

**KazTransOil JSC**

**Separate financial statements**

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



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## Independent auditor's report

To the Shareholders and Board of Directors of KazTransOil JSC

### **Opinion**

We have audited the separate financial statements of KazTransOil JSC (hereinafter, 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' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate financial statements in 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 the 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 this matter. 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 matter below, provide the basis for our audit opinion on the accompanying separate financial statements.

## **Key audit matter**

## **How our audit addressed the key audit matter**

### ***Fair value of property, plant and equipment***

The Company assessed fair value of its property, plant and equipment in 2022. Property, plant and equipment makes up a significant portion of total assets of the Company as at 31 December 2022.

Due to high level of subjectivity in respect of assumptions underlying the assessment of the fair value of property, plant and equipment, we believe that this matter is of the most significance in our audit. The Company uses independent external appraisers in the process of valuation.

The fair value of the Company's assets was appraised using the cost and income approaches under the economic impairment test for specialised oil transportation assets and the market approach for non-specialised assets.

Significant assumptions used in calculating the fair value included future transportation volumes, tariffs, discount rate and long-term growth rate.

Information about property, plant and equipment is disclosed in Note 5 to the separate financial statements; a description of the accounting policy and key judgements and estimates is included in Notes 3 and 4 to the separate financial statements.

We overviewed the Company's valuation process and assessed the independence and expertise of the external appraisers.

For assets revalued using income and cost approaches, and assets to which an economic impairment was applied, we compared input data used by the independent external appraisers with the Company's business plans. We assessed underlying assumptions and compared them with historical data. We engaged our internal valuation specialists to assess the valuation methods applied.

We compared data used in discount rate and long-term growth rate calculations with available external information and checked arithmetical accuracy of these calculations.

For the assets, revalued using indexation, we assessed calculation of indexes and compared indexes used in calculation of fair value to available external data.

For the assets, revalued using direct cost approach, we compared major inputs (technical characteristics of assets (length, width, volume, etc.), cost of materials, cost of construction works, labor input coefficients) to the Company's internal technical documentation.

For the assets, revalued using market approach we compared inputs with available market data for similar items.

We checked mathematical accuracy of the fair value calculations.

We analyzed the disclosures made in the financial statements about the revaluation of property, plant and equipment.

### ***Other information included in the Company's Annual report 2022***

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. The Company's 2022 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the separate 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 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.

### ***Responsibilities of management and 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 the 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.

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 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 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 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 Adil Syzdykov.

*Ernst & Young LLP*



Adil Syzdykov  
Auditor

Auditor Qualification Certificate  
No. MΦ 0000172 dated 23 December 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

**SEPARATE STATEMENT OF FINANCIAL POSITION**

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	<b>819,577,150</b>	681,122,195
Right-of-use assets	6	<b>905,618</b>	1,111,472
Intangible assets	7	<b>1,147,720</b>	1,227,448
Investments in subsidiaries	8	<b>82,171,788</b>	79,914,012
Investments in joint ventures	9	<b>12,504,945</b>	12,504,945
Advances to suppliers for property, plant and equipment	10	<b>73,601</b>	6,366,865
Bank deposits	16	<b>945,452</b>	1,424,328
Other long-term accounts receivable	12	<b>883,284</b>	913,384
		<b>918,209,558</b>	784,584,649
<b>Current assets</b>			
Inventories	11	<b>7,216,578</b>	6,755,533
Trade and other accounts receivable	12	<b>5,278,831</b>	4,201,037
Advances to suppliers	13	<b>162,887</b>	344,299
Prepayment for income tax		<b>1,661,338</b>	1,701,325
VAT recoverable and other prepaid taxes	14	<b>64,688</b>	1,676,788
Other current assets	15	<b>6,558,435</b>	6,602,850
Bank deposits	16	<b>–</b>	8,665,145
Cash and cash equivalents	17	<b>72,637,270</b>	33,605,655
		<b>93,580,027</b>	63,552,632
Non-current assets held for sale	18	<b>22,729</b>	602,408
		<b>93,602,756</b>	64,155,040
<b>Total assets</b>		<b>1,011,812,314</b>	848,739,689

*The accounting policy and explanatory notes on pages 7 through 56 form an integral part of these separate financial statements.*



**SEPARATE STATEMENT OF FINANCIAL POSITION (continued)**

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	19	61,937,567	61,937,567
Treasury shares repurchased from shareholders	19	(9,549)	(9,549)
Asset revaluation reserve	19	354,930,137	244,149,477
Other capital reserves	19	(185,584)	(4,307,809)
Retained earnings		357,093,401	346,371,687
<b>Total equity</b>		<b>773,765,972</b>	<b>648,141,373</b>
<b>Non-current liabilities</b>			
Employee benefit obligations	20	18,082,503	21,423,341
Deferred tax liabilities	34	107,055,139	81,124,746
Provision for asset retirement and land recultivation obligation	25	40,664,979	34,547,151
Lease liabilities	22	190,245	267,714
Contract liabilities to customers		29,452	31,516
		<b>166,022,318</b>	<b>137,394,468</b>
<b>Current liabilities</b>			
Current part of employee benefit obligations	20	1,042,632	719,470
Trade and other accounts payable	21	17,823,372	16,459,803
Lease liabilities	22	938,352	1,393,200
Contract liabilities to customers	23	22,523,294	18,816,589
Other taxes payable	24	2,429,937	1,181,299
Other current liabilities	26	27,266,437	24,633,487
		<b>72,024,024</b>	<b>63,203,848</b>
<b>Total liabilities</b>		<b>238,046,342</b>	<b>200,598,316</b>
<b>Total equity and liabilities</b>		<b>1,011,812,314</b>	<b>848,739,689</b>
<b>Book value per ordinary share (in Tenge)</b>	19	<b>2,009</b>	<b>1,682</b>

Signed and approved for issue on 6 March 2023.

Acting General Director (Chairman of the Management Board)



Sagdiyev E.B.

Chief Accountant

  
Akhmedina A.S.

*The accounting policy and explanatory notes on pages 7 through 56 form an integral part of these separate financial statements.*



**SEPARATE STATEMENT OF COMPREHENSIVE INCOME**

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>For the year ended 31 December</b>	
		<b>2022</b>	<b>2021</b>
Revenue	27	<b>212,136,196</b>	214,832,985
Cost of sales	28	<b>(179,084,114)</b>	(148,937,822)
<b>Gross profit</b>		<b>33,052,082</b>	65,895,163
General and administrative expenses	29	<b>(11,860,002)</b>	(10,988,469)
Other operating income	30	<b>1,636,182</b>	2,015,315
Other operating expenses	31	<b>(807,184)</b>	(581,366)
Impairment of property, plant and equipment, net	5	<b>(12,621,560)</b>	(336,434)
Impairment of investments in a subsidiary	8	<b>(3,842,224)</b>	(4,540,709)
<b>Operating profit</b>		<b>5,557,294</b>	51,463,500
Net foreign exchange gain		<b>2,494,528</b>	240,116
Dividend income	9	<b>7,636,855</b>	1,800,000
Finance income	32	<b>3,632,919</b>	2,554,600
Finance costs	33	<b>(4,776,859)</b>	(4,116,014)
<b>Profit before income tax</b>		<b>14,544,737</b>	51,942,202
Income tax expense	34	<b>(6,175,462)</b>	(13,429,793)
<b>Net profit for the year</b>		<b>8,369,275</b>	38,512,409
<b>Basic and diluted earnings per share (in Tenge)</b>	<b>19</b>	<b>22</b>	<b>100</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Revaluation and impairment of property, plant and equipment, net	5	<b>147,106,004</b>	101,153,661
Income tax effect	34	<b>(29,421,200)</b>	(20,230,732)
		<b>117,684,804</b>	80,922,929
Reversal of provision for asset retirement and land recultivation obligation	25	<b>6,810,783</b>	185,471
Income tax effect	34	<b>(1,362,157)</b>	(37,094)
		<b>5,448,626</b>	148,377
Actuarial income from employee benefit obligations	20	<b>4,238,724</b>	1,737,723
Income tax effect	34	<b>(116,499)</b>	(47,760)
		<b>4,122,225</b>	1,689,963
<b>Total other comprehensive income not to be reclassified to profit or loss in subsequent periods, net</b>		<b>127,255,655</b>	82,761,269
<b>Total other comprehensive income for the year, net of tax</b>		<b>127,255,655</b>	82,761,269
<b>Total comprehensive income for the year, net of tax</b>		<b>135,624,930</b>	121,273,678

Signed and approved for issue on 6 March 2023.

Acting General Director (Chairman of the Management Board)



Chief Accountant

  
Akhmedina A.S.

*The accounting policy and explanatory notes on pages 7 through 56 form an integral part of these separate financial statements.*

**SEPARATE STATEMENT OF CASH FLOWS**

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>For the year ended 31 December</b>	
		<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>			
Profit before income tax		<b>14,544,737</b>	51,942,202
<b>Adjustment to reconcile profit before tax to net cash flows</b>			
Depreciation and amortization	28, 29	<b>46,730,075</b>	46,239,689
Impairment of property, plant and equipment, net	5	<b>12,621,560</b>	336,434
Dividends income	9	<b>(7,636,855)</b>	(1,800,000)
Finance costs	33	<b>4,776,859</b>	4,116,014
Impairment of investment in subsidiary	8	<b>3,842,224</b>	4,540,709
Finance income	32	<b>(3,632,919)</b>	(2,554,600)
Net foreign exchange gain		<b>(2,494,528)</b>	(240,116)
Reversal and revision of estimates on provision on asset retirement and land recultivation obligation, net	30	<b>(853,813)</b>	(1,528,063)
Employee benefit obligations, current services costs	28, 29	<b>716,251</b>	973,861
Write-off of inventory value to net realisable value	31	<b>394,769</b>	–
Loss from disposal of property, plant and equipment, net	31	<b>194,841</b>	267,473
(Reversal)/charge of expected credit losses, net	29	<b>(139,147)</b>	17,207
Write-off of VAT recoverable	29	<b>131,312</b>	73,188
Income from recognition of inventories	30	<b>(17,149)</b>	(65,752)
Gain on disposal of non-current assets held for sale, net	30	<b>(10,824)</b>	(46,677)
Others		<b>94,477</b>	30,549
<b>Operating cash flows before working capital changes</b>		<b>69,261,870</b>	102,302,118
<b>(Increase)/decrease in operating assets</b>			
Inventories		<b>130,078</b>	574,579
Trade and other accounts receivable		<b>(702,741)</b>	(1,213,180)
Advances to suppliers		<b>181,412</b>	343,292
VAT recoverable and other prepaid taxes		<b>(131,310)</b>	468,632
Other current assets		<b>18,630</b>	2,296,803
<b>Increase/(decrease) in operating liabilities</b>			
Trade and other accounts payable		<b>3,035,170</b>	(695,876)
Contract liabilities to customers		<b>3,706,705</b>	(1,693,886)
Other taxes payable		<b>2,860,736</b>	(28,718)
Other current and non-current liabilities and employee benefit obligations		<b>1,874,285</b>	(1,597,893)
<b>Cash generated from operating activities</b>		<b>80,234,835</b>	100,755,871
Income taxes paid		<b>(10,616,908)</b>	(15,835,416)
Interest received		<b>2,765,523</b>	1,931,523
<b>Net cash flows from operating activities</b>		<b>72,383,450</b>	86,851,978

*The accounting policy and explanatory notes on pages 7 through 56 form an integral part of these separate financial statements.*

**SEPARATE STATEMENT OF CASH FLOWS (continued)**

In thousands of Tenge	Notes	For the year ended 31 December	
		2022	2021
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets		(33,139,720)	(48,111,603)
Withdrawal of bank deposits, net		9,212,398	21,387,629
Dividends received	9	7,636,855	1,800,000
Contributions to charter capital of a subsidiary	8	(6,100,000)	(14,600,000)
Proceeds from disposal of property, plant and equipment and non current assets held for sale		69,632	412,510
Proceeds from bonds redemption	15	42,452	182,430
<b>Net cash flows used in investing activities</b>		<b>(22,278,383)</b>	<b>(38,929,034)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	19	(10,000,331)	(50,770,909)
Payment of lease liabilities	22	(2,044,847)	(2,031,517)
<b>Net cash flows used in financing activities</b>		<b>(12,045,178)</b>	<b>(52,802,426)</b>
<b>Net change in cash and cash equivalents</b>		<b>38,059,889</b>	<b>(4,879,482)</b>
Net foreign exchange difference		973,589	189,080
Change in allowance for expected credit losses	17	(1,863)	(1,112)
Cash and cash equivalents at the beginning of the year		33,605,655	38,297,169
<b>Cash and cash equivalents at the end of the year</b>	<b>17</b>	<b>72,637,270</b>	<b>33,605,655</b>

Signed and approved for issue on 6 March 2023.

Acting General Director (Chairman of the Management Board)



Sagdiy E.B.

Chief Accountant

  
Akhmedina A.S.

*The accounting policy and explanatory notes on pages 7 through 56 form an integral part of these separate financial statements.*



## SEPARATE STATEMENT OF CHANGES IN EQUITY

<i>In thousands of Tenge</i>	Share capital	Treasury shares repurchased from shareholders	Asset revaluation reserve	Other capital reserves	Retained earnings	Total
<b>As at 31 December 2020</b>	61,937,567	(9,549)	175,588,847	(5,997,772)	346,119,511	577,638,604
Net profit for the year	-	-	-	-	38,512,409	38,512,409
Other comprehensive income	-	-	81,071,306	1,689,963	-	82,761,269
<b>Total comprehensive income for the year</b>	-	-	81,071,306	1,689,963	38,512,409	121,273,678
Amortization of revaluation reserve for property, plant and equipment	-	-	(12,510,676)	-	12,510,676	-
Dividends (Note 19)	-	-	-	-	(50,770,909)	(50,770,909)
<b>As at 31 December 2021</b>	61,937,567	(9,549)	244,149,477	(4,307,809)	346,371,687	648,141,373
Net profit for the year	-	-	-	-	8,369,275	8,369,275
Other comprehensive income	-	-	123,133,430	4,122,225	-	127,255,655
<b>Total comprehensive income for the year</b>	-	-	123,133,430	4,122,225	8,369,275	135,624,930
Amortization of revaluation reserve for property, plant and equipment	-	-	(12,352,770)	-	12,352,770	-
Dividends (Note 19)	-	-	-	-	(10,000,331)	(10,000,331)
<b>As at 31 December 2022</b>	61,937,567	(9,549)	354,930,137	(185,584)	357,093,401	773,765,972

Signed and approved for issue on 6 March 2023.

Acting General Director (Chairman of the Management Board)



*Shigiyev E.B.*

Chief Accountant

*Akhmedina A.S.*

*The accounting policy and explanatory notes on pages 7 through 56 form an integral part of these separate financial statements.*

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 1. GENERAL

On 2 May 2001, the Government of the Republic of Kazakhstan issued a resolution to create a new closed joint stock company National Company “Transportation of Oil and Gas” (hereinafter – “TNG”) owned by the Government. Based on that resolution, the Committee for State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan transferred the NOTC “KazTransOil” CJSC shares to TNG, and, as a result, NOTC “KazTransOil” CJSC was re-registered and renamed as “KazTransOil” CJSC.

Under Decree of the President of the Republic of Kazakhstan dated on 20 February 2002, on the basis of closed joint-stock companies, National Oil and Gas Company “Kazakhoil” and National Company “Transport of Oil and Gas”, reorganized by merger, the National Company “KazMunayGas” Closed Joint-Stock Company was created and became the sole shareholder of “KazTransOil” CJSC.

On 31 May 2004 in accordance with the requirements of Kazakhstani legislation, “KazTransOil” CJSC was re-registered as “KazTransOil” JSC (hereinafter – “Company”).

As at 31 December 2022 10% of shares of the Company are owned by minority shareholders who acquired them within the “People’s IPO” program. The major shareholder of the Company, who owns the controlling interest of the Company (90%) is National Company “KazMunayGas” JSC (hereinafter “KMG” or “Parent Company”). As at 31 December 2022 87.42% of KMG shares belong to the Government of the Republic of Kazakhstan represented by Sovereign Wealth Fund “Samruk-Kazyna” JSC (hereinafter – “Samruk-Kazyna”), 9.58% of KMG shares belong to the Republic State Institution «National Bank of the Republic of Kazakhstan» and 3% are in free circulation of the Astana International Exchange (AIX) and Kazakhstan Stock Exchange (hereinafter – “KASE”). The Government of the Republic of Kazakhstan is the sole shareholder of Samruk-Kazyna. As at 31 December 2022 and 2021 the Company had ownership interest in the following companies:

	Place of incorporation	Principal activities	Ownership	
			31 December 2022	31 December 2021
“MunaiTas” NWPC LLP (hereinafter – “MunaiTas”)	Kazakhstan	Oil transportation	51%	51%
“Kazakhstan-China Pipeline” LLP (hereinafter – “KCP”)	Kazakhstan	Oil transportation	50%	50%
“Batumi Oil Terminal” (hereinafter – “BOT”)*	Georgia	Forwarding, transshipment and storage of oil and oil products and operating of Batumi Sea Port	100%	100%
“Petrotrans Limited” (hereinafter – “PTL”)	United Arab Emirates	Forwarding of oil and oil products	100%	100%
“Main Waterline” LLP (hereinafter – “Main Waterline”)	Kazakhstan	Water transportation	100%	100%

\* BOT has the exclusive right to manage 100% of the shares of “Batumi Sea Port” LLC (hereinafter – “BSP”).

The Company’s head office is located in Astana, Kazakhstan, at 20 Turan Avenue.

The Company has production facilities, which are located in Mangystau, Atyrau, Western-Kazakhstan, Aktubinsk, Karaganda, Pavlodar, Turkestan, North-Kazakhstan regions of the Republic of Kazakhstan and in Shymkent, also the Company has branches, which are located in Almaty (Research and Development Centre) and in Astana (Oil Transportation Control Centre) and representative offices in Russian Federation (Moscow, Omsk and Samara).

The Company is the national operator of the Republic of Kazakhstan on the main oil pipeline. The Company operates network of main oil pipelines of 5,373 km. The Company provides services for the transportation of oil through main oil pipelines, a transport expedition of Kazakhstani oil through pipelines of other states, services for the operation and maintenance of oil pipelines of other organizations, including joint venture of the Company. The Company’s joint ventures MunaiTas and KCP own Kenkiyak-Atyrau, Kenkiyak-Kumkol, and Atasu-Alashankou pipelines mainly used for transportation of Kazakhstani crude oil, and also for transit of Russian oil to China.

The Company is a natural monopolist and, respectively, is subject to regulation of the Committee on Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter – “CRNM”). CRNM is responsible for approving the methodology for calculating the tariff and tariff rates for oil transportation in domestic market of the Republic of Kazakhstan.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**1. GENERAL (continued)**

According to the Law of the Republic of Kazakhstan *On Natural Monopolies* transit of crude oil through the pipelines on the territory of the Republic of Kazakhstan and export from the Republic of Kazakhstan are excluded from the regulation of natural monopolies.

Starting from 1 January 2022 to 31 August 2022, the approved temporary compensating tariff for pumping oil to the domestic market is 3,728.82 Tenge per ton for 1,000 kilometers without VAT, from 1 September 2022 to 30 November 2022 – amounted 4,328.04 Tenge per ton for 1,000 kilometers without VAT. Starting from 1 December 2022 approved tariff for specified service amounted 4,355.57 Tenge per ton for 1,000 kilometers without VAT (from 1 January 2021 to 30 November 2021: 4,355.57 Tenge per ton for 1,000 kilometers without VAT; from 1 December 2021 to 31 December 2021: 4,328.04 Tenge per ton for 1,000 kilometers without VAT).

Tariff for pumping oil on export from the Republic of Kazakhstan starting from 1 March 2020 was 7,358.76 Tenge per ton for 1,000 kilometers without VAT. Starting from 1 June 2022, tariff for the specified service was put into effect in the amount of 8,830.51 Tenge per ton for 1,000 kilometers without VAT.

Tariff for pumping oil for transit through Kazakhstani part of main oil pipeline “Tuymazy – Omsk – Novosibirsk-2” starting from 1 April 2018 is 4,292.40 Tenge per ton for 1,000 kilometers without VAT.

Starting from 1 January 2019 tariff for transportation of Russian oil through the territory of Kazakhstan to the People’s Republic of China on the route border of Russian Federation-border of Republic of Kazakhstan (Priirtyshsk) – Atasu (Republic of Kazakhstan) – Alashankou (People’s Republic of China) is 4.23 US Dollars per ton (in Priirtyshsk – Atasu sector).

In general, tariff rates are based on the cost of capital return on operating assets. In accordance with the legislation of the Republic of Kazakhstan on regulation of natural monopolies, tariff rates cannot be lower than the expenditures required to provide services, and should provide for entity’s profitability at the level ensuring effective functioning of a natural monopoly.

These separate financial statements for the year ended 31 December 2022 were approved for issue by Internal Audit Committee of the Company’s Board of Directors and signed by the Acting General Director (Chairman of the Management Board) and the Chief Accountant on 6 March 2023.

**2. BASIS OF PREPARATION**

The separate financial statements of the Company (hereinafter – “the separate financial statements”) have been prepared in accordance with International Financial Reporting Standards (hereinafter – “IFRS”) as issued by the International Accounting Standards Board (hereinafter – “IASB”).

The separate financial statements have been prepared on a historical cost basis, except for property, plant and equipment, which are stated at revalued amounts, and other items described in the accounting policies and notes to the separate financial statements.

The separate financial statements are presented in Tenge and all amounts are rounded to the nearest thousands, except when otherwise indicated.

The separate financial statements provide comparative information in respect of the previous period.

The separate financial statements was issued in addition to the consolidated financial statements of the Company and its subsidiaries. The consolidated financial statements was approved by internal audit committee of the Company’s Board of Directors and signed by the Acting General Director (Chairman of the Management Board) and the Chief Accountant of the Company on 6 March 2023.

Consolidated financial statements are available on the Company’s corporate internet resource.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****3.1 Investment in a subsidiary**

Investment in a subsidiary is accounted for at cost less any impairment in value in the separate financial statements.

The Company assesses at each reporting date whether there is any objective evidence that an investment in a subsidiary may be impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value and then recognizes the loss within the statement of comprehensive income.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.2 Interest in joint ventures**

Investments in joint ventures are accounted for in these separate financial statements at initial cost less impairment. As discussed in *Note 1*, the Company participates in two jointly controlled entities: KCP and MunaiTas (*Note 9*).

**3.3 Foreign currency translation**

These separate financial statements are presented in Tenge, which is the Company's functional and presentation currency.

*Transactions and balances*

Transactions in foreign currencies are initially recorded by the Company at its functional currency rate prevailing at the date of the transaction first qualified for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of functional currency ruling at the reporting date.

All exchange differences arising from repayment and recalculation of monetary items, are included in the separate 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. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

*Exchange rates*

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

Weighted average currency exchange rates for the year ended 31 December 2022 and 2021 are as follows:

<i>Tenge</i>	<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
US Dollars	<b>460.93</b>	426.06
Russian Rubles	<b>6.92</b>	5.78
Euro	<b>485.29</b>	503.96

As at 31 December exchange rates established by KASE are as follows:

<i>Tenge</i>	<b>2022</b>	<b>2021</b>
US Dollars	<b>462.65</b>	431.80
Russian Rubles	<b>6.43</b>	5.76
Euro	<b>492.86</b>	489.10

**3.4 Current versus non-current classification of assets and liabilities**

The Company presents assets and liabilities in the separate statement of financial position based on current/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 twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.4 Current versus non-current classification of assets and liabilities (continued)**

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- A Company doesn't have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

**3.5 Non-current assets held for sale and discontinued operations**

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. 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. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification 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. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

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

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the separate statement of comprehensive income.

Additional disclosures are provided in *Note 18*. All other notes to the separate financial statements include amounts for continuing operations, unless indicated otherwise.

**3.6 Fair value measurement**

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.6 Fair value measurement (continued)**

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation models that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured in the separate financial statements or the fair value of which is disclosed in separate financial statement are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

For assets and liabilities that are recognised in the separate financial statements on a recurring basis, the Company 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.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Company and external appraisers also compares changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purposes of the disclosure of the fair value the Company classified assets and liabilities based on their nature, characteristics and risks inherent in them, as well as the applicable level in the fair value hierarchy, as described above.

An analysis of the fair value of property, plant and equipment and additional information about the methods of its definition are provided in *Note 4*.

**3.7 Property, plant and equipment**

Property, plant and equipment initially are recognized at cost. The subsequent accounting is at fair value less accumulated depreciation (except for land, technological oil and construction in process) and impairment losses recognised after the date of the revaluation.

In identifying excess of technological oil the Company assesses whether the transferred item from customers meets the definition of an asset, and if it is so, recognises the transferred asset as property, plant and equipment. At initial recognition such property, plant and equipment is measured at zero cost and revalued at each reporting date.

The Company periodically engages independent appraisers to revalue property, plant and equipment to their fair value. According to Accounting Policy property, plant and equipment is revalued at least 1 time in 3 years (except for technological oil, which is revalued during the period when the fair value changes) in order to ensure that fair value of the revalued asset does not significantly differ from its book value.

Any revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as expense in the statement of comprehensive income, in this case the increase is recognised through profit in the statement of comprehensive income. A revaluation deficit is recognised as expense in the statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets' original cost. Additionally, accumulated depreciation and impairment as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.7 Property, plant and equipment (continued)**

The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Further detailed information about the asset retirement and land recultivation obligation disclosed in *Notes 4, 25*.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	<b>Years</b>
Buildings and constructions	5-50
Machinery and equipment	3-30
Pipeline systems	15-30
Other transportation assets	5-12
Other	2-10

According to the Company's accounting policy technological oil, construction in progress and land are not subject to depreciation.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

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

**3.8 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization is provided on a straight-line basis over the estimated useful economic life of the assets. Intangible assets are generally amortized over seven-ten years. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognised in the separate statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the separate statement of comprehensive income when the asset is derecognised.

**3.9 Impairment of non-financial assets**

The Company 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 Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (hereinafter – "CGU") fair value less costs to sell and its value in use.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.9 Impairment of non-financial assets (continued)

Recoverable amount 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. When 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 selling costs, recent market transactions are taken into account, if available. If no such transactions can be identified, 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.

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

Impairment losses of continuing operations (including impairment on inventories) are recognized in the separate statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for the previously overvalued property, plant and equipment when the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount previously conducted revaluation.

At each reporting date the Company makes an assessment as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. Previously recognised 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 recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognized through profit or loss, unless the asset is carried at revalued amount. In the latter case the reversal is treated as a revaluation increase.

Information on impairment of non-financial assets is disclosed in *Notes 4,5*.

#### 3.10 Financial assets

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income 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 *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The 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 cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way" trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term bank deposits, trade and other receivables, investments in bonds.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.10 Financial assets (continued)***Subsequent measurement*

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

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

*Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Company. The Company measures financial assets at amortised 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 amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade and other accounts receivables and funds in credit institutions (bank deposits, cash and cash equivalents).

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging 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.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Company includes bonds of "Special financial company DSFK" LLP to this category (*Note 15*).

*Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)*

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company doesn't have financial assets of this category.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.10 Financial assets (continued)

##### *Subsequent measurement (continued)*

*Financial assets classified at the entity's discretion as designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)*

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company doesn't have financial assets of this category.

##### *Derecognition*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised (e.g., removed from the Company's separate statement of financial position) when:

- The rights to receive cash flows from the asset have expired;
- 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 asset is recognised to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the 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.

#### 3.11 Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions (*Note 4*);
- Trade and other accounts receivable (*Note 12*);
- Bank deposits (*Note 16*);
- Cash and cash equivalents (*Note 17*).

The Company recognises an allowance for expected credit losses (ECLs) for all loans and other debt financial assets that are not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. ECLs are discounted at an approximation of the original effective interest rate for a similar instrument with a similar credit rating.

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



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.11 Impairment of financial assets (continued)**

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

For funds in credit institutions (cash and cash equivalents, bank deposits), investments in bonds, the Company calculated ECLs based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Also it is considered a financial asset in default when contractual payment 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.

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

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

***Subsequent measurement***

For the purposes of the subsequent measurement of financial liabilities are classified into following categories:

- financial liabilities at fair value through profit or loss;
- financial liabilities at amortised cost.

***Financial liabilities at fair value through profit or loss***

The category "financial liabilities at fair value through profit or loss" includes financial liabilities held for trading and financial liabilities classified at the Company discretion at initial recognition as at fair value through profit or loss.

The Company has no financial liabilities classified as at fair value through profit or loss.

***Financial liabilities at amortised cost***

This category is the most significant for the Company. After initial recognition, such liabilities are measured at amortised cost using the effective interest method. Gains and losses on such financial liabilities are recognized in profit or loss as depreciation is calculated using the effective interest rate. Amortized cost is calculated taking into account discounts or premiums on acquisition, as well as commissions or costs, which are an integral part of the effective interest rate. Depreciation of the effective interest rate is included in finance costs in the statement of profit or loss.

In this category, the Company includes trade and other payables, loans and lease obligations.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such an asset. Other borrowing costs are recognized as expenses at the time of occurrence.

***Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

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 recognised in the statement of comprehensive income as income or expense.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.13 Offsetting of financial instruments**

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

**3.14 Inventories**

Inventories are stated at the lower of cost and net realizable value.

Cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cost of inventories is determined by using of FIFO basis.

**3.15 Cash and cash equivalents**

Cash and cash equivalents in the separate statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the separate statement of cash flows, cash and cash equivalents consist cash and short-term deposits as defined above, net of outstanding bank overdrafts.

**3.16 Provisions**

Provisions are recognised 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. When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss excluding any reimbursement.

The Company records a provision on asset retirement and land reclamation obligation. Provisions on asset retirement and land reclamation obligation are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the asset retirement and land reclamation obligation. The unwinding of the discount is expensed as incurred and recognised in the separate statement of comprehensive income as a finance cost.

The estimated future costs on asset retirement and land reclamation obligation are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset (*Notes 4, 25*).

**3.17 Employee benefits**

The Company provides long-term employee benefits to employees before, on and after retirement, in accordance with the Collective agreement between the Company and its employees and Company's Rule of social support of non-working pensioners and disabled people. The Collective agreement provides for one-off retirement payments, financial aid for employees' disability, anniversaries and funeral. The entitlement to benefits is usually conditional on the employee remaining in service up to retirement age.

The expected costs of the benefits associated with one-off retirement payments are accrued over the period of employment using the same accounting methodology as used for defined benefit post-employment plans with defined payments on the end of labor activity. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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 recognised 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 rate.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.17 Employee benefits (continued)**

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 separate statement of comprehensive income as interest cost. 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.

The results of the revaluation of employee benefits obligations, including actuarial gains and losses, are recognized by the Company as follows:

- Remuneration after termination of employment through other comprehensive income. In subsequent periods, the revaluation results will not be reclassified to profit or loss;
- Other long-term benefits through profit or loss.

Net interest is calculated by applying the discount rate to the net defined benefit obligation or asset. The Company recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'finance expenses' in separate statement of comprehensive income (by function):

- Service costs comprising current service costs, past-service costs;
- Net interest expense or income.

Employee benefits 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.

These obligations are valued by independent qualified actuaries on an annual basis. Further detailed information is disclosed in *Notes 4, 20*.

**3.18 Revenue and other income recognition**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

The Company has concluded that it is acting as a principal in all of its revenue arrangements (as it is the main party that has assumed the obligations under the contracts, receives benefits and accepts the risks associated with the contracts), except for transportation expedition contracts where the Company is acting as an agent for which the Company recognizes revenue commission for its services.

In the separate financial statements, the Company generally recognizes revenue for the following types:

*Rendering of transportation services*

Revenue from rendering of transportation and transshipment services is recognized at a point in time on the basis of actual volumes of oil transported during the reporting period.

*Rendering of pipeline operation and maintenance services*

Revenues from pipeline operation and maintenance services are recognized over time, as the buyer simultaneously receives and benefits from the performance of the Company's contractual obligations.

*Rendering of other services*

Revenue from rendering of other services is recognized as services are provided.

*Interest income*

For all financial instruments measured at amortized cost and at fair value through profit or loss, as well as at fair value through other comprehensive income, interest income or expense are recognized using the effective interest method.

The effective interest rate is the rate that exactly discounts the 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 liability. Interest income is included in finance income in the separate statement of comprehensive income.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.18 Revenue and other income recognition (continued)***Dividends*

Dividend income is recognized when the Company's right to receive the payment is established (on the date of dividends approval).

*Fees for undelivered oil volumes*

Income from fees for undelivered oil volumes is recognized for nominated and non-delivered oil volumes under oil transportation contracts on "ship or pay" terms.

In preparing to adopt IFRS 15, the Company is considering the following:

*Variable consideration*

IFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue.

The variable consideration is absent in contracts with customers, due to the absence of discounts, credit payment, concessions in price, incentives, bonuses for results or other similar items. This update will have no effect on revenue recognition.

*Principal versus agent considerations*

IFRS 15 requires assessment of whether the Company controls a specified good or service before it is transferred to the customer / customer's buyer.

The Company determined that it acts as a principal for all contracts under which revenue is recognized (since it controls the promised service before it is transferred to customer or to customer's buyer), except for contracts on oil transportation coordination services where Company determined that it does not control the services before they are accepted by the customer's buyer. Hence, Company is an agent, rather than principal in these contracts on oil transportation coordination services.

*Advances received from customers*

Advance payments received from customers are contractual obligations. The contractual obligations are the obligation to transfer to the buyer the goods or services for which the Company has received compensation from the buyer. If the buyer pays compensation before the Company transfers the product or service to the buyer, the contractual obligation is recognized at the time the payment is made or at the time the payment becomes payable (whichever is earlier). Contractual liabilities are recognized as revenue when the Company fulfills its contractual obligations.

Under IFRS 15, the Company must determine whether there is a significant financing component in its contracts.

The Company receives only short-term advances from its customers. They are presented as part of contract liabilities to customers. The Company determined that the length of time between the delivery of the services to the customer by the Company and the time when the customer pays for such services is relatively short. Therefore, the Company has concluded that given contracts do not contain significant financing component.

In accordance with the requirements for the separate financial statements, the Company has detailed information on revenue recognized under contracts with customers in categories reflecting how economic factors influence the nature, size, timing and uncertainty of revenue and cash flows. Disclosure of detailed revenue is discussed in *Note 28*.

The recognition and measurement requirements in IFRS 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as items of property and equipment and intangible assets), when that disposal is not in the ordinary course of business. These changes did not affect to the separate financial statements of the Company.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.19 Taxes***Current income tax*

Current income tax assets and liabilities 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, at the reporting date in Republic of Kazakhstan, where the Company operates and generates taxable income.

Current income tax relating to items recognized in other comprehensive income is recognised in equity and not in the statement of comprehensive income. Management of the Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred tax*

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

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

- Where the deferred 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;
- 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 tax assets are recognised 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 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;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised 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 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 tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or in equity.

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



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.19 Taxes (continued)***Value added tax (VAT)*

VAT related to sales is payable to the budget of Republic of Kazakhstan when goods are shipped or services are rendered. Input VAT can be offset against output VAT upon the receipt of a tax invoice from a supplier.

Revenue, expenses and assets are recognized after deduction of VAT, except for instances, where amount of VAT is recognized as a part of costs for asset acquisitions or as a part of expenses.

Tax legislation allows the settlement of VAT on a net basis. Accordingly, VAT related to sales and purchases unsettled at the balance sheet date is stated in the separate statement of financial position on a net basis.

Due to specifics of tax legislation and the Company's operations a certain part of input VAT can be carried over into subsequent years. Such portion of VAT is classified as long-term asset and assessed for impairment and considered as a corporate asset allocated to existing CGU.

Receivables and payables are stated including VAT.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of VAT recoverable, other taxes prepaid and other taxes payable in the separate statement of financial position.

**3.20 Equity***Share capital*

External costs directly attributable to the issue of new shares, excluding business combinations are shown as a deduction from the proceeds from shares issue in equity.

*Treasury shares repurchased from shareholders*

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

*Dividends*

The Company recognises a liability to make cash or non-cash distributions to shareholders, when the distribution is authorised and the distribution is no longer at the discretion of the Company. According to legislation of the Republic of Kazakhstan, distribution is authorised by the shareholders. A corresponding amount is recognised directly in equity.

At the moment of distribution of non-monetary assets the difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the separate statement of comprehensive income.

Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the separate financial statements are authorized for issue.

**3.21 Changes in accounting policies and disclosures**

The applied accounting policy is in line with the accounting policy applied in the previous reporting year, with the exception of the acceptance of the following new IFRS effective from 1 January 2022.

*New standards, interpretations and amendments to existing standards and interpretations*

Some standards and amendments are applied for the first time in 2022. The nature and the impact of each new standard or amendment are described below:

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

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

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.21 Changes in accounting policies and disclosures (continued)

##### *New standards, interpretations and amendments to existing standards and interpretations (continued)*

##### *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (continued)*

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

This amendment had no impact on the separate financial statements of the Company, as there are no onerous contracts in the Company.

##### *Reference to the Conceptual Framework – Amendments to IFRS 3*

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

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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

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

These amendments had no impact on the separate financial statements of the Company as it is not a first-time adopter.

##### *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. The Company intends to apply practical simplifications in future periods, if necessary.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.21 Changes in accounting policies and disclosures (continued)***New standards, interpretations and amendments to existing standards and interpretations (continued)**IAS 41 Agriculture – Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. These amendments had no impact on the consolidated financial statements of the Group as this standard is not applicable to the Group.

*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28*

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (continued)*

The amendments address the conflict between IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments had no impact on the Company's separated financial statements.

The Company intends to apply these amendments in future periods, if necessary.

*Standards issued but not yet effective*

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

*IFRS 17 Insurance Contracts*

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

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

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 3.21 Changes in accounting policies and disclosures (continued)

##### *Standards issued but not yet effective (continued)*

##### *Amendments to IAS 1 Clarification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 and 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

##### *Amendments to IAS 1 Clarification of Liabilities as Current or Non-current (continued)*

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. These amendments are not expected to have a material impact on the Company's financial statements.

##### *Definition of Accounting Estimates - Amendments to IAS 8*

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted, subject to disclosure of this fact.

These amendments are not expected to have a material impact on the Company's financial statements.

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

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective for annual periods beginning on or after 1 January 2023 with earlier application possibilities. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information and it is not necessary to specify an effective date for these amendments. The Company is currently assessing the impact of the amendments.

##### *Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12*

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Company is currently assessing the impact of the amendments.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****3.21 Changes in accounting policies and disclosures (continued)***Standards issued but not yet effective (continued)**Lease Liability in a Sale and Leaseback – Amendments to IFRS 16*

Amendments to IFRS 16 are effective for annual periods beginning on or after 1 January 2024. In September 2022, the Board issued Amendments to IFRS 16.

The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

The Company is currently assessing the impact of the amendments.

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. 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.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Financial risk management and policies (*Note 37*);
- Sensitivity analyses disclosures (*Note 37*).

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the separate financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)****Estimates and assumptions (continued)***Fair value measurement of the property, plant and equipment*

The Company accounts the property, plant and equipment at revalued amounts. During 2022 the Company engaged independent external appraisers to perform valuation of its property, plant and equipment.

The valuation methods used by the Company in assessment and analyses of the fair value of property, plant and equipment are considered from the perspective of the best and most efficient use of the valued asset. The best and most efficient use of the Company's assets is their use in operating activities.

The initial data used to determine the fair value of the Company's office buildings in the cities of the Republic of Kazakhstan with the relevant land plots, as well as vehicles and other non-specialized assets, refer to Level 2 in the fair value hierarchy (unquoted observable inputs).

The remaining property, plant and equipment of the Company are specialized and the initial data used for determining their fair value refer to Level 3 in the fair value hierarchy (unobservable inputs).

The methodology used in valuation of the specialized assets of the Company's companies, was initially based on the valuation of the depreciable replacement cost ("cost method").

As part of the valuation of the fair value, the appraiser performed a test for adequate profitability using the income approach to determine the amount of economic depreciation of the Company's specialized items of property, plant and equipment. The recoverable amount of the property, plant and equipment of the Company is determined by assessing value in use. The value in use of assets is defined as the value of the business, adjusted for the fair value of net working capital. Cash flow forecasting was based on the budgets and business plans of the Company approved by the management of the Company for 2022 and for the period 2023-2027, respectively. The cash flows in the post-forecast period are determined on the basis of extrapolation of forecast data using long-term growth rate.

The following basic assumptions were applied in determining the value in use:

Discount rate	17.07%
Long-term growth rate	4%

The results obtained in terms of value in use were lower than those measured at the amortized replacement cost and, therefore, were taken as the fair value of the Company's property, plant and equipment.

According to the results of an independent assessment in 2022, the carrying value of property, plant and equipment of the Company (excluding technological oil) increased by 112,070,868 thousand Tenge (*Note 5*). At the same time the net revaluation through revaluation reserve was amounted to 124,669,031 thousand Tenge and write off through profit and loss was amounted to 12,598,163 thousand Tenge.

The results of assessing the value in use are sensitive to change of discount rate and long-term growth rate indicators and also to forecasts regarding the volume of sales of services provided, the level of tariffs for services provided, the size of capital and current costs.

Sensitivity analysis of value of property plant and equipment for the change in the discount rate and long-term growth rate is as follows:

<i>In millions of Tenge</i>	(Decrease)/ Increase in rate	Oil transportation CGU
Discount rate	-0.5% +0.5%	8,830 (8,366)
Long-term growth rate	-0.5% +0.5%	(16,970) 18,320



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)****Estimates and assumptions (continued)***Fair value measurement of the property, plant and equipment (continued)**Revaluation of technological oil*

Technological oil is revalued at each reporting date, due to the fact that fluctuations are quite frequent and significant. Technological oil of the Company was revalued on each reporting date of interim periods and on 31 December 2022 and 2021.

Input data for determining the fair value of technological oil refer to Level 2 in the fair value hierarchy (unquoted observable inputs).

The following judgments were taken into account by the Company's management when determining fair value of technological oil:

- Technological oil is an integral part of the process of operating the pipeline without which the transportation is not possible and, accordingly, the object of valuation is a specialized asset;
- Technological oil cannot be sold or otherwise disposed due to restrictions on the types of activities allowed by CRNM;
- Tariffs are being closely monitored by CRNM and the Government of the Republic of Kazakhstan (except export tariffs and transit through the territory of Kazakhstan) to ensure they will not adversely affect general price index in the country, and thus may be set at the level which will not allow to recover cost of oil, if it was valued at international market price;
- And if the Company needs to buy additional oil to fill in new parts of pipeline, it would use the terms of the transportation agreements, according to which the oil extracting entities, upon the request of the Company, provide oil to fill the system of the Company's main pipelines,
- For the oil extracting entities there is an internal or tolling price for oil, which is delivered to the refineries of the KMG Group.

Taking into account all these factors as at 31 December 2022 the fair value of the Company's technological oil was determined based on the price of 84,050 Tenge per ton (as at 31 December 2021: 76,648 Tenge per ton). Other comprehensive income from the effect of the change in fair value of the technological oil during 2022 was equal to 19,423,763 thousand Tenge (during 2021: other comprehensive income 100,258,238 thousand Tenge). In addition, during 2022 other comprehensive income from the revaluation of technological oil surplus in the amount 3,229,453 thousand Tenge (during 2021: 998,073 thousand Tenge net of with the oil shortage write-off in 230,517 thousand Tenge) and a loss from the write-off of oil shortage in the amount of 282,934 thousand Tenge were recognized (during 2021: 183,922 thousand Tenge) (*Note 5*). During 2022 as a result of revaluation the net other comprehensive income was equal to 22,653,216 thousand Tenge (during 2021: other comprehensive income for 101,256,311 thousand Tenge) (*Note 5*).

The volume of oil in the pipeline as at 31 December 2022 amounted to 2,663 thousand tons (31 December 2021: 2,628 thousand tons). According to the results of stock count of oil held at the end of 2022 the surpluses in the amount of 38,423 tons (for 2021: 16,029 tons). During 2021 a shortage in the amount of 5,730 tons were recognized.

*Impairment of investments in subsidiaries and jointly controlled entities*

Due to the presence of impairment indicators as at 31 December 2022, the Company recognised an impairment of its investment in Main Waterline in the amount of the excess of the carrying amount of the investment over its recoverable amount, which amounted to 3,842,224 thousand Tenge (as at 31 December 2021: 4,540,709 Tenge) (*Note 8*).

As at 31 December 2022 and 2021 there weren't impairment indicators of investments in BOT, PTL, KKT and MunaiTas.

*Useful lives of items of property, plant and equipment*

The Company 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 as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)****Estimates and assumptions (continued)***Asset retirement and land recultivation obligation*

The reserve was determined at the end of the reporting period using the projected inflation rate for the expected period of fulfillment of obligations, and the discount rate at the end of the reporting period which is presented below.

<i>As a percentage</i>	<b>2022</b>	<b>2021</b>
Discount rate	<b>10.46%</b>	6.72%
Inflation rate	<b>6.23%</b>	5.49%
Period of fulfillment of obligations	<b>12 year</b>	13 year

As there is no an active market for highly liquid corporate bonds in the Republic of Kazakhstan and due to the insufficiency of transactions of government bonds, the Company uses risk-free rates of US government treasury bonds as an estimated discount rate, with maturities corresponding to the expected term of the asset retirement and land recultivation, adjusted for country risk and inflation rates of the Republic of Kazakhstan.

As at 31 December 2022 the carrying amount of the asset retirement and land recultivation obligation was 40,664,979 thousand Tenge (as at 31 December 2021: 34,547,151 thousand Tenge) (*Note 25*) and includes the corresponding provisions for oil pipelines, oil pumping stations (OPS) and landfills.

*Provisions for oil pipelines*

According to the Law of the Republic of Kazakhstan *About the Main Pipeline* which came into force on 4 July 2012, the Company has a legal obligation to decommission its oil pipelines at the end of their operating life and to restore the land to its original condition. Activities on land recultivation are carried out when replacing the pipelines at the end of their useful life.

This provisions are estimated based on the value of the work to decommission and rehabilitate calculated by the Company in accordance with the technical regulations of the Republic of Kazakhstan. Pipeline decommission expense as at 31 December 2022 is equal to 7,793 thousand Tenge per kilometer (as at 31 December 2021: 6,922 thousand Tenge).

*Provisions for OPS*

In accordance with the amendments made to the Environmental Code of the Republic of Kazakhstan, after the termination of the operation of facilities that have a negative impact on the environment, the operators (owners) of facilities are obliged to ensure the elimination of the consequences of the operation of facilities in accordance with the requirements of the legislation of the Republic of Kazakhstan. As part of the elimination of the consequences of the operation of facilities that have a negative impact on the environment, work should be carried out to bring land plots into a condition that ensures the safety and (or) human health, environmental protection and suitable for their further use for their intended purpose, in accordance with the procedure provided for by the land legislation of the Republic of Kazakhstan. According to the Environmental Code of the Republic of Kazakhstan, the objects of the Company belong to category II, which have a moderate negative impact on the environment. Accordingly, in 2022, the Company created a reserve for decommissioning and recultivation of the OPS lands. The discounted value of the initially recognized liability is calculated based on the design and estimated costs for the liquidation of the OPS and dismantling of tanks and amounts to 14,748,415 thousand tenge. As at 31 December 2022, the carrying amount of the obligation, taking into account the revision of the estimated assumptions, is 12,078,865 thousand tenge.

*Provisions for landfills*

The provisions for landfills are created in 2013 in accordance with the requirements of Environmental Code of the Republic of Kazakhstan.

Assessing the cost of rehabilitation of the environment is subject to potential changes in environmental requirements and interpretations of the law. Furthermore uncertainties in the estimates of these costs include potential changes in regulatory requirements, alternative disposal and recovery of damaged land and levels of discount and inflation rates, and the time, when such obligations will be due.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)****Estimates and assumptions (continued)**

Sensitivity analysis of asset retirement and land recultivation obligation for the change in significant assumptions as at 31 December 2022 is as follows:

<i>In thousands of Tenge</i>	<b>(Decrease)/ increase in rate</b>	<b>Increase/ (decrease) in liability</b>
Discount rate	-0.5% +0.5%	2,261,132 (2,131,916)
Inflation rate	-0.5% +0.5%	(2,224,478) 2,342,681

*Reserves for the impairment of advances to suppliers*

The Company recognized reserve for the impairment of long-term and short-term advances to suppliers. In estimating the reserve historical and anticipated suppliers performance are considered. Changes in the economy, industry and specific characteristics may affect the reserves recorded in the separate financial statements.

As at 31 December 2022 and 2021 these reserves have been created for the amount of 53,258 thousand Tenge (*Notes 10*).

*Allowances for financial assets*

The Company recognises allowances for expected credit losses for trade accounts receivable and funds in credit institutions (cash and cash equivalents, bank deposits).

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated expected credit losses based on lifetime of these financial instruments. The Company used a provision model that is prepared taking into account Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For funds in credit institutions (bank deposits, cash and cash equivalents), investments in bonds, the Company calculated expected credit losses based on the 12-month period. The 12-month expected credit losses is the portion of lifetime expected credit losses that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit losses.

The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Also it is considered a financial asset in default when contractual payment 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. As at 31 December 2022 and 2021 allowance for expected credit losses was created in the amount of 885,399 thousand Tenge and 1,058,613 thousand Tenge, respectively (*Notes 12, 16, 17*). Changes in the economy, industry and specific characteristics may affect the reserves recorded in separate financial statements.

*Tax provision*

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Company establishes provisions, based on reasonable estimates, for possible consequences of inspections by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax inspections and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the country.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)****Estimates and assumptions (continued)***Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The amount of recognized deferred tax assets as at 31 December 2022 was 11,192,413 thousand Tenge (as at 31 December 2021: 10,009,835 thousand Tenge) (Note 34), net off with the amount of deferred tax liabilities. As at 31 December 2022 and 2021 the Company did not have unrecognized deferred tax assets.

*Employee benefits*

The cost of defined long-term employee benefits to employees 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.

As there is no an active market for highly liquid corporate bonds in the Republic of Kazakhstan and due to the insufficiency of transactions on government bonds, the Company uses risk-free rates of US government treasury bonds an estimated discount rate, with extrapolated maturities corresponding to the expected term for fulfilling of employee benefits obligations, adjusted for country risk and inflation rates of the Republic of Kazakhstan.

The mortality rate is based on publicly available mortality tables. Increase in future salary and pension is based on expected future inflation rates for the respective country.

Principal actuarial assumptions used for valuation of employee benefit obligations as at 31 December 2022 and 2021 were as follows:

	2022	2021
Discount rate	10.46%	6.72%
Future salary increase	5.74%	5.43%
Mortality rate	5.81%	5.81%

As at 31 December 2022 the average period of post-retirement benefit obligations were 18.7 years (as at 31 December 2021: 18.2 years).

Sensitivity analysis of employee benefit obligations for the change in significant estimates as at 31 December 2022 is as follows:

<i>In thousands of Tenge</i>	(Decrease)/ increase in rate	Increase/ (decrease) in liability
Discount rate	-0.5% +0.5%	1,182,733 (1,081,616)
Future financial aid change	-1% +1%	(2,182,591) 2,374,977
Future salary change	-1% +1%	(203,609) 236,846
Life duration	-1 year +1 year	(111,145) 276,938

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

## 5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 31 December 2021 and 2022 are as follows:

<i>In thousands of Tenge</i>	Land	Pipelines	Transportation assets	Buildings and constructions	Machinery and equipment	Technological oil	Other	Construction in progress	Total
<b>Gross carrying amount as at 1 January 2021</b>	5,515,423	255,365,446	17,905,428	81,433,973	147,603,173	100,345,811	10,088,431	34,593,170	652,850,855
Additions	-	12,750	1,521,354	-	1,234,288	-	437,739	36,153,504	39,359,635
Additions of estimates on asset retirement and land reclamation obligation (Note 25)	-	340,189	-	-	-	-	-	-	340,189
Disposals	(4,057)	(3,373,320)	(97,284)	(207,789)	(539,104)	(183,922)	(338,374)	(64,680)	(4,808,530)
Revaluation (through revaluation reserve) (Note 19)	-	-	-	-	-	101,256,311	-	-	101,256,311
Transfers to non-current assets held for sale (Note 18)	(31,068)	-	(4,631)	(13,495)	-	-	-	-	(49,194)
Transfers from construction-in-progress	-	24,370,001	94,030	3,945,551	13,305,723	-	743,461	(42,458,766)	-
Transfers to intangible assets (Note 7)	-	-	-	-	-	-	-	(290,240)	(290,240)
Transfers and reclassifications	-	-	-	-	-	-	(8,171)	8,171	-
<b>Gross carrying amount as at 31 December 2021</b>	<b>5,480,298</b>	<b>276,715,066</b>	<b>19,418,897</b>	<b>85,158,240</b>	<b>161,604,080</b>	<b>201,418,200</b>	<b>10,923,086</b>	<b>27,941,159</b>	<b>788,659,026</b>
Additions	-	3,466	2,073,803	304,038	1,202,081	-	261,298	34,895,146	38,739,832
Additions of estimates on asset retirement and land reclamation obligation (Note 25)	-	346,567	-	13,612,707	-	-	-	-	13,959,274
Changes in estimates on asset retirement and land reclamation obligation (Note 25)	-	-	-	(3,359,391)	-	-	-	-	(3,359,391)
Disposals	(33,338)	(1,623,594)	(181,040)	(192,218)	(919,694)	(282,934)	(527,538)	(244,073)	(4,004,429)
Revaluation (through revaluation reserve) (Note 19)	4,443,733	38,821,474	7,228,396	19,203,286	47,157,230	22,653,216	7,567,332	247,580	147,322,247
Impairment and revaluation (through profit or loss due to revaluation)	53,212	236,171	(819,269)	(4,235,463)	(5,367,665)	-	13,142	(2,478,291)	(12,598,163)
Subtraction of accumulated depreciation and impairment due to revaluation	-	(47,981,888)	(7,434,999)	(20,861,746)	(66,306,187)	-	(7,256,757)	(180,880)	(150,022,457)
Transfers from non-current assets held for sale (Note 18)	73,519	-	102,667	672,938	31,483	-	604	-	881,211
Transfers from construction-in-progress	412	21,976,435	82,529	3,863,552	9,951,937	-	71,427	(35,946,292)	-
Transfers and reclassifications	-	230,913	(85,550)	-	(164,563)	-	19,200	-	-
<b>Gross carrying amount as at 31 December 2022</b>	<b>10,017,836</b>	<b>288,724,610</b>	<b>20,385,434</b>	<b>94,165,943</b>	<b>147,188,702</b>	<b>223,788,482</b>	<b>11,071,794</b>	<b>24,234,349</b>	<b>819,577,150</b>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

<i>In thousands of Tenge</i>	Land	Pipelines	Transportation assets	Buildings and constructions	Machinery and equipment	Technological oil	Other	Construction in progress	Total
<b>Accumulated depreciation and impairment as at 1 January 2021</b>	-	(19,451,996)	(3,186,715)	(7,971,186)	(30,626,424)	-	(4,388,105)	(34,012)	(65,658,438)
Depreciation charge	-	(14,981,193)	(2,235,165)	(6,021,438)	(19,041,798)	-	(2,107,791)	-	(44,387,385)
Disposals	-	1,773,496	95,946	202,299	512,438	-	337,883	-	2,922,062
Impairment (through profit and loss)	-	(11,387)	-	-	(709)	-	-	(324,338)	(336,434)
Impairment (through revaluation reserve) (Note 19)	(14,838)	(31,127)	-	-	(2,643)	-	-	(54,042)	(102,650)
Transfers to non-current assets held for sale (Note 18)	14,838	-	1,822	7,458	-	-	-	-	24,118
Transfers to intangible assets (Note 7)	-	-	-	-	-	-	-	1,896	1,896
<b>Accumulated depreciation and impairment as at 31 December 2021</b>	-	(32,702,207)	(5,324,112)	(13,782,867)	(49,159,136)	-	(6,158,013)	(410,496)	(107,536,831)
Depreciation charge	-	(15,888,620)	(2,220,815)	(6,976,940)	(17,929,608)	-	(1,625,248)	-	(44,641,231)
Disposals	-	628,479	181,010	129,244	781,229	226,758	527,108	229,616	2,703,444
Impairment (through profit and loss)	-	(12,882)	-	-	-	(10,515)	-	-	(23,397)
Impairment (through revaluation reserve)	-	-	-	-	-	(216,243)	-	-	(216,243)
Subtraction of accumulated depreciation and impairment due to revaluation	-	47,981,888	7,434,999	20,861,746	66,306,187	-	7,256,757	180,880	150,022,457
Transfers from non-current assets held for sale (Note 18)	-	-	(71,087)	(231,183)	(5,325)	-	(604)	-	(308,199)
Transfers and reclassifications	-	(6,658)	5	-	6,653	-	-	-	-
<b>Accumulated depreciation and impairment as at 31 December 2022</b>	-	-	-	-	-	-	-	-	-

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

<i>In thousands of Tenge</i>	Land	Pipelines	Transportation assets	Buildings and constructions	Machinery and equipment	Technological oil	Other	Construction in progress	Total
<b>As at 31 December 2022</b>									
<b>Gross carrying amount</b>	10,017,836	288,724,610	20,385,434	94,165,943	147,188,702	223,788,482	11,071,794	24,234,349	819,577,150
Accumulated depreciation and impairment	-	-	-	-	-	-	-	-	-
<b>Net book value</b>	10,017,836	288,724,610	20,385,434	94,165,943	147,188,702	223,788,482	11,071,794	24,234,349	819,577,150
<b>As at 31 December 2021</b>									
<b>Gross carrying amount</b>	5,480,298	276,715,066	19,418,897	85,158,240	161,604,080	201,418,200	10,923,086	27,941,159	788,659,026
Accumulated depreciation and impairment	-	(32,702,207)	(5,324,112)	(13,782,867)	(49,159,136)	-	(6,158,013)	(410,496)	(107,536,831)
<b>Net book value</b>	5,480,298	244,012,859	14,094,785	71,375,373	112,444,944	201,418,200	4,765,073	27,530,663	681,122,195

The carrying value of each revalued class of property, plant and equipment that would have been recognized in the separate financial statements had the assets been carried at cost less any accumulated depreciation and any accumulated impairment loss is as follows:

<i>In thousands of Tenge</i>	Land	Pipelines	Transportation assets	Buildings and constructions	Machinery and equipment	Technological oil	Other	Construction in progress	Total
<b>As at 31 December 2022</b>	1,044,966	188,301,144	13,564,038	63,406,928	89,512,630	30,270,513	3,157,599	26,189,702	415,447,520
<b>As at 31 December 2021</b>	1,023,070	184,673,989	13,394,362	53,705,468	92,532,261	30,324,713	4,159,327	27,218,660	407,031,850



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****5. PROPERTY, PLANT AND EQUIPMENT (continued)**

As at 31 December 2022 and 2021 construction in progress mainly includes the following production projects:

- Replacement of pipeline sections of main oil pipelines;
- Replacement, reconstruction and construction of the objects of main oil pipeline ( oil reservoirs, technological pipelines, pumping stations, communication lines, power supply, automation system and others).

As at 31 December 2022:

- The gross carrying amount and corresponding accumulated depreciation of fully depreciated property, plant and equipment still in use were zero Tenge (as at 31 December 2021: 2,520,878 thousand Tenge);
- Construction in progress included materials and spare parts in the amount of 2,157,965 thousand Tenge (as at 31 December 2021: 3,563,507 thousand Tenge), which were acquired for construction works.

Depreciation of property, plant, and equipment for the year ended 31 December 2022, capitalized in the cost of construction in progress amounted to 21,500 thousand Tenge (for the year ended 31 December 2021: 20,337 thousand Tenge).

**6. RIGHT-OF-USE ASSETS**

Right-of-use assets as at 31 December 2021 and 2022 are as follows:

<i>In thousands of Tenge</i>	<b>Right-of-use assets</b>				<b>Total</b>
	<b>Land</b>	<b>Transportation assets</b>	<b>Buildings and constructions</b>	<b>Machinery, equipment and transfer devices</b>	
<b>Net book value as at 1 January 2021</b>	78,952	2,002,829	291,704	174,334	2,547,819
Additions (Note 22)	–	–	4,407	–	4,407
Modification (Note 22)	–	–	7,071	–	7,071
Amortization charge	(5,722)	(1,254,808)	(122,732)	(64,563)	(1,447,825)
<b>Net book value as at 31 December 2022</b>	73,230	748,021	180,450	109,771	1,111,472
Additions (Note 22)	<b>2,249</b>	–	–	<b>114,695</b>	<b>116,944</b>
Disposals	<b>(2,873)</b>	–	–	–	<b>(2,873)</b>
Modification (Note 22)	–	<b>994,358</b>	<b>265,523</b>	–	<b>1,259,881</b>
Amortization charge	<b>(3,534)</b>	<b>(1,379,309)</b>	<b>(132,400)</b>	<b>(64,563)</b>	<b>(1,579,806)</b>
<b>Net book value as at 31 December 2022</b>	<b>69,072</b>	<b>363,070</b>	<b>313,573</b>	<b>159,903</b>	<b>905,618</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****7. INTANGIBLE ASSETS**

Intangible assets as at 31 December 2021 and 2022 are as follows:

<i>In thousands of Tenge</i>	<b>Licenses</b>	<b>Software</b>	<b>Other</b>	<b>Total</b>
<b>Net book value as at 1 January 2021</b>	539,282	792,817	23,114	1,355,213
Additions	–	–	8,707	8,707
Transfers from construction-in-progress (Note 5)	4,833	142,181	141,330	288,344
Disposals	(10,357)	(299,001)	(42,021)	(351,379)
Amortization charge	(161,367)	(260,611)	(2,838)	(424,816)
Accumulated depreciation on disposal	10,357	299,001	42,021	351,379
<b>Net book value as at 31 December 2021</b>	<b>382,748</b>	<b>674,387</b>	<b>170,313</b>	<b>1,227,448</b>
Additions	<b>191,313</b>	<b>27,148</b>	<b>232,349</b>	<b>450,810</b>
Transfers from construction-in-progress	<b>55,849</b>	<b>149,120</b>	<b>(204,969)</b>	<b>–</b>
Amortization charge	<b>(229,522)</b>	<b>(297,310)</b>	<b>(3,706)</b>	<b>(530,538)</b>
Disposals	<b>(54,788)</b>	<b>(199,081)</b>	<b>–</b>	<b>(253,869)</b>
Accumulated depreciation on disposal	<b>54,788</b>	<b>199,081</b>	<b>–</b>	<b>253,869</b>
<b>Net book value as at 31 December 2022</b>	<b>400,388</b>	<b>553,345</b>	<b>193,987</b>	<b>1,147,720</b>
<b>As at 31 December 2022</b>				
At cost	<b>1,341,234</b>	<b>4,786,660</b>	<b>228,504</b>	<b>6,356,398</b>
Accumulated amortization and impairment	<b>(940,846)</b>	<b>(4,233,315)</b>	<b>(34,517)</b>	<b>(5,208,678)</b>
<b>Net book value</b>	<b>400,388</b>	<b>553,345</b>	<b>193,987</b>	<b>1,147,720</b>
<b>As at 31 December 2021</b>				
At cost	<b>1,148,860</b>	<b>4,809,473</b>	<b>201,124</b>	<b>6,159,457</b>
Accumulated amortization and impairment	<b>(766,112)</b>	<b>(4,135,086)</b>	<b>(30,811)</b>	<b>(4,932,009)</b>
<b>Net book value</b>	<b>382,748</b>	<b>674,387</b>	<b>170,313</b>	<b>1,227,448</b>

**8. INVESTMENTS IN SUBSIDIARIES**

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

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Main Waterline	<b>70,168,356</b>	67,910,580
BOT	<b>9,182,546</b>	9,182,546
PTL	<b>2,820,886</b>	2,820,886
<b>Total</b>	<b>82,171,788</b>	79,914,012

As at 31 December 2022 and 2021 the movement of investments in subsidiaries are as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
<b>As at 1 January</b>	<b>79,914,012</b>	69,854,721
Contribution to the charter capital of the Main Waterline (Note 35)	<b>6,100,000</b>	14,600,000
Impairment of investments (Note 4)	<b>(3,842,224)</b>	(4,540,709)
<b>As at 31 December</b>	<b>82,171,788</b>	79,914,012

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****9. INVESTMENTS IN JOINT VENTURES**

Investments in joint ventures as at 31 December 2021 and 2022 include investments in KCP in the amount of 6,500,000 thousand Tenge and in MunaiTas in the amount of 6,044,945 thousand Tenge.

During 2022, KCP and MunaiTas paid dividends to the Company based on the 2021 results in the amount of 5,000,000 thousand Tenge and 2,636,855 thousand Tenge, respectively. During 2021, KCP paid dividends to the Company based on the 2020 results in the amount of 1,800,000 thousand Tenge (Note 35).

**10. ADVANCES TO SUPPLIERS FOR PROPERTY, PLANT AND EQUIPMENT**

Advances to suppliers for property, plant and equipment as at 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	31 December 2021
Advances to third parties for property, plant and equipment and construction services	<b>126,859</b>	6,420,123
Less: allowance for impairment	<b>(53,258)</b>	(53,258)
<b>Total</b>	<b>73,601</b>	6,366,865

**11. INVENTORIES**

Inventories as at 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	31 December 2021
Spare parts	<b>3,237,962</b>	3,032,601
Goods	<b>1,970,023</b>	1,506,774
Fuel	<b>752,761</b>	825,499
Construction materials	<b>487,280</b>	484,759
Overalls	<b>469,693</b>	539,608
Chemical reagents	<b>148,482</b>	156,135
Other	<b>150,377</b>	210,157
<b>Total</b>	<b>7,216,578</b>	6,755,533

**12. TRADE AND OTHER ACCOUNTS RECEIVABLE****Other long-term accounts receivable**

Other long-term accounts receivable as at 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	31 December 2021
Other accounts receivable from third parties	<b>961,102</b>	1,059,900
Less: allowance for expected credit losses	<b>(77,818)</b>	(146,516)
<b>Total</b>	<b>883,284</b>	913,384

Movement in allowance for expected credit losses related to other long-term accounts receivables is as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	2021
<b>As at 1 January</b>	<b>146,516</b>	163,195
Reversal for the year, net (Note 29)	<b>(68,698)</b>	(16,679)
<b>As at 31 December</b>	<b>77,818</b>	146,516

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****12. TRADE AND OTHER ACCOUNT RECEIVABLE (continued)****Current trade and other accounts receivable**

Current trade and other accounts receivable as at 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Trade accounts receivable from related parties (Note 35)	<b>4,166,384</b>	2,223,558
Trade accounts receivable from third parties	<b>1,185,502</b>	2,147,306
Other accounts receivable from third parties	<b>705,492</b>	710,537
Other accounts receivable from related parties (Note 35)	<b>509</b>	509
Less: allowance for expected credit losses	<b>(779,056)</b>	(880,873)
<b>Total</b>	<b>5,278,831</b>	4,201,037

Movement in allowance for expected credit losses related to trade and other receivables is as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
<b>As at 1 January</b>	<b>880,873</b>	846,987
(Reversal)/charge for the year, net (Note 29)	<b>(70,449)</b>	33,886
Write-off of accounts receivable	<b>(31,368)</b>	–
<b>As at 31 December</b>	<b>779,056</b>	880,873

Trade and other accounts receivable as at 31 December 2022 and 2021 are denominated in the following currencies:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	<b>31 December 2022</b>
Tenge	<b>5,276,207</b>	4,198,876
Russian Rubles	<b>2,624</b>	2,161
<b>Total</b>	<b>5,278,831</b>	4,201,037

Information on the Company's exposure to credit risk from trade and other accounts receivable using the estimated reserves model is provided:

		<b>Trade and other accounts receivable</b>				
		<b>Past due payments</b>				
<i>In thousands of Tenge</i>	<b>Unexpired</b>	<b>Less than 30 days</b>	<b>From 31 to 60 days</b>	<b>From 61 to 90 days</b>	<b>More than 91 days</b>	<b>Total</b>
<b>As at 31 December 2022</b>						
Expected credit loss rate	11%	0,03%	–	–	99,9%	
Trade and other accounts receivable	<b>6,956,136</b>	<b>2,529</b>	<b>511</b>	<b>21</b>	<b>761,030</b>	<b>7,720,227</b>
Expected credit losses	<b>(797,465)</b>	<b>(1)</b>	<b>–</b>	<b>–</b>	<b>(760,646)</b>	<b>(1,558,112)</b>
<b>Итого</b>	<b>6,158,671</b>	<b>2,528</b>	<b>511</b>	<b>21</b>	<b>384</b>	<b>6,162,115</b>

		<b>Trade and other accounts receivable</b>				
		<b>Past due payments</b>				
<i>In thousands of Tenge</i>	<b>Unexpired</b>	<b>Less than 30 days</b>	<b>From 31 to 60 days</b>	<b>From 61 to 90 days</b>	<b>More than 91 days</b>	<b>Total</b>
<b>As at 31 December 2021</b>						
Expected credit loss rate	3,6%	8%	0,37%	–	99,9	
Trade and other accounts receivable	<b>4,891,442</b>	<b>428,459</b>	<b>7,263</b>	<b>–</b>	<b>814,646</b>	<b>6,141,810</b>
Expected credit losses	<b>(178,971)</b>	<b>(34,414)</b>	<b>(27)</b>	<b>–</b>	<b>(813,977)</b>	<b>(1,027,389)</b>
<b>Итого</b>	<b>4,712,471</b>	<b>394,045</b>	<b>7,236</b>	<b>–</b>	<b>669</b>	<b>5,114,421</b>

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****13. ADVANCES TO SUPPLIERS**

Advances to suppliers as at 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Advances to third parties	<b>162,508</b>	343,868
Advances to related parties ( <i>Note 35</i> )	<b>1,017</b>	1,069
	<b>163,525</b>	344,937
Less: impairment	<b>(638)</b>	(638)
<b>Total</b>	<b>162,887</b>	344,299

**14. VAT RECOVERABLE AND OTHER PREPAID TAXES**

VAT recoverable and other prepaid taxes as at 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Withholding tax	<b>27,129</b>	27,705
Property tax	<b>16,841</b>	229,878
VAT recoverable	<b>12,002</b>	1,410,050
Other taxes prepaid	<b>8,716</b>	9,155
<b>Total</b>	<b>64,688</b>	1,676,788

**15. OTHER CURRENT ASSETS**

Other current assets as at 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Due for oil transportation coordination services	<b>5,299,968</b>	5,378,118
Investments in bonds	<b>809,649</b>	753,707
Prepaid insurance	<b>223,958</b>	171,623
Deferred income of third parties	<b>213,704</b>	281,337
Due from employees	<b>10,165</b>	17,188
Other	<b>991</b>	877
<b>Total</b>	<b>6,558,435</b>	6,602,850

*Investments in bonds*

In December 2017, in accordance with the Decision of the Government of the Republic of Kazakhstan dated 7 November 2017, the Company purchased bonds of “Special Financial Company DSFK” LLP (hereinafter – “DSFK bonds”) using the funds placed with RBK Bank JSC. The nominal amount of the bonds was 5,019,520 thousand Tenge, the number of bonds is 5,019,520 thousand units. DSFK bonds carry coupon interest of 0.01% per annum and mature in 15 years. The above mentioned bonds are secured by a financial guarantee of “Kazakhmys Corporation” LLP of 1,379,913 thousand Tenge. The guarantee is exercisable upon request of the Company not earlier than the fifth anniversary after the inception of the bonds.

In 2022 the Company revised the fair value of bonds, as a result, recognized income from a review of the fair value of bonds in the amount of 98,394 thousand Tenge (2021: 22,391 thousand Tenge) (*Note 32*). Thus, the book value of investments in bonds as at 31 December 2022 amounted to 809,649 thousand Tenge (as at 31 December 2021: 753,707 thousand Tenge).

During the 2022 and 2021 years the issuer repurchased 42,452 thousand units of bonds and 182,430 thousand units of bonds at a price of 1 Tenge per 1 bond, respectively.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****16. BANK DEPOSITS**

Bank deposits as at 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Long-term bank deposits – Tenge	<b>947,247</b>	1,426,867
Short-term bank deposits – US Dollars	–	8,636,000
Accrued interest on deposits – Tenge	–	31,380
Accrued interest on deposits – US Dollars	–	1,583
Less: allowance for expected credit losses	<b>(1,795)</b>	(6,357)
<b>Total</b>	<b>945,452</b>	10,089,473

Movement in allowance for expected credit losses on short-term bank deposits is as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
<b>As at 1 January</b>	<b>3,818</b>	86,358
Reversal for the year, net ( <i>Notes 32</i> )	<b>(3,818)</b>	(82,540)
<b>As at 31 December</b>	<b>–</b>	3,818

Movement in allowance for expected credit losses on long-term bank deposits is as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
<b>As at 1 January</b>	<b>2,539</b>	19,293
Reversal for the year, net ( <i>Notes 32</i> )	<b>(744)</b>	(16,754)
<b>As at 31 December</b>	<b>1,795</b>	2,539

As at 31 December 2022 and 2021 long-term bank deposits comprised of restricted bank deposits with interest from 2% to 3.5% per annum maturing in 2028 and in 2030, arranged for the purpose of preferential lending rates for the Company's employees for the purchase of residential property.

As at 31 December 2021 US Dollar denominated short-term deposits with maturity from 3 to 12 months were placed with interest 0.6% per annum, the maturity of which expired in June 2022.

**17. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as at 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Time deposits with banks – Tenge	<b>68,015,091</b>	20,630,285
Current accounts with banks – US Dollars	<b>4,439,439</b>	12,743,812
Current accounts with banks – Tenge	<b>165,033</b>	201,373
Current accounts with banks – Russian Rubles	<b>32,308</b>	29,900
Other current accounts with banks	<b>11,873</b>	24,923
Cash in hand	<b>256</b>	229
Less: allowance for expected credit losses	<b>(26,730)</b>	(24,867)
<b>Total</b>	<b>72,637,270</b>	33,605,655

Movement in allowance for expected credit losses on cash and cash equivalents is as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
<b>As at 1 January</b>	<b>24,867</b>	23,755
(Reversal)/ charge for the year, net ( <i>Notes 32</i> )	<b>(821)</b>	551
Foreign currency translation	<b>2,684</b>	561
<b>As at 31 December</b>	<b>26,730</b>	24,867

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****17. CASH AND CASH EQUIVALENTS (continued)**

As at 31 December 2022:

- Interest for current accounts placed in Tenge ranged from 6.75% to 7% per annum (as at 31 December 2021: from 6.75% to 9.05% per annum);
- Interest for term deposits of up to three months placed in Tenge ranged from 15.5% to 16.05% per annum (as of 31 December 2021: from 8.35% to 9.05% per annum);
- Interest for current accounts and time deposits placed in US Dollars 0.25% per annum (as at 31 December 2021: 0.25%).

**18. NON-CURRENT ASSETS HELD FOR SALE**

Changes in non-current assets held for sale for the twelve months ended 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
<b>As at 1 January</b>	<b>602,408</b>	630,839
Transferred to property plant and equipment ( <i>Note 5</i> )	<b>(573,012)</b>	–
Sold	<b>(6,667)</b>	(45,565)
Transferred from property plant and equipment ( <i>Note 5</i> )	–	25,076
Impairment for the year	–	(7,942)
<b>As at 31 December</b>	<b>22,729</b>	602,408

As at 31 December 2021, non-current assets held for sale are included an administrative building in Almaty and unused vehicles. During 2022, due to changes of the plans of the Company's management for the sale of the asset, the administrative building in Almaty and some of vehicles were reclassified as part of fixed assets.

As at 31 December 2022 non-current assets held for sale are included motor vehicles. These assets are recognized at the lower of their carrying amount and fair value less costs to sell and are available for immediate sale in their present condition. At the end of the reporting period, the carrying amount of the given assets does not exceed their fair value less costs to sell.

The net amount of income from the sale of non-current assets held for sale during 12 months 2022 amounted to 10,824 thousand Tenge (during 12 months 2022: 46,677 thousand Tenge) (*Note 30*).



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**19. EQUITY****Share capital**

As at 31 December 2022 and 2021 the Company's share capital comprised of 384,635,600 common shares authorized, issued and fully paid in the amount of 62,503,284 thousand Tenge, except for 1 share, which was authorized but not issued and not paid.

As at 31 December 2022 and 2021 the share capital was equal to 61,937,567 thousand Tenge, net of consulting costs related to the issuance of shares in the amount of 565,717 thousand Tenge.

**Treasury shares repurchased from shareholders**

In 2016 based on request of a minority shareholder and the subsequent decision of the Board of Directors, the Company repurchased the announced common shares in the amount of 7,500 units for 9,549 thousand Tenge.

**Asset revaluation reserve**

As at 31 December 2022, asset revaluation reserve of the Company amounted to 354,930,137 thousand Tenge (as at 31 December 2021: 244,149,477 thousand Tenge). Change in this reserve is related to revaluation of property plant and equipment for the period in the amount of 147,106,004 thousand Tenge (in 2021: impairment of 101,153,661 thousand Tenge) (*Note 5*), income from revision of asset retirement and land recultivation obligation in the amount of 6,810,783 thousand Tenge (in 2021: 185,471 thousand Tenge) (*Note 25*), net of deferred income tax in the amount of 30,783,357 thousand Tenge (in 2021: 20,267,826 thousand Tenge) (*Note 34*), as well as depreciation of the revaluation reserve of property plant and equipment in the amount 12,352,770 thousand Tenge (in 2021: 12,510,676 thousand Tenge).

**Other capital reserves**

As at 31 December 2022 other capital reserves represent an accumulated loss amounted to 185,584 thousand Tenge (31 December 2021: 4,307,809 thousand Tenge). Change in this reserve is due to recognition of actuarial income from revaluation of the Company's employee benefit obligations under defined benefit plans in the amount of 4,238,724 thousand Tenge (*Note 20*), income tax effect of which amounted to 116,499 thousand Tenge (*Note 34*). For the same period of 2021 actuarial income from revaluation of the Company's employee benefit obligations under defined benefit plans amounted to 1,737,723 thousand Tenge (*Note 20*), income tax effect of which amounted to 47,760 thousand Tenge (*Note 34*).

**Dividends**

During 2022 the Company accrued dividends payable based on the decision of the general meeting of shareholders dated 19 May 2022 in the amount of 10,000,331 thousand Tenge based on the results of 2021 (calculated as 26 Tenge per 1 share), from which 9,000,473 thousand Tenge will be paid to KMG (*Note 35*) and 999,858 thousand Tenge to minority shareholders.

During 2021 the Company accrued dividends payable based on the decision of the general meeting of shareholders dated 26 May 2021 in the amount of 50,770,909 thousand Tenge based on the results of 2020 (calculated as 132 Tenge per 1 share), from which 45,694,709 thousand Tenge will be paid to KMG (*Note 35*) and 5,076,200 thousand Tenge to minority shareholders.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****19. EQUITY (continued)****Earning per share**

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

As the Company does not issue convertible financial instruments, basic earnings per share of the Company are equal to diluted earnings per share.

The following reflects the net profit and share data used in the basic earnings per share computations:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
Net profit for the period attributable to ordinary equity holders of the Company	<b>8,369,275</b>	38,512,409
Weighted average number of ordinary shares for the year for basic and diluted earnings per share	<b>384,628,099</b>	384,628,099
<b>Basic and diluted earnings per share, in relation to profit for the year attributable to ordinary equity holders of the Company as the parent company (in Tenge)</b>	<b>22</b>	100

**Book value per ordinary share**

Book value per ordinary share of the Company calculated in accordance with the requirements of KASE is as follows:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Total assets</b>	<b>1,011,812,314</b>	848,739,689
Less: intangible assets (Note 7)	<b>(1,147,720)</b>	(1,227,448)
Less: total liabilities	<b>(238,046,342)</b>	(200,598,316)
<b>Net assets for calculation of book value per ordinary share</b>	<b>772,618,252</b>	646,913,925
Number of ordinary shares	<b>384,628,099</b>	384,628,099
<b>Book value per ordinary share (in Tenge)</b>	<b>2,009</b>	1,682

**20. EMPLOYEE BENEFIT OBLIGATIONS**

The Company has employee benefit obligations, mainly consisting of additional payments for pensions and jubilee obligations, applicable to all employees. These payments are unfunded.

Employee benefit obligations as at 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Non-current portion of employee benefit obligations	<b>18,082,503</b>	21,423,341
Current portion of employee benefit obligations	<b>1,042,632</b>	719,470
<b>Total</b>	<b>19,125,135</b>	22,142,811

Changes in the present value of employee benefit obligations for the years ended 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
<b>Employee benefit obligations as at 1 January</b>	<b>22,142,811</b>	22,243,325
Interest cost (Note 33)	<b>1,455,900</b>	1,464,938
Current services cost (Notes 28, 29)	<b>716,251</b>	973,861
Actuarial loss through profit and loss (Note 31)	<b>4,163</b>	20,748
Actuarial income through other comprehensive income (Note 19)	<b>(4,238,724)</b>	(1,737,723)
Benefits paid	<b>(955,266)</b>	(822,338)
<b>Employee benefit obligations as at 31 December</b>	<b>19,125,135</b>	22,142,811

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****21. TRADE AND OTHER ACCOUNTS PAYABLE**

Trade and other accounts payable as at 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Accounts payable to third parties for goods and services	<b>14,436,961</b>	12,729,991
Accounts payable to related parties for goods and services (Note 35)	<b>2,075,402</b>	2,553,807
Other accounts payable to third parties	<b>1,311,009</b>	1,176,005
<b>Total</b>	<b>17,823,372</b>	16,459,803

Trade and other accounts payable included payables to related and third parties, related to property, plant and equipment and construction-in-progress in the amount of 8,288,535 thousand Tenge (as at 31 December 2021: 9,531,536 thousand Tenge).

Trade and other accounts payables as at 31 December 2022 and 2021 are in the following currencies:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Tenge	<b>17,801,254</b>	16,426,354
US Dollars	<b>17,766</b>	25,569
Russian Rubles	<b>4,352</b>	7,880
<b>Total</b>	<b>17,823,372</b>	16,459,803

**22. LEASE LIABILITIES**

Lease liabilities as at 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Current part of obligations	<b>938,352</b>	1,393,200
Non-current part of obligations	<b>190,245</b>	267,714
<b>Total</b>	<b>1,128,597</b>	1,660,914

Changes in the present value of obligations for the twelve months ended 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
<b>As at 1 January</b>	<b>1,660,914</b>	3,410,296
Modification (Note 6)	<b>1,259,881</b>	7,071
Unwinding of discount on obligations (Note 33)	<b>123,937</b>	270,657
Additions for the period (Note 6)	<b>116,944</b>	4,407
Exchange rate difference	<b>13,402</b>	–
Payments for the period	<b>(2,044,847)</b>	(2,031,517)
Disposals	<b>(1,634)</b>	–
<b>As at 31 December</b>	<b>1,128,597</b>	1,660,914

The information below describes the cost of expenses related to lease reflected in the separate statement of comprehensive income for the years ended 31 December 2022 and 2021:

<i>In thousands of Tenge</i>	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2021</b>
Right-of-use assets amortization (Note 6)	<b>1,579,806</b>	1,447,825
Unwinding of discount on obligations (Note 33)	<b>123,937</b>	270,657
Low-value assets lease expenses (Note 28)	<b>18,019</b>	16,091
<b>Total</b>	<b>1,721,762</b>	1,734,573

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****23. CONTRACT LIABILITIES TO CUSTOMERS**

Contract liabilities to customers as at 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Advances received from related parties (Note 35)	<b>14,645,886</b>	11,075,142
Advances received from third parties	<b>7,877,408</b>	7,739,965
Other contract liabilities to customers	–	1,482
<b>Total</b>	<b>22,523,294</b>	18,816,589

**Revenue recognized in respect of contracts with customers**

During the current reporting period, the revenue in the amount of 17,417,135 thousand Tenge was recognized in respect of contract liabilities to customers as at the beginning of the reporting period (2021: 19,150,937 thousand Tenge).

**24. OTHER TAXES PAYABLE**

Other taxes payable as at 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
VAT payable	<b>1,110,644</b>	6,129
Personal income tax	<b>703,027</b>	606,773
Social tax	<b>584,789</b>	527,900
Property tax	<b>1,347</b>	15,338
Other taxes	<b>30,130</b>	25,159
<b>Total</b>	<b>2,429,937</b>	1,181,299

**25. PROVISIONS****Asset retirement and land recultivation obligation**

Movement in provisions for the years ended 31 December 2021 and 2022 are as follow:

<i>In thousands of Tenge</i>	<b>Provision for oil pipelines and landfills</b>	<b>Provision for OPS</b>	<b>Total</b>
<b>As at 1 January 2021</b>	33,688,837	–	33,688,837
Charge for the period through asset (Note 5)	340,189	–	340,189
Revision of estimates through other comprehensive income	(185,471)	–	(185,471)
Revision of estimates through profit and loss (Note 30)	(205,769)	–	(205,769)
Reversed through profit and loss (Note 30)	(1,322,294)	–	(1,322,294)
Unwinding of discount (Note 33)	2,231,659	–	2,231,659
<b>As at 31 December 2021</b>	34,547,151	–	34,547,151
Charge for the period through asset (Note 5)	<b>346,567</b>	<b>13,612,707</b>	<b>13,959,274</b>
Charge for the period through profit and loss (Note 30)	–	<b>1,135,708</b>	<b>1,135,708</b>
Revision of estimates through asset (Note 5)	–	<b>(3,359,391)</b>	<b>(3,359,391)</b>
Revision of estimates through profit and loss (Note 30)	<b>(1,648,210)</b>	<b>(280,274)</b>	<b>(1,928,484)</b>
Revision of estimates through other comprehensive income	<b>(6,810,783)</b>	–	<b>(6,810,783)</b>
Reversed through profit and loss (Note 30)	<b>(61,037)</b>	–	<b>(61,037)</b>
Unwinding of discount (Note 33)	<b>2,212,426</b>	<b>970,115</b>	<b>3,182,541</b>
<b>As at 31 December 2022</b>	<b>28,586,114</b>	<b>12,078,865</b>	<b>40,664,979</b>

In accordance with the amendments in the Environmental Code of the Republic of Kazakhstan, the Company recognized an obligation to decommission oil pumping stations (OPS) in the amount of 14,748,415 thousand Tenge (Note 5).

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****26. OTHER CURRENT LIABILITIES**

Other current liabilities as at 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Salaries and other compensations	<b>13,103,469</b>	10,611,504
Accounts payable for oil transportation coordination services to related parties (Note 35)	<b>8,039,904</b>	8,873,343
Accounts payable for oil transportation coordination services to third parties	<b>4,701,932</b>	4,163,649
Accounts payable to pension fund	<b>1,141,365</b>	852,769
Other accruals	<b>279,767</b>	132,222
<b>Total</b>	<b>27,266,437</b>	24,633,487

Salaries and other compensations comprise of current salary payable, remunerations based on the year results and vacation payments payable.

**27. REVENUE**

Revenue for the years ended 31 December 2022 and 2021 is as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
Crude oil transportation	<b>184,915,654</b>	191,849,479
Pipeline operation and maintenance services	<b>24,873,920</b>	18,892,611
Fees for undelivered oil volumes	<b>1,789,534</b>	3,407,088
Oil transportation coordination services	<b>475,794</b>	581,187
Oil storage services	<b>52,700</b>	52,925
Other	<b>28,594</b>	49,695
<b>Total</b>	<b>212,136,196</b>	214,832,985

**Geographical regions\***

Kazakhstan	<b>184,877,898</b>	188,871,905
Russia	<b>27,258,298</b>	25,961,080
<b>Total revenue from contracts with customers</b>	<b>212,136,196</b>	214,832,985

**Timing of revenue recognition**

At a point in time	<b>187,262,276</b>	195,940,374
Over time	<b>24,873,920</b>	18,892,611
<b>Total revenue under contracts with customers</b>	<b>212,136,196</b>	214,832,985

*\*the revenue information in the tables above is given according to the location of the customers*

For the year ended 31 December 2022 revenue from the five major customers amounted to 49,329,056 thousand Tenge, 29,342,243 thousand Tenge, 12,664,538 thousand Tenge, 10,206,161 thousand Tenge and 4,822,807 thousand Tenge (for 2021: 48,807,792 thousand Tenge, 31,154,096 thousand Tenge, 12,279,512 thousand Tenge, 11,403,005 thousand Tenge and 5,669,602 thousand Tenge, respectively).

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****28. COST OF SALES**

Cost of sales for the years ended 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
Personnel costs	<b>81,317,345</b>	55,897,979
Depreciation and amortization	<b>45,606,023</b>	45,042,365
Taxes other than corporate income tax	<b>9,473,946</b>	8,324,358
Security services	<b>9,039,308</b>	5,474,223
Repair and maintenance	<b>8,014,321</b>	7,745,874
Materials and fuel	<b>6,888,602</b>	7,487,281
Electric energy	<b>6,067,398</b>	5,644,696
Food and accommodation	<b>2,180,994</b>	2,116,263
Gas expense	<b>1,851,949</b>	2,427,446
Environmental protection	<b>1,448,011</b>	2,306,810
Business trip expenses	<b>878,961</b>	834,339
Insurance	<b>757,583</b>	632,176
Post-employment benefits ( <i>Note 20</i> )	<b>673,276</b>	919,049
Air services	<b>642,193</b>	481,475
Diagnostics of production assets	<b>608,679</b>	344,270
Outstaffing services	<b>556,238</b>	483,052
Communication services	<b>321,122</b>	341,298
Transportation services	<b>137,223</b>	127,848
Lease of low-valued assets ( <i>Note 22</i> )	<b>18,019</b>	16,091
Other	<b>2,602,923</b>	2,290,929
<b>Total</b>	<b>179,084,114</b>	148,937,822

The increase in personnel costs in the reporting period is mainly due to the indexation of salary, as well as changes in the wage system for employees of the Company's production divisions.

**29. GENERAL AND ADMINISTRATIVE EXPENSES**

General and administrative expenses for the years ended 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
Personnel costs	<b>7,967,752</b>	7,119,052
Depreciation and amortization	<b>1,124,052</b>	1,197,324
Office maintenance	<b>392,249</b>	536,651
Social sphere expenses	<b>365,192</b>	127,621
Repair and maintenance	<b>294,763</b>	237,543
Outstaffing services	<b>259,042</b>	234,840
Taxes other than income tax	<b>211,504</b>	212,048
Auditing and consulting services	<b>184,119</b>	125,209
Business trip expenses	<b>161,020</b>	153,914
Information services	<b>142,885</b>	136,447
Write-off of VAT recoverable	<b>131,312</b>	73,188
Communication services	<b>89,425</b>	110,117
Bank costs	<b>59,699</b>	63,905
Materials and fuel	<b>49,478</b>	42,080
Post-employment benefits ( <i>Note 20</i> )	<b>42,975</b>	54,812
(Reversal)/charge of allowance for expected credit losses, net ( <i>Note 12</i> )	<b>(139,147)</b>	17,207
Other	<b>523,682</b>	546,511
<b>Total</b>	<b>11,860,002</b>	10,988,469

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****30. OTHER OPERATING INCOME**

Other operating income for the years ended 31 December 2022 and 2021 is as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
Income from revision and reversal of provision on asset retirement and land reclamation obligation, net (Note 25)	<b>853,813</b>	1,528,063
Income from fines and penalties	<b>696,155</b>	210,383
Income from recognition of inventories	<b>17,149</b>	65,752
Income from sale of inventories, net	<b>13,834</b>	78,691
Income from sale of non-current assets held for sale, net (Note 18)	<b>10,824</b>	46,677
Insurance payments	<b>-</b>	60,010
Other income	<b>44,407</b>	25,739
<b>Total</b>	<b>1,636,182</b>	2,015,315

**31. OTHER OPERATING EXPENSES**

Other operating expenses for the years ended 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
Write-off of inventory value to net realisable value	<b>394,769</b>	-
Expenses for liquidation of production facilities	<b>208,649</b>	167,099
Loss from disposal of property, plant and equipment, net	<b>194,841</b>	267,473
Actuarial loss (Note 20)	<b>4,163</b>	20,748
Impairment expenses of non-current assets held for sale (Note 18)	<b>-</b>	7,942
Other expenses	<b>4,762</b>	118,104
<b>Total</b>	<b>807,184</b>	581,366

**32. FINANCE INCOME**

Finance income for the years ended 31 December 2022 and 2021 is as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
Interest income on bank deposits and current accounts	<b>3,343,695</b>	2,235,726
Unwinding of discount on long-term accounts receivable	<b>185,447</b>	197,740
Income from revision the fair value of bond's (Note 15)	<b>98,394</b>	22,391
Reversal of allowance for expected credit losses on bank deposits and cash and cash equivalents, net (Notes 16, 17)	<b>5,383</b>	98,743
<b>Total</b>	<b>3,632,919</b>	2,554,600

**33. FINANCE COSTS**

Finance costs for the years ended 31 December 2022 and 2021 are as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
Unwinding of discount on asset retirement and land reclamation obligation (Note 25)	<b>3,182,541</b>	2,231,659
Employee benefits: net interest expense (Note 20)	<b>1,455,900</b>	1,464,938
Amortisation of discount on lease liabilities (Note 22)	<b>123,937</b>	270,657
Other finance costs	<b>14,481</b>	148,760
<b>Total</b>	<b>4,776,859</b>	4,116,014



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****34. INCOME TAX EXPENSE**

Income tax expense for the years ended 31 December 2022 and 2021 is as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
Current income tax expense	<b>11,005,876</b>	15,424,965
Deferred income tax benefits	<b>(4,969,463)</b>	(2,286,147)
Prior years adjustments	<b>139,049</b>	290,975
<b>Income tax expense</b>	<b>6,175,462</b>	<b>13,429,793</b>

A reconciliation of income tax expense on accounting profit, multiplied by income tax rate and current income tax expense for the years ended 31 December 2022 and 2021 is as follows:

<i>In thousands of Tenge</i>	<b>2022</b>	<b>2021</b>
<b>Profit before income tax</b>	<b>14,544,737</b>	51,942,202
Statutory rate	<b>20%</b>	20%
<b>Income tax expense on accounting profit</b>	<b>2,908,947</b>	10,388,440
Prior years adjustments	<b>139,049</b>	290,975
Impairment of investment in subsidiary	<b>768,445</b>	908,142
Income of controlled foreign compaies	<b>1,901,739</b>	934,840
Non-deductible expense on long-term employee benefit obligations	<b>375,448</b>	424,310
Gain on surplus of technological oil	<b>786,355</b>	254,487
Non-deductible expenses on disposal of property, plant and equipment	<b>221,367</b>	320,782
Dividends received	<b>(1,527,371)</b>	(360,000)
Revision of estimates on taxable temporary differences related to property, plant and equipment	<b>117,182</b>	(147,200)
Other non-deductible expenses	<b>484,301</b>	415,017
<b>Income tax expense reported in the separate statement of comprehensive income</b>	<b>6,175,462</b>	<b>13,429,793</b>

Starting from 1 January 2020 amendments to the Tax Code of the Republic of Kazakhstan came into force in terms of taxation of controlled foreign companies (hereinafter – “CFC”).

According to the Tax Code a CFC is an entity which meets the following conditions at the same time: 1) a non-resident legal entity; 2) 25 and more percent of the participation interest (voting shares) in the entity directly or indirectly, or constructively belong to a legal entity or an individual which is the resident of the Republic of Kazakhstan; 3) the effective income tax rate of a non-resident legal entity is less than 10 percent.

The profit of CFC indicated in its separate financial statements is a subject of income tax for resident company of the Republic of Kazakhstan.

The Company’s management has analysed and determined that the following companies fall under the definition of CFC: BOT, PTL and BSP. In this respect, the Company, as the parent company of the Group, has included in its taxable income for 2022 the profits of separate companies BSP and BOT, PTL’s figures were not included in the Company’s taxable income as PTL recognized a net loss in its separate financial statements for 2022. The taxable income of the Company for 2021 has included the profit of individual BSP, BOT and PTL companies.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****34. INCOME TAX EXPENSE (continued)**

Deferred income tax balances, calculated by applying the statutory income tax rates in effect at the respective separate statement of financial position dates to the temporary differences between the tax basis of assets and liabilities and the amounts reported in the separate financial statements are comprised of the following at 31 December 2022 and 2021:

<i>In thousands of Tenge</i>	31 December 2022	Charged to profit and loss	Charged to other capital reserves	Other	31 December 2021	Charged to profit and loss	Charged to other capital reserves	Other	1 January 2021
<b>Deferred tax assets</b>									
Employee benefits and other employee compensation and related costs	2,366,613	244,671	(116,499)	–	2,238,441	109,787	(47,760)	–	2,176,414
Reserve for impairment of advances to suppliers	10,780	(29,302)	–	–	40,082	(3,338)	–	–	43,420
Allowance for expected credit losses	177,079	(5,340)	–	–	182,419	(12,860)	–	–	195,279
Provision for obsolete and slow-moving inventories	1,240	206	–	–	1,034	(36)	–	–	1,070
Provision for assets retirement and land reclamation obligation and other provisions	8,133,000	465,747	(1,362,157)	2,119,977	6,909,433	140,661	(37,094)	68,038	6,737,828
Taxes payable	166,717	28,569	–	–	138,148	(3,669)	–	–	141,817
Lease liabilities	185,676	(381,316)	–	274,790	292,202	(392,152)	–	2,295	682,059
Discount on long-term accounts receivable	151,308	(37,089)	–	–	188,397	(39,533)	–	–	227,930
Revaluation of investments in bonds	–	(19,679)	–	–	19,679	(119,104)	–	–	138,783
Less: deferred tax assets net off deferred tax liabilities	(11,192,413)	–	–	(1,182,578)	(10,009,835)	–	–	334,765	(10,344,600)
<b>Deferred tax assets</b>	<b>–</b>	<b>266,467</b>	<b>(1,478,656)</b>	<b>1,212,189</b>	<b>–</b>	<b>(320,244)</b>	<b>(84,854)</b>	<b>405,098</b>	<b>–</b>
<b>Deferred tax liabilities</b>									
Right-of-use assets	(181,124)	315,960	–	(274,790)	(222,294)	289,565	–	(2,295)	(509,564)
Property, plant and equipment	(118,066,428)	4,387,036	(29,421,200)	(2,119,977)	(90,912,287)	2,316,826	(20,230,732)	(68,038)	(72,930,343)
Add: deferred tax assets net off deferred tax liabilities	11,192,413	–	–	1,182,578	10,009,835	–	–	(334,765)	10,344,600
<b>Deferred tax liabilities</b>	<b>(107,055,139)</b>	<b>4,702,996</b>	<b>(29,421,200)</b>	<b>(1,212,189)</b>	<b>(81,124,746)</b>	<b>2,606,391</b>	<b>(20,230,732)</b>	<b>(405,098)</b>	<b>(63,095,307)</b>
<b>Net deferred income tax liabilities</b>	<b>(107,055,139)</b>	<b>4,969,463</b>	<b>(30,899,856)</b>	<b>–</b>	<b>(81,124,746)</b>	<b>2,286,147</b>	<b>(20,315,586)</b>	<b>–</b>	<b>(63,095,307)</b>

The deferred taxes on property, plant and equipment represent differences between tax and book base of property, plant and equipment due to different depreciation rates in tax and accounting books and impairment of property, plant and equipment.

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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****35. RELATED PARTY TRANSACTIONS**

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related party transactions were made on terms agreed to between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

The following tables provide the total amount of transactions, which have been entered into with related parties during 2022 and 2021 and the related balances as at 31 December 2022 and 2021.

Trade and other accounts receivables from related parties are as follows:

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Trade and other accounts receivable from related parties</b>			
Trade accounts receivable from entities under common control of Samruk-Kazyna		<b>2,496,916</b>	949,952
Trade accounts receivable from joint ventures		<b>1,540,699</b>	1,169,519
Trade accounts receivable from entities under common control of KMG		<b>128,769</b>	104,087
<b>Total trade accounts receivable from related parties</b>	12	<b>4,166,384</b>	2,223,558
Other accounts receivables from entities under common control of KMG and Samruk-Kazyna			
		<b>509</b>	509
<b>Total other accounts receivable from related parties</b>	12	<b>509</b>	509
Less: allowance for expected credit losses		<b>(4,337)</b>	(6,175)
<b>Total</b>		<b>4,162,556</b>	2,217,892

Advances provided to related parties are as follows:

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Advances paid to related parties</b>			
Advances paid to entities under common control of Samruk-Kazyna		<b>1,017</b>	1,069
<b>Total advances paid to related parties</b>	13	<b>1,017</b>	1,069

Trade and other accounts payable to related parties are as follows:

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Trade accounts payable to related parties for goods and services</b>			
Trade accounts payable to entities under common control of KMG		<b>1,692,719</b>	2,059,872
Trade accounts payable to entities under common control of Samruk-Kazyna		<b>373,766</b>	482,390
Trade accounts payable to joint ventures of the Company		<b>8,917</b>	11,545
<b>Total trade accounts payable to related parties for goods and services</b>	21	<b>2,075,402</b>	2,553,807

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****35. RELATED PARTY TRANSACTIONS (continued)**

Advances received from related parties are as follows:

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Advances received from related parties</b>			
Advances from entities under common control of KMG		<b>14,445,342</b>	10,905,582
Advances from entities under common control of Samruk-Kazyna		<b>200,544</b>	169,560
<b>Total advances received from related parties</b>	<b>23</b>	<b>14,645,886</b>	<b>11,075,142</b>

Other current liabilities to related parties are as follows:

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Accounts payable for oil transportation coordination services to related parties</b>			
Accounts payable for oil transportation coordination services to entities under common control of KMG		<b>8,039,904</b>	8,873,343
<b>Total of accounts payable for oil transportation coordination services to related parties</b>	<b>26</b>	<b>8,039,904</b>	<b>8,873,343</b>
<b>Employee benefits obligation of key management personnel</b>			
Employee benefits obligation of key management personnel		<b>68,028</b>	26,649
<b>Total employee benefits obligation of key management personnel</b>		<b>68,028</b>	<b>26,649</b>
<b>Total other current liabilities to related parties</b>		<b>8,107,932</b>	<b>8,899,992</b>

During the years ended 31 December the Company had the following transactions with the related parties:

<i>In thousands of Tenge</i>	<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
<b>Sales to related parties</b>		
Revenue from main activities with entities under common control of KMG	<b>107,940,274</b>	110,911,041
Revenue from main activities with joint ventures of the Company	<b>14,862,954</b>	10,807,469
Revenue from main activities with entities under common control of Samruk-Kazyna	<b>8,874,320</b>	7,519,497
Revenue from main activities with subsidiary of the Company	<b>814,952</b>	805,240
Other income from entities under common control of KMG	<b>113,402</b>	3,297
Other income from entities under common control of Samruk-Kazyna	<b>110,700</b>	22,351
Other income from subsidiaries of the Company	<b>43,334</b>	7,993
<b>Total</b>	<b>132,759,936</b>	<b>130,076,888</b>

Revenue from main activities with entities under common control of KMG is related to the services of oil transportation.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****35. RELATED PARTY TRANSACTIONS (continued)**

Purchases of services and assets from related parties is as follows:

<i>In thousands of Tenge</i>	<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
<b>Purchases from related parties</b>		
Purchases of services from entities under common control of KMG	<b>7,686,142</b>	5,587,009
Purchases of services from entities under common control of Samruk-Kazyna	<b>2,862,359</b>	2,005,002
Purchases of services from subsidiary	<b>599,597</b>	685,866
Purchases of services from joint ventures	<b>103,924</b>	83,678
Purchases of inventory from subsidiary	<b>1,239,525</b>	3,290,152
Purchases of property, plant and equipment from a subsidiary	<b>659,131</b>	2,664,513
Purchases of inventory from entities under common control of KMG and Samruk-Kazyna	<b>529</b>	14,991
<b>Total</b>	<b>13,151,207</b>	14,331,211

Cash flow to related parties are presented as follows:

<i>In thousands of Tenge</i>	<b>Notes</b>	<b>For the year ended 31 December</b>	
		<b>2022</b>	<b>2021</b>
Cash flows to related parties			
Dividends paid to the KMG	19	<b>(9,000,473)</b>	(45,694,709)
Contribution to the share capital of the subsidiary	8	<b>(6,100,000)</b>	(14,600,000)
Dividends received	9	<b>7,636,855</b>	1,800,000
<b>Total</b>		<b>(7,463,618)</b>	(58,494,709)

Total accrued compensation to key management personnel for the year ended 31 December 2022 amounts to 739,172 thousand Tenge (for the year ended 31 December 2021: 740,492 thousand Tenge). Payments to key personnel consist primarily of payroll costs and remuneration established by contracts and Company's internal regulations.

**36. 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 Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Kazakhstan economy continued to be impacted by a volatility in crude oil prices and a continuing devaluation of Kazakhstani Tenge. The combination of the above along with other factors resulted in reduced access to capital, a higher cost of capital, increased inflation and uncertainty regarding economic growth. Management believes it is taking appropriate measures to support the sustainability of the Company's business in the current circumstances.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**36. CONTINGENT LIABILITIES AND COMMITMENTS (continued)****Coronavirus pandemic (Covid-19)**

In March 2020, the World Health Organization declared the outbreak of a new type of coronavirus Covid-19 as pandemic. In response to the pandemic, Kazakh authorities launched a range of measures to constrain the spread and mitigate the impact of Covid-19, such as movement prohibitions and restrictions, quarantine, self-isolation and restrictions on commercial activities, including business closures. Some of the specified above measures were subsequently moderated, however as at 31 December 2022 there is still a risk that government agencies may impose additional restrictions in 2023 in response to possible new varieties of the virus.

In the opinion of the Company's Management as of the date of issue of the consolidated financial statements, this event not have a significant impact on the valuation of assets and liabilities.

**The war in Ukraine**

The war in Ukraine, started in 2022, triggers a number of IFRS accounting considerations affecting the financial statements. Many countries have imposed, and continue to impose, new sanctions on specified Russian entities and individuals. The situation together with potential fluctuations in commodity prices, foreign exchange rates, restrictions to imports and exports, availability of local materials and services and access to local resources will directly impact entities that have significant operations or exposures in, or to Russia or Ukraine. The war and its direct and indirect consequences may impact entities other than those with direct interests in the involved countries, for instance, as a result of exposure to fluctuations in commodity prices and foreign exchange rates, as well as the possibility of a protracted economic downturn.

As the war continues and new sanctions are introduced the overall impact remains fluid. The long-term consequences of the current economic situation are difficult to predict, and management's current expectations and estimates may differ from actual results.

**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 usual, 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.

Penalties are generally 80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for five calendar years proceeding the year of review. Under certain circumstances reviews may cover longer periods.

Because of the 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 as at 31 December 2022. As at 31 December 2022 the 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 the 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 transfer pricing law is not explicit and there is little precedence with some of its provisions. Moreover, the law is not supported by detailed guidance. As a result, application of transfer pricing control to various types of transactions is not clearly regulated.

Because of the uncertainties associated with the Kazakhstan transfer pricing legislation, there is a risk that the tax authorities may take a position that differs from the Company's position, which could result in additional taxes, fines and interest as at 31 December 2022.

As at 31 December 2022 the 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.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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**36. CONTINGENT LIABILITIES AND COMMITMENTS (continued)****Environmental obligations**

The enforcement of environmental regulation in Kazakhstan is evolving and subject to ongoing changes. Potential liabilities which may arise as a result of changes in legislation cannot be reasonably estimated. Under existing legislation management believes that there are no probable or possible liabilities which could have a material adverse effect on the Company's financial position or results of operations, except for those disclosed in the separate financial statements (*Notes 4, 25*).

**Insurance matters**

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available.

The Company has insurance coverage over property, third party liability in respect of property or environmental damage arising from accidents on Company's property or relating to the Company's operations.

**Commitments to acquire property, plant and equipment**

As at 31 December 2022 the Company had contractual commitment to acquire property, plant and equipment, and construction services for the amount of 77,008,349 thousand Tenge (as at 31 December 2021: 49,049,831 thousand Tenge). These contractual commitments are a part of the investment program.

**Investment program commitments of the Company**

In November 2020, by a joint order of the Ministry of Energy of the Republic of Kazakhstan and the CRNM, an investment program for the period 2021-2025 was approved, according to which the Company has an obligation to fulfill the investment program in the period from 2021 to 2025 for the total amount of 214.2 billion Tenge. As at 31 December 2022, the balance of obligation under the investment program to be fulfilled was 153 billion Tenge.

**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has trade receivables and cash and cash equivalents that arise directly from its operations.

The Company is exposed to market risk, which consists of: credit risk, currency risk and liquidity risk.

The Company's management reviews and approves the following measures taken to manage these risks.

**Credit risk**

The Company enters into transactions with creditworthy counterparties only. The clients wishing to trade on a commercial loan terms are subject to a credit check procedure. The receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Maximum exposure is the carrying amount of trade receivables. There are no significant concentrations of credit risk within the Company.

The Company places deposits with Kazakhstani banks (*Notes 16, 17*). Management of the Company reviