of gas stations for 25 million USD (equivalent to 11,404 million tenge) at the rates of Robor 3M + 1.10% per annum and maturity of 8 years.

In 2022, KMGI received a long-term loan from Cargill bank to finance working capital for 25 million USD (equivalent to 23,047 million tenge) at the rates of SOFR 3M+2.98% per annum and maturity till the year 2024.

The increase in carrying value of the loan from VTB Bank (PJSC) denominated in Russian ruble during the twelve months ended December 31, 2022, is due to the effect of the foreign currency exchange rate for 26,206 million tenge.

In 2022, Atyrau Refinery made partial repayment of the loans from DBK for 60 million US dollars (equivalent to 27,550 million tenge), including accrued interest.

In 2022, KMGI received a loan from Credit Agricole to finance working capital for 17 million USD (equivalent to 7,833 million tenge) at the rates of COF (4.60%) + 2.00% per annum and maturity till the year 2023.

In 2021, Atyrau Refinery received a long-term loan from VTB Bank (PJSC) for 38,169 million Russian rubles (equivalent to 229,015 million tenge) at the rate of key rate of Central Bank of Russia + 2.25% per annum and maturity of 6 years for full early repayment of the loan from Eximbank in 2022.

In 2021, Atyrau Refinery partially repaid for 105 million US dollars (equivalent to 44,734 million tenge) including accrued interest, and received a short-term loan from Halyk bank under revolving credit facility for 100 million US dollars (equivalent to 42,813 million tenge) with 5% interest rate for full early repayment of the loan from Eximbank in 2022 and to finance working capital.

In 2021, Atyrau Refinery received a long-term loan from Halyk bank in the total amount of 109,855 million tenge with 11% interest rate and maturity of 4 years to refinance its existing loans from JBIC and DBK. The loan from Halyk bank was partially repaid for 22,827 million tenge, including accrued interest.

In 2021, Atyrau Refinery made full early repayment of the loan from JBIC for 155 million US dollars (equivalent to 67,392 million tenge), including accrued interest.

In 2021, Atyrau Refinery made full and partial repayment of the loans from DBK for 142 million US dollars (equivalent to 59,507 million tenge), including accrued interest, and 29,409 million tenge, including accrued interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. BORROWINGS (continued)

In 2021 KMGI received short-term and long-term loans to finance working capital from Cargill at the rate of 3M LIBOR + 2.60% and 3M LIBOR + 2.50%, respectively, for 50 million US dollars each (equivalent to 20,997 million tenge).

In 2021, KMGI partially repaid a short-term loan from ING Bank NV for 29 million US dollars (equivalent to 12,632 million tenge), including accrued interest.

In 2021, KMGI made partial repayment of its Syndicated loan (Unicredit Tiriack Bank, ING Bank, BCR, Raiffeisen Bank) for 97 million US dollars (equivalent to 41,447 million tenge).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**27. BORROWINGS (continued)**

Changes in liabilities arising from financing activities:

In millions of tenge	2022				2021			
	Short-term loans	Long-term loans	Bonds	Total	Short-term loans	Long-term loans	Bonds	Total
On January 1	162,772	877,356	2,706,199	3,746,327	184,370	916,265	2,977,813	4,078,448
Received in cash	87,401	141,601	751,632	980,634	82,753	368,343	-	451,096
Return of insurance premium in cash	-	7,370	-	7,370	-	-	-	-
Repayment of principal in cash	(86,481)	(128,671)	(1,091)	(216,243)	(108,134)	(218,733)	(12,685)	(339,552)
Repayment of principal and interest by reserved cash (Note 23)	-	(259,459)	-	(259,459)	-	(32,799)	-	(32,799)
Interest accrued	9,861	79,635	168,536	258,032	9,573	72,248	159,810	241,631
Commission for the early redemption of the loan (Note 16)	-	4,498	-	4,498	-	-	-	-
Interest paid*	(9,779)	(65,735)	(156,377)	(231,891)	(9,427)	(52,876)	(185,140)	(247,443)
Discount (Note 26)	-	-	(380,477)	(380,477)	-	-	-	-
Foreign currency translation	8,233	7,673	187,441	203,347	3,227	2,684	66,967	72,878
Foreign exchange loss	1,046	26,980	5,862	33,888	410	4,844	7,679	12,933
Discontinued operations (Note 5)	-	-	-	-	-	(182,568)	(308,245)	(490,813)
Other	-	(2,689)	(3)	(2,692)	-	(52)	-	(52)
On December 31	173,053	688,559	3,281,722	4,143,334	162,772	877,356	2,706,199	3,746,327
Current portion	173,053	145,309	49,081	367,443	162,772	292,708	29,500	484,980
Non-current portion	-	543,250	3,232,641	3,775,891	-	584,648	2,676,699	3,261,347

* The repayment of the interest is classified in the consolidated statement of cash flows as operating cash flows.

Covenants

The Group is required to comply with the financial and non-financial covenants under the terms of loan agreements. As of December 31, 2022 and 2021, the Group complied with all financial and non-financial covenants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**27. BORROWINGS (continued)****Hedge of net investment in the foreign operations**

As at December 31, 2022, certain borrowings denominated in foreign currency were designated as hedge instrument for the net investment in the foreign operations. These borrowings are being used to hedge the Group's exposure to the US dollar foreign exchange risk on these investments. In 2022, a loss of 187,441 million tenge (2021: loss of 66,967 million tenge) on the translation of these borrowings were transferred to other comprehensive income and offset against translation gains of the net investments in foreign operations.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the US Dollars borrowings. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the fixed rate borrowings. As at December 31, 2022 and 2021, there was no ineffective portion of the hedge.

28. LEASE LIABILITIES

Future minimum lease payments under leases together with the present value of the net minimum lease payments comprised the following:

<i>In millions of tenge</i>	Minimum lease payments		Present value of minimum lease payments	
	December 31, 2022	December 31, 2021 (restated)	December 31, 2022	December 31, 2021 (restated)
Within one year	16,629	19,541	15,682	18,009
Two to five years inclusive	23,368	20,483	16,770	13,001
After five years	61,176	62,842	49,102	43,411
	101,173	102,866	81,554	74,421
Less: amounts representing finance costs	(19,619)	(28,490)	-	-
Present value of minimum lease payments	81,554	74,376	81,554	74,421
Less: amounts due for settlement within 12 months	(16,629)	(19,541)	(15,682)	(18,009)
Amounts due for settlement after 12 months	84,544	83,325	65,872	56,412

As at December 31, 2022 interest calculation was based on effective interest rates ranging from 2.95% to 19.00% (December 31, 2021: from 2.95% to 19.00%).

Changes in lease liabilities for the year ended December 31, 2022 and 2021:

<i>In millions of tenge</i>	2022	2021 (restated)
On January 1	74,421	106,109
Additions of leases	14,219	40,782
Interest accrued (Notes 5 and 16)	4,188	7,334
Repayment of principal	(19,709)	(53,382)
Interest paid	(1,389)	(4,923)
Foreign exchange loss	(1,629)	(2,087)
Foreign currency translation	3,089	2,107
Modification	11,120	(428)
Early termination	(4,404)	(11,466)
Other	1,648	(9,625)
On December 31	81,554	74,421

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**29. PROVISIONS**

<i>In millions of tenge</i>	Asset retirement obligations	Provision for environmental obligation	Provision for taxes	Provision for gas transportation	Employee benefit obligations	Other	Total
As at December 31, 2020 (restated)	270,229	65,001	10,435	30,766	69,918	13,528	459,877
Foreign currency translation	3,082	1,087	118	453	266	144	5,150
Change in estimate	10,793	(2,514)	-	-	503	151	8,933
Unwinding of discount (Notes 5 and 16)	14,007	3,759	-	-	4,515	152	22,433
Provision for the year	963	2,628	2,392	-	(2,905)	4,434	7,512
Recovered	(1,329)	-	(748)	-	-	(1,207)	(3,284)
Use of provision	(332)	(6,775)	(1,834)	-	(4,615)	(10,373)	(23,929)
Discontinued operations (Note 5)	(87,953)	-	(1)	(31,219)	(2,256)	(93)	(121,522)
As at December 31, 2021 (restated)	209,460	63,186	10,362	-	65,426	6,736	355,170
As at January 1, 2022 (restated)	209,460	63,186	10,362	-	65,426	6,736	355,170
Foreign currency translation	9,164	3,286	238	-	619	325	13,632
Change in estimate	(117,668)	4,755	-	-	-	(408)	(113,321)
Unwinding of discount (Note 16)	12,087	5,722	-	-	4,723	138	22,670
Provision for the year	15,943	9,998	1,785	-	4,554	42,548	74,828
Recovered	(61)	-	(1,070)	-	-	(608)	(1,739)
Use of provision	(97)	(5,594)	(392)	-	(4,257)	(1,006)	(11,346)
As at December 31, 2022	128,828	81,353	10,923	-	71,065	47,725	339,894

Detailed description of significant provisions, including critical estimates and judgments used, is included in *Note 4*.

Current portion and long-term portion are segregated as follows:

<i>In millions of tenge</i>	Asset retirement obligations	Provision for environmental obligation	Provision for taxes	Provision for gas transportation	Employee benefit obligations	Other	Total
Current portion	1,739	6,082	10,923	-	4,969	39,363	63,076
Long-term portion	127,089	75,271	-	-	66,096	8,362	276,818
As at December 31, 2022	128,828	81,353	10,923	-	71,065	47,725	339,894
Current portion	1,196	4,627	10,362	-	3,809	4,517	24,511
Long-term portion	208,264	58,559	-	-	61,617	2,219	330,659
As at December 31, 2021 (restated)	209,460	63,186	10,362	-	65,426	6,736	355,170

Other provisions

Other provisions accrued for the year ended December 31, 2022, mainly include provisions for legal disputes disclosed in *Note 35*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**30. TRADE ACCOUNTS PAYABLE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES**

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021 (restated)
Trade accounts payable	564,906	558,266
Other financial liabilities		
Payables to Samruk-Kazyna for exercising the Option (<i>Notes 6 and 33</i>)	164,937	-
Due to employees	67,073	44,587
Other trade payables	32,048	16,446
Derivative financial instruments	1,598	2,127
Other	33,141	22,173
	298,797	85,333
Current portion	283,717	69,418
Non-current portion	15,080	15,915
	298,797	85,333
Other non-financial liabilities		
Contract liabilities	117,817	154,696
Other	16,876	19,196
	134,693	173,892
Current portion	93,145	134,444
Non-current portion	41,548	39,448
	134,693	173,892

As of December 31, 2022 and 2021, trade accounts payable were denominated in the following currencies:

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021 (restated)
US dollars	322,797	389,622
Tenge	127,663	84,521
Romanian Leu	72,676	71,932
Euro	34,638	3,387
Other currency	7,132	8,804
Total	564,906	558,266

As at December 31, 2022 and 2021, trade accounts payable and other financial liabilities were not interest bearing.

Derivative financial instruments

The Group uses different commodity derivatives as a part of price risk management in trading of crude oil and petroleum products.

Statement of financial position:

	December 31, 2022	December 31, 2021
Derivative financial asset (in other financial assets)	681	10,965
Derivative financial liability (in other financial liabilities)	(1,598)	(2,127)
Derivative financial (liability)/asset, net	(917)	8,838

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**30. TRADE ACCOUNTS PAYABLE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES (continued)****Derivative financial instruments (continued)**

Statement of comprehensive income:

	2022	2021
Realized losses from derivatives on petroleum products in production expenses (Note 11)	121,539	14,954

A movement in derivatives assets/(liabilities) is shown below:

	2022	2021
On January 1	8,838	(128)
Hedge Reserve	(11,872)	10,055
Inventory	1,524	(1,335)
Reversal of unrealized losses	-	130
Translation difference	593	116
On December 31	(917)	8,838

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.

The Group has the following hedge transactions that qualify for fair value hedge:

Transaction	Hedged item	Risk hedged	Hedging instrument
Commodity purchase / sell at fixed price	Base operating stock (BOS) – meaning crude oil, feedstock, diesel, gasoline and jet Priced operational stock above or below BOS	Commodity price risk	Swap, Future, Purchase put / call option
Foreign exchange risk related to monetary item	Monetary item not in the functional currency of the Group	Change in foreign exchange rate	Swap, currency forward
Foreign exchange risk related to a firm commitment	Firm commitment not denominated in the functional currency of the Group	Change in foreign exchange rate	Swap, currency forward
Fair value risk related to fixed interest rates	Receivable or liability at fixed interest rate	Interest related fair value risk	Swap

The Group has the following hedge transactions that qualify for cash flow hedge:

Transaction	Hedged item	Risk hedged	Hedging instrument
Forecasted commodity purchase / sell	Forecasted refinery margin basket and forecasted Dated Brent differential	Commodity price risk	Swap, Future, Purchased put / call option
EUA certificates	Forecasted EUA certificates purchase	EUA certificate price risk	Futures

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**31. OTHER TAXES PAYABLE**

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021 (restated)
VAT	49,969	49,002
Rent tax on crude oil export	38,445	23,702
Mineral Extraction Tax	35,277	36,329
Individual income tax	7,991	6,868
Social tax	7,085	5,351
Excise tax	2,175	1,719
Withholding tax from non-residents	1,875	2,357
Export customs duty	-	5,842
Other	5,660	5,885
	148,477	137,055

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**32. INCOME TAX EXPENSES**

As at December 31, 2022 income taxes prepaid of 36,167 million tenge (2021: 25,165 million tenge) are mainly represented by corporate income tax. As at December 31, 2022 income taxes payable of 66,648 million tenge (2021: 6,882 million tenge) are mainly represented by corporate income tax.

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

<i>In millions of tenge</i>	2022	2021 (restated)
Current income tax		
Corporate income tax	204,156	116,562
Withholding tax on dividends and interest income	49,120	42,887
Excess profit tax	1,673	1,237
Deferred income tax		
Corporate income tax	124,728	125,606
Withholding tax on dividends	113,331	34,990
Excess profit tax	239	(34)
Income tax expenses	493,247	321,248

By Emergency Ordinance no. 186 issued December 28, 2022, a solidarity contribution was imposed on profits in the fossil fuel sector. 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, 2022, KMGI recognized income tax in the amount of 124.9 million US dollars (equivalent to 57,584 million tenge).

A reconciliation of income tax expenses applicable to profit before income tax at the statutory income tax rate (20% in 2022 and 2021) to income tax expenses was as follows for the years ended December 31:

<i>In millions of tenge</i>	2022	2021 (restated)
Profit before income tax from continuing operations	1,810,566	1,255,310
Profit before income tax from discontinued operations	-	407,993
Statutory tax rate	20%	20%
Income tax expense on accounting profit	362,113	332,661
Share in profit of joint ventures and associates	(87,797)	(69,812)
Other non-deductible expenses and non-taxable income	112,047	85,867
Effect of different corporate income tax rates	91,215	47,729
Excess profit tax	1,912	1,203
Change in unrecognized deferred tax assets	13,757	(20,885)
Income tax expenses	493,247	376,763
Income tax expenses attributable to continued operations	493,247	321,248
Income tax expenses attributable to discontinued operations	-	55,515
	493,247	376,763

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**32. 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 the tax basis of assets and liabilities and the amounts reported in the consolidated financial statements, are comprised of the following at December 31:

<i>In millions of tenge</i>	2022				2021 (restated)					
	Corporate income tax	Excess profit tax	Withholding tax	Total	Recognized in profit and loss	Corporate income tax	Excess profit tax	Withholding tax	Total	Recognized in profit and loss
Deferred tax assets										
Property, plant and equipment	23,559	-	-	23,559	796	22,763	-	-	22,763	(12,831)
Tax loss carryforward	685,476	-	-	685,476	3,017	682,459	-	-	682,459	(43,555)
Employee benefits related accruals	6,624	-	-	6,624	1,648	4,976	-	-	4,976	(133)
Impairment of financial assets	1	-	-	1	-	1	-	-	1	(12)
Environmental liability	3,728	-	-	3,728	639	3,089	-	-	3,089	3,200
Other	85,114	-	-	85,114	(2,231)	100,653	-	-	100,653	6,057
Less: unrecognized deferred tax assets	(574,955)	-	-	(574,955)	(13,579)	(561,376)	-	-	(561,376)	21,063
Less: deferred tax assets offset with deferred tax liabilities	(187,949)	-	-	(187,949)	30,581	(218,530)	-	-	(218,530)	(5,809)
Deferred tax assets	41,598	-	-	41,598	20,871	34,035	-	-	34,035	(32,020)
Deferred tax liabilities										
Property, plant and equipment	567,641	597	-	568,238	115,840	452,040	358	-	452,398	102,464
Undistributed earnings of joint ventures and associates	-	-	615,747	615,747	113,331	-	-	465,891	465,891	34,990
Other	2,974	-	-	2,974	(583)	3,441	-	-	3,441	10,723
Less: deferred tax assets offset with deferred tax liabilities	(187,949)	-	-	(187,949)	30,581	(218,530)	-	-	(218,530)	(5,809)
Deferred tax liabilities	382,666	597	615,747	999,010	259,169	236,951	358	465,891	703,200	142,368
Net deferred tax liability	341,068	597	615,747	957,412	-	202,916	358	465,891	669,165	-
Deferred tax expense					238,298					174,388

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. INCOME TAX EXPENSES (continued)

Deferred corporate income tax and excess profit tax are determined with reference to individual subsoil use contracts. Deferred corporate income tax is also determined for activities outside of the scope of subsoil use contracts. 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 amounted to 574,955 million tenge as at December 31, 2022 (2021: 561,376 million tenge).

Tax losses carry forward as at December 31, 2022 and 2021 in the RK expire for tax purposes after ten years from the date they are incurred.

The movements in the deferred tax liability/(asset) were as follows:

<i>In millions of tenge</i>	2022				2021 (restated)			
	Corporate income tax	Excess profit tax	Withholding tax	Total	Corporate income tax	Excess profit tax	Withholding tax	Total
Net deferred tax liability as at January 1	202,916	358	465,891	669,165	132,643	392	419,083	552,118
Foreign currency translation	13,308	-	36,525	49,833	3,064	-	11,818	14,882
Tax expense/(income) during the year recognized in profit and loss	124,728	239	113,331	238,298	139,432	(34)	34,990	174,388
Tax expense during the year recognized in other comprehensive income	116	-	-	116	48	-	-	48
Discontinued operations (Note 5)	-	-	-	-	(72,271)	-	-	(72,271)
Net deferred tax liability as at December 31	341,068	597	615,747	957,412	202,916	358	465,891	669,165

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**33. RELATED PARTY DISCLOSURES****Terms and conditions of transactions with related parties**

Related party transactions were made on terms agreed 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. Outstanding balances at the year-end are mainly unsecured and interest free and settlement occurs in cash, except as indicated below. The Group recognizes allowances for ECL on amounts owed by related parties.

Transactions balances

The following table provides the balances of transactions with related parties as at December 31, 2022 and 2021:

<i>In millions of tenge</i>	December 31,	Due from related parties	Due to related parties	Cash and deposits placed with related parties	Borrowings payable to related parties
Samruk-Kazyna entities	2022	38,476	168,368	-	413,691
	2021	497,242	1,074	-	33,123
Associates	2022	16,348	3,431	-	-
	2021	12,249	3,009	-	-
Other state-controlled parties	2022	72,003	666	-	121,177
	2021	2,349	638	86,481	153,381
Joint ventures	2022	167,284	187,172	-	-
	2021	166,721	170,911	-	-

Due from/to related parties*Samruk-Kazyna entities*

As at December 31, 2022 the financial aid provided to Samruk-Kazyna has been fully repaid by setting of against the payable for the acquisition of 49.50% ownership interest in KPI for 91,175 million tenge (*Note 6*), payable for the acquisition of 49.9% ownership interest in Silleno for 816 million tenge and the part of the payable for exercising the Option for 424,587 million tenge (*Note 6*).

As at December 31, 2022 payables due to Samruk-Kazyna were mainly represented by the payable for the exercised Option for 164,937 million tenge (*Notes 6 and 30*).

Other state-controlled parties

During 2022, the Company purchased short-term notes of the NB RK in the total amount of 87,000 million tenge, out of which notes in the amount of 17,000 million tenge were redeemed.

Joint ventures

As at December 31, 2022 due from joint ventures were mainly represented by the loans given to PKOP of 53,889 million tenge (December 31, 2021: 74,612 million tenge), UGL of 63,622 million tenge (December 31, 2021: 48,549 million tenge) (*Note 24*).

As at December 31, 2022 due to joint ventures were mainly represented by accounts payable for crude oil to TCO for 153,610 million tenge (December 31, 2021: 130,786 million tenge).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. RELATED PARTY DISCLOSURES (continued)**Borrowings payable to related parties***Samruk-Kazyna entities*

In September 2022, Samruk-Kazyna purchased the Company placed bonds for 751,631 million tenge. The difference between the fair value and nominal amount of bonds of 380,477 million tenge was recognized as transactions with Samruk-Kazyna in the consolidated statement of changes in equity (*Notes 26 and 27*).

Other state-controlled parties

As at December 31, 2022 the borrowings payable to related parties are represented by loans received from DBK by Atyrau refinery and Pavlodar refinery of 121,177 million tenge (December 31, 2021: 153,381 million tenge) (*Note 27*).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**33. RELATED PARTY DISCLOSURES (continued)****Transactions turnover**

The following table provides the total amount of transactions, which have been entered into with related parties during 2022 and 2021:

<i>In millions of tenge</i>		Sales to related parties	Purchases from related parties	Interest earned from related parties	Interest incurred to related parties
Samruk-Kazyna entities	2022	50,371	11,768	44,760	15,618
	2021	17,589	11,500	36,805	6,448
Associates	2022	18,705	67,615	235	-
	2021	53,754	33,549	-	-
Other state-controlled parties	2022	9,631	18,228	577	15,501
	2021	32,810	16,788	315	21,529
Joint ventures	2022	305,922	2,119,070	12,469	4
	2021	267,824	1,689,050	30,626	1,109

Sales to related parties / purchases from related parties*Joint ventures*

In 2022, sales to joint ventures were mainly represented by transportation and cargo servicing provided to TCO for 20,204 million tenge (2021: 16,698 million tenge), transportation charges and oil servicing provided to MMG for 58,141 million tenge and for 116,223 million tenge, respectively (2021: 53,892 million tenge and 85,094 million tenge, respectively).

In 2021, purchases from joint ventures were mainly attributable to purchases of crude oil from TCO to perform the oil delivery customer contract for 1,976,760 million tenge (2021: 1,234,019 million tenge).

Key management employee compensation

Total compensation to key management personnel (members of the Boards of directors and Management boards of the Group) included in general and administrative expenses in the accompanying consolidated statement of the comprehensive income was equal to 7,351 million tenge and 7,953 million tenge for the years ended December 31, 2022 and 2021, respectively. Compensation to key management personnel mainly consists of contractual salary and performance bonus based on operating results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**34. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES**

The Group's principal financial instruments mainly consist of borrowings, loans given, financial guarantees, cash and cash equivalents, bank deposits as well as accounts receivable and accounts payable. The Group is exposed to interest rate risk, foreign currency risk and credit risk. The Group further monitors the market risk and liquidity risk arising from all financial instruments.

Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in interest rate, currency, and securities, all of which are exposed to general and specific market movements. The Group manages market risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and establishing appropriate margin and collateral requirements. The sensitivity analyses in the following sections relate to the position as of December 31, 2022 and 2021.

Foreign currency risk

As a result of significant borrowings and accounts payable denominated in the US dollars and rubles, the Group's consolidated statement of financial position can be affected significantly by movement in the US dollar and ruble/ tenge exchange rates. The Group also has transactional currency exposures. Such exposure arises from revenues in the US dollars and rubles. The Group has a policy on managing its foreign currency risk in US dollar by matching US dollar and ruble denominated financial assets with US dollar and ruble denominated financial liabilities. The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before income tax (due to changes in the cash flows of monetary assets and liabilities). The sensitivity of possible changes in exchange rates for other currencies are not considered due to its insignificance to the consolidated financial results of Group's operations.

<i>In millions of tenge</i>	Increase/ (decrease) in tenge to US dollar exchange rate	Effect on profit before tax
2022	+21% (21%)	(404,338) 404,338
2021	+13% (11%)	(252,147) 193,960

<i>In millions of tenge</i>	Increase/ (decrease) in tenge to RUB exchange rate	Effect on profit before tax
2022	+22% (22%)	(54,044) 54,044
2021	+13% (13%)	(28,757) 28,757

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**34. 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's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term borrowings with floating interest rates. The Group's policy is to manage its interest rate cost using a mix of fixed and variable rate borrowings.

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

<i>In millions of tenge</i>	Increase/ decrease in basis points	Effect on profit before tax
2022	+2.45	(12,989)
LIBOR	-2.45	12,989
2021		
LIBOR	+1.25	(8,817)
	-0.25	1,763

Credit risk

The Group trades only with recognized, creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in *Note 16*. There are no significant concentrations of credit risk within the Group.

With respect to credit risks arising on other financial assets of the Group, which comprise cash and cash equivalents, bank deposits, loans and receivables from related parties and other financial assets, the Group's exposure to credit risks arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The table below shows the risk profile of the Group's cash and cash equivalents, short-term and long-term deposits held in banks as at 31 December 2022 and 2021 using the Fitch credit ratings, or in their absence, using their equivalent rates in S&P and Moody's:

	As at 31 December	
	2022	2021
AA- to A+	15%	8%
A to A-	41%	34%
BBB+ to BBB-	41%	54%
BB+ to BB-	2%	1%
B+ to B-	1%	3%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**34. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)****Liquidity risk**

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

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

The table below summarizes the maturity profile of the Group's financial liabilities as at December 31, 2022 and 2021 based on contractual undiscounted payments.

<i>In millions of tenge</i>	Due less than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due after 5 years*	Total
As at December 31, 2022						
Borrowings*	45,216	2,028	506,344	1,868,569	4,977,920	7,400,077
Trade accounts payable	105,697	297,109	162,100	-	-	564,906
Lease liabilities	2,890	1,720	12,410	39,080	26,216	82,316
Other financial liabilities	56,278	19,598	366,088	18,544	-	460,508
	210,081	320,455	1,046,942	1,926,193	5,004,136	8,507,807
As at December 31, 2021 (restated)						
Borrowings*	268,383	92	379,336	1,432,280	4,283,944	6,364,035
Trade accounts payable	250,553	262,982	7,778	-	-	521,313
Financial guarantees**	-	4	312	1,252	-	1,568
Lease liabilities	1,896	1,229	6,595	12,763	22,879	45,362
Other financial liabilities	38,906	17,673	15,932	16,979	-	89,490
	559,738	281,980	409,953	1,463,274	4,306,823	7,021,768

* The Group excludes from the maturity profile table the borrowings payable to project partners under the carry-in financing agreements, due to the uncertainty of maturity of these loans. As of December 31, 2022, the borrowings due to partners were 23,768 million tenge (December 31, 2021: 12,355 million tenge).

** 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 2022 and 2021 there was no significant instances of financial guarantees execution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**34. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)****Capital management**

The primary objective of the Group's capital management is to maximise the shareholder value. The Group manages its capital to ensure that Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company seeks to maintain a prudent capital structure to support its capital investment plans and maintain investment grade credit rating through the cycle. Maintaining sufficient financial flexibility is considered strategically important to mitigate industry cyclicality while also enabling the pursuit of organic and inorganic investment opportunities. The Company has a comprehensive and disciplined internal approval process for capital expenditures, new projects and debt incurrence.

For the purpose of the Group's capital management, the capital structure of the Group consists of borrowings disclosed in *Note 27* less cash (*Note 25*) and short-term deposits (*Note 20*) and equity, comprising share capital, additional paid-in capital, other reserves and retained earnings as disclosed in *Note 26*.

The Group's management regularly reviews the capital structure. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Also to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to borrowings that define capital structure requirements. There have been no breaches of the financial covenants of any borrowing in the years ended December 31, 2022 and 2021 (*Note 27*).

<i>In millions of tenge</i>	December 31, 2022	December 31, 2021 (restated)
Borrowings	4,143,334	3,746,327
less: cash, cash equivalents and short-term bank deposits	2,000,184	1,762,603
Net debt	2,143,150	1,983,724
Equity	9,873,450	10,016,906
Capital and net debt	12,016,600	12,000,630

No changes were made in the overall strategy, objectives, policies or processes for managing capital during the years ended December 31, 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**34. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)****Fair values of financial instruments**

The carrying amount of the Group financial instruments as at December 31, 2022 and 2021 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

<i>In millions of tenge</i>	December 31, 2022					December 31, 2021 (restated)				
	Carrying amount	Fair value	Fair value by level of assessment			Carrying amount	Fair value	Fair value by level of assessment		
			Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Bonds receivable from Samruk-Kazyna	19,595	20,138	-	20,138	-	18,373	16,925	-	16,925	-
NB RK notes	70,192	70,192	-	70,192	-	-	-	-	-	-
Loans given to related parties at amortized cost, lease receivables from joint venture	29,254	29,242	-	-	29,242	474,875	472,528	-	448,658	23,870
Fixed interest rate borrowings	3,584,422	3,156,446	2,476,894	679,552	-	3,041,001	3,556,705	3,210,632	346,073	-
Floating interest rate borrowings	558,912	558,912	-	558,912	-	705,326	755,347	-	755,347	-

The fair value of bonds receivable from the Samruk-Kazyna and other debt instruments have been calculated by discounting the expected future cash flows at market interest rates.

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**34. 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,	
			2022	2021
Loans given to related parties at amortized cost, lease receivables from joint venture	Discounted cash flow method	Interest/discount rate	6.4-18.9%	4.1-11.5%
Financial guarantee issued			–	4.5%

35. CONTINGENT LIABILITIES AND COMMITMENTS**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 cyclicalities in industries. Prices may also be affected by the Government actions, including the imposition of tariffs and import duties, speculative trades, an increase in capacity or 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 mainly does not hedge its exposure to the risk of fluctuations in the price of its products.

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Due to uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at December 31, 2022. As at December 31, 2022, Management believes that 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. CONTINGENT LIABILITIES AND COMMITMENTS (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 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, 2022 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.

Comprehensive tax audit at oil refineries of the Group

All three major oil refineries in the Group, Atyrau Refinery, Pavlodar Refinery and 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. Atyrau Refinery, Pavlodar Refinery and Shymkent Refinery did not agree with the assessment and appealed to the Ministry of Finance of RK. The consideration of the appeals remains suspended by the Ministry of Finance of RK until the circumstances are clarified. The Group believes that additional tax assessment is not probable, as such, the Group did not recognize any provisions as of December 31, 2022.

Legal issues and claims**The civil litigation at KMG I**

Faber Invest & Trade Inc. (further Faber), the non-controlling shareholder of KMG I subsidiaries, resumed several previous civil filings in 2020, one of which challenged the increase in the Rompetrol Rafinare Constanta, the KMG I 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. The next hearing in the Faber case is scheduled for March 2023. Faber has filed the same lawsuit for the third time, but now in the Constanta court. The first hearing has not yet been scheduled.

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, 2022.

Civil legal dispute between the National Mineral Resources Agency (ANRM) and Oilfield Exploration Business Solutions S.A (OEBS), subsidiary of KMG I, at the Focsani field

On December 17, 2019 OEBS has been noticed by the ANRM 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 ANRM. On July 29, 2022 the Court decided to oblige OEBS to pay 10.1 million U.S. dollars from a total ANRM claim of 20 million U.S. dollars. As of December 31, the Group recognized a provision in the amount of 10.1 million dollars (equivalent to 4,673 million tenge) (*Note 29*).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. CONTINGENT LIABILITIES AND COMMITMENTS (continued)**Competition investigation Moldova**

Since the beginning of 2021, Rompetrol Moldova (further RPM), a subsidiary of KMG 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. As of December 31, the Group recognized a provision in the amount of 12 million dollars (equivalent to 5,552 million tenge) (Note 29).

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 Notice of Initiation of Arbitration Proceedings of KPO was submitted to the KRG by the Secretariat of the International Chamber of Commerce in Paris. 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 order to ensure a stable supply of gas to the domestic market of the RK, KRG and the Ministry of Energy of RK sent letters to KPO contractors with a proposal to suspend arbitration proceedings until 2024-2025. In December 2022, the KPO informed about the readiness to hold further discussions to achieve a potential settlement of the price revision process. In January 2023, the KRG sent to the KPO a proposal to conclude an agreement on the suspension of arbitration proceedings for a period of 3 months, during which the parties will appoint a "negotiation period" of 2 months to resolve the dispute. As of December 31, 2022 and on the date of issue of the financial statements the parties are negotiating to resolve the dispute on mutually beneficial terms. The Group believes that the risk of loss is not probable as of December 31, 2022.

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

During February-July 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. During August-September 2022, Pavlodar Refinery appealed several times to terminate Protocol and Conclusion. However, all appeals of Pavlodar Refinery were rejected. Pavlodar Refinery is planning to further follow the appealing process in higher judiciaries. In September 2022, after rejection of initial appeals the Group recognized a provision in the amount of KZT 28,187 million tenge (Note 29).

Inspection of the Prosecutor's Office of the Atyrau region with the involvement of Antimonopoly agency of the Atyrau Refinery

During February-September 2022 the Prosecutor's Office of the Atyrau region with the involvement of the Antimonopoly agency conducted an inspection of the Atyrau Refinery operations. On September 22, 2022 the Prosecutor's Office of the Atyrau region provided a conclusion of setting monopolistically high tariff for oil refining services in 2020-2021. The Atyrau Refinery has sent an official letter with justifying the approved tariff for oil refining services in 2020-2021. The Group believes that the risk of revenue confiscation and fine imposing are not probable, as such, the Group did not recognize any provisions as of December 31, 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**35. CONTINGENT LIABILITIES AND COMMITMENTS (continued)****Cost recovery audits**

Under the base principles of the production sharing agreements, the Government transferred to contractors the exclusive rights to conduct activities in the subsurface use area, but did not transfer rights to this subsurface use area either to ownership or lease. Thus, all extracted and processed oil (i.e. the hydrocarbons produced) are the property of the Government. Works are carried out on the basis of compensation and the Government pays to the contractors not in cash but in the form of the portion of oil production, thereby allowing the contractors to recover their costs and earn profit.

In accordance with the production sharing agreements, not all costs incurred by the contractors could be reimbursed. Certain expenditures need to be approved by the authorized bodies. The authorized bodies conduct the cost recovery audits. In accordance with the cost recovery audits completed prior to December 31, 2022, certain amounts of the costs incurred by contractors were assessed as non-recoverable. The parties to the production sharing agreements are in negotiations with respect to the recoverability of those costs.

As of December 31, 2022, the Group's share in the total disputed amounts of costs is 2,595 million US dollars (equivalent to 1,200,386 million tenge) (2021: 2,269 million US dollars, equivalent to 979,556 million tenge). The Group and its partners under the production sharing agreements are in negotiation with the Government with respect to the recoverability of these costs.

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 2022, in accordance with its obligations, the Group delivered 7,951 thousand tons of crude oil (2021: 7,114 thousand tons), including its share in the joint ventures and associates, to the Kazakhstan market.

Commitments under subsoil use contracts

As at December 31, 2022, the Group had the following commitment (net of VAT) related to 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:

<i>In millions of tenge</i>	Capital expenditures	Operational expenditures
Year		
2023	314,158	80,598
2024	223,085	14,328
2025	306,900	14,803
2026	339,652	14,927
2027-2049	230,333	31,573
Total	1,414,128	156,229

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**35. CONTINGENT LIABILITIES AND COMMITMENTS (continued)****Commitments under subsoil use contracts (continued)**

As at December 31, 2021 commitments (net of VAT) under subsoil use contracts included:

<i>In millions of tenge</i>	Capital expenditures	Operational expenditures
Year		
2022	284,247	57,135
2023	122,340	4,373
2024	119,282	4,383
2025	180,402	4,314
2026-2048	146,972	21,372
Total	853,243	91,577

Oil supply commitments

As of December 31, 2022, Kashagan had commitments under the oil supply agreements in the total amount of 6.6 million tons (approximates 262,325 million tenge) (December 31, 2021: 8.6 million tons (approximates 281,550 million tenge)).

Other contractual commitments

As at December 31, 2022, the Group, including its share in joint ventures commitments, had other capital commitments of approximately 240,794 million tenge (net of VAT) (as at December 31, 2021: 149,833 million tenge (net of VAT)), related to acquisition and construction of long-lived assets.

As at December 31, 2022, the Group had commitments in the total amount of 152,824 million tenge (as at December 31, 2021: 184,455 million tenge) under the investment programs approved by the joint order of Ministry of Energy of RK and *Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of RK* to facilitate production units.

Non-financial guarantees

As of December 31, 2022 and 2021, 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, 2022 and 2021, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**36. SEGMENT REPORTING**

The Group's operating segments have their own structure and management according to the type of the produced goods and services provided. Moreover, all segments are strategic directions of the business which offer different types of the goods and services in different markets. The functions have been defined as the operating segments of the Group because they are segments a) that engages in business activities from which revenues are generated and expenses incurred; b) whose operating results are regularly reviewed by the Group's chief operating decision makers to make decisions.

The Group's activity consists of three main operating segments: exploration and production of oil and gas, oil transportation, and refining and trading of crude oil and refined products. The Group presents the Company's activities separately in Corporate segment, since the Company performs not only the functions of the parent company, but also carries out operational activities. The remaining operating segments have been aggregated and presented as other operating segment due to their insignificance.

Disaggregation of revenue by types of goods and services is presented in *Note 8* to the consolidated financial statements.

As at December 31, 2022 and 2021 disaggregated revenue mainly represents sales and services made to the external parties by the following operating segments:

<i>In millions of tenge</i>	December 31, 2022					
	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Total
Sales of crude oil and gas	668,270	-	3,925,701	-	-	4,593,971
Sales of refined products	4,334	-	2,577,156	775,804	12,566	3,369,860
Refining of oil and oil products	-	-	204,390	-	-	204,390
Oil transportation services	-	184,042	1,493	1,810	188	187,533
Other revenue	25,318	46,324	115,787	1,451	141,750	330,630
Total	697,922	230,366	6,824,527	779,065	154,504	8,686,384

<i>In millions of tenge</i>	December 31, 2021					
	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Total
Sales of crude oil and gas	611,876	-	3,099,664	-	-	3,711,540
Sales of refined products	(3,184)	-	1,527,802	559,515	11,704	2,095,837
Refining of oil and oil products	-	-	203,425	-	-	203,425
Oil transportation services	(630)	169,095	2,035	13	221	170,734
Other revenue	20,622	34,293	111,400	1,367	110,117	277,799
Total	628,684	203,388	4,944,326	560,895	122,042	6,459,335

Segment performance is evaluated based on revenues, net profit and adjusted EBITDA, which are measure on the same basis as in the consolidated financial statements.

EBITDA is a supplemental non-IFRS financial measure used by management to evaluate segments performance, and is defined as earnings before depreciation, depletion and amortization, impairment of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale, exploration expenses, impairments of joint ventures and associates, finance income and expense, income tax expenses.

EBITDA, % is calculated as EBITDA of each reporting segment divided by the total EBITDA.

Eliminations and adjustments represent the exclusion of intra-group turnovers. Inter-segment transactions were made on terms agreed to between the segments that may not necessarily comply with market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. SEGMENT REPORTING (continued)**Geographic information**

The Group's property, plant and equipment (*Note 17*) are located in the following countries:

<i>In millions of tenge</i>	2022	2021 (restated)
Kazakhstan	6,316,404	6,102,411
Other countries	673,433	623,499
	6,989,837	6,725,910

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**36. SEGMENT REPORTING (continued)**

The following represents information about profit and loss for 2022 and assets and liabilities as at December 31, 2022 of operating segments of the Group:

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	697,922	230,366	6,824,527	779,065	154,504	-	8,686,384
Revenues from sales to other segments	1,569,854	151,266	154,147	82,486	125,585	(2,083,338)	-
Total revenue	2,267,776	381,632	6,978,674	861,551	280,089	(2,083,338)	8,686,384
Cost of purchased oil, gas, petroleum products and other materials	(39,249)	(18,645)	(6,001,281)	(471,008)	(38,972)	1,614,771	(4,954,384)
Production expenses	(470,203)	(211,538)	(431,781)	(189,323)	(218,212)	378,669	(1,142,388)
Taxes other than income tax	(534,565)	(17,376)	(15,242)	(100,782)	(9,840)	-	(677,805)
Transportation and selling expenses	(166,841)	(15,212)	(78,543)	(9,415)	-	64,671	(205,340)
General and administrative expenses	(32,854)	(17,123)	(51,220)	(30,453)	(30,682)	2,164	(160,168)
Share in profit of joint ventures and associates, net	819,011	136,499	57,587	-	(21,787)	-	991,310
EBITDA	1,843,075	238,237	458,194	60,570	(39,404)	(23,063)	2,537,609
EBITDA, %	73%	9%	18%	3%	(2%)	(1%)	
Depreciation, depletion and amortization	(308,695)	(44,760)	(141,047)	(2,820)	(9,263)	-	(506,585)
Finance income	556,187	4,212	19,731	137,177	16,776	(613,496)	120,587
Finance costs	(28,673)	(6,908)	(126,660)	(717,341)	(5,972)	578,708	(306,846)
Impairment of property, plant and equipment, intangible assets and assets classified as held for sale	460	472	(2,586)	-	946	-	(708)
Exploration expenses	(12,113)	-	-	-	-	-	(12,113)
Income tax expenses	(307,826)	(53,133)	(81,562)	(49,215)	(1,511)	-	(493,247)
Profit/(loss) for the year from continuing operations	1,474,001	42,027	41,236	(168,543)	(39,315)	(32,087)	1,317,319
Other segment information							
Investments in joint ventures and associates	4,179,880	582,862	102,569	-	82,092	-	4,947,403
Capital expenditures	321,014	68,276	111,664	17,678	16,283	-	534,915
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(6,197)	(10,966)	(47,786)	(28,912)	(9,066)	-	(102,927)
Assets of the segment	11,637,703	1,373,621	2,998,805	1,445,989	386,151	(1,191,506)	16,650,763
Liabilities of the segment	1,427,150	311,632	1,976,159	4,584,712	120,799	(1,643,139)	6,777,313

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. SEGMENT REPORTING (continued)

The following represents information about profit and loss for 2021 and assets and liabilities as at December 31, 2021 of operating segments of the Group:

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers*	628,684	203,388	4,944,326	560,895	122,042	-	6,459,335
Revenues from sales to other segments*	1,223,371	78,579	157,380	46,222	86,598	(1,592,150)	-
Total revenue*	1,852,055	281,967	5,101,706	607,117	208,640	(1,592,150)	6,459,335
Cost of purchased oil, gas, petroleum products and other materials*	(40,862)	(14,477)	(4,508,909)	(265,594)	(33,494)	1,256,134	(3,607,202)
Production expenses*	(337,184)	(124,163)	(203,059)	(167,570)	(149,841)	260,760	(721,057)
Taxes other than income tax*	(378,861)	(14,105)	(14,998)	(45,855)	(7,425)	-	(461,244)
Transportation and selling expenses*	(154,960)	(5,444)	(66,646)	(10,353)	-	53,964	(183,439)
General and administrative expenses*	(28,244)	(18,312)	(36,366)	(46,296)	(25,044)	2,870	(151,392)
Share in profit of joint ventures and associates, net*	537,144	105,890	17,694	-	19,564	-	680,292
EBITDA*	1,449,088	211,356	289,422	71,449	12,400	(18,422)	2,015,293
EBITDA, %*	73%	10%	14%	3%	1%	(1%)	
Depreciation, depletion and amortization*	(327,355)	(41,694)	(140,870)	(3,034)	(10,091)	-	(523,044)
Finance income*	72,269	3,980	2,563	161,385	20,938	(175,909)	85,226
Finance costs*	(33,124)	(6,426)	(93,290)	(212,693)	(4,919)	87,629	(262,823)
Impairment of property, plant and equipment, intangible assets and assets classified as held for sale*	(3,987)	(4,796)	(8,217)	(324)	(3,400)	-	(20,724)
Exploration expenses	(79,083)	-	-	-	-	-	(79,083)
Income tax expenses*	(236,639)	(14,441)	(38,159)	(30,899)	(1,110)	-	(321,248)
Profit/(loss) for the year from continuing operations*	683,666	48,688	36,922	300,334	(33,986)	(101,562)	934,062
Other segment information							
Investments in joint ventures and associates	3,499,747	523,747	47,395	-	74,757	-	4,145,646
Capital expenditures	212,037	92,061	83,020	6,013	26,290	52,398	471,819
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(4,854)	(9,686)	(40,898)	(28,518)	(9,023)	-	(92,979)
Assets of the segment	10,811,248	1,213,613	3,000,106	1,580,623	322,008	(1,070,146)	15,857,452
Liabilities of the segment	1,219,175	216,809	1,994,289	3,378,313	100,458	(1,068,498)	5,840,546

* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2021 and reflect adjustments made, refer to Note 6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. IMPACTS OF THE WAR IN UKRAINE

Since February 2022, due to the conflict between the Russian Federation and Ukraine, numerous sanctions have been announced by a majority of western countries against the Russian Federation. These sanctions are targeted to have a negative economic impact on the Russian Federation.

Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility in the securities and currency markets, as well as a significant depreciation of the tenge against the US dollar and the euro. There has also been a significant increase in the key rate of the NB RK from 9.75% to 16.75% during the year.

The Group has assessed the consequences of the sanctions and interest rate rises on the consolidated financial statements of the Group and continues to monitor these areas of increased risk for material changes.

Borrowing

The Group has a borrowing from VTB Bank PJSC (a Russian bank) of 37.5 billion ruble (equivalent to 225 billion tenge) with maturity in 2027 and interest rate of 'Key Rate of Central Bank of Russian Federation (key rate) + 2.25%' per annum as at December 31, 2022. There were significant fluctuations in key rate from 8.00% to 20.00% and then to 7.50% during the year. Scheduled quarterly payments of this loan's interest and principle amount were made in Russian rubles without any issue in 2022.

Assessment of significant influence

In accordance with IAS 28 Investments in associates and joint ventures, the Group has assessed and confirmed that the changes in the legal and operating environment of Russia and Ukraine have not impacted the ability to exercise significant influence over the CPC, KMG's associate, in Russia.

Operating environment of CPC, KMG's associate

On March 23, 2022, CPC, stopped loading oil at the Black Sea terminal due to damage of two out of three single-point moorings (SPM) caused by a storm. On April 24, 2022, oil loading at the second of three SPM systems on the CPC network at Novorossiysk was resumed.

On April 27, 2022, a Russian Court (the Arbitration Court of the Krasnodar Territory) fully satisfied the claim of Rosprirodnadzor (a Russian regulator) to recover from the CPC damage from an oil spill at the CPC Marine Terminal (occurred in August 2021), of 5.2 billion Russian ruble (equivalent to 30 billion tenge). The CPC recognized a provision for the full amount. In the consolidated financial statements of the Group, the provision was reflected in share in profit of associate for the 2022.

On July 6, 2022, a Russian Court (Primorsky District Court) ordered CPC to suspend operations for 30 days. Later the month-long suspension was replaced by a 200,000 Russian rubles fine (equivalent to 3,300 US dollars). CPC reflected this fine in its accounting books in July 2022. The operations of CPC were not stopped during the above period.

On August 22, 2022 while performing scheduled maintenance on SPM-1 and SPM-2, divers discovered cracks in subsea hose attachments to buoyancy tanks. On November 12 and 29, 2022, both SPM-1 and SPM-2 on the CPC network at Novorossiysk have resumed their operations.

All matters occurred during 2022 are resolved during the year, no further developments.

Impact of sanctions

On March 4, 2022, the European Union disconnected 7 Russian banks from SWIFT. The Group have oil transportation contracts with Russian entities. To avoid risks on settlements the Group changed the bank counterparties to the banks which are not under sanctions. Additionally, the currency of certain contracts has been changed from US Dollars to Russian rubles. Currency settlements were made without any issue during 2022.

Starting February 5, 2023, the European Union imposed a ban on imports of Russian diesel, jet fuel and other oil products transported via sea. This measure is not applicable to Group's operations in Kazakhstan or internationally.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. SUBSEQUENT EVENTS***Purchasing of short-term notes***

In January 2023, the Company purchased short-term notes of the NB RK in the total amount of 38,019 million tenge, and previously purchased by the Company in 2022 short-term notes of the NB RK in the amount of 70,000 million tenge were redeemed by the issuer.

Hydrocarbon production contract

On February 27, 2023, the Company entered into a contract with the Ministry of Energy of RK for the production of hydrocarbons at the Kalamkas-Sea, Khazar and Auezov subsoil blocks located in the Kazakhstani sector of the Caspian Sea.

Changes in legislation

In 2023, amendments to the Law of the Republic of Kazakhstan dated July 20, 2011 No. 463-IV "*On state regulation of the production and circulation of certain types of petroleum products*" came into force. According to these amendments, refineries have the right to sell petroleum products. The sale of oil products by the oil refineries will be carried out independently after a full or partial transition to a marketing scheme of work, which implies an independent purchase of oil and the sale of oil products produced from this oil. The Group does not expect significant impact of changes in legislation on its operations.

Прошито и пронумеровано

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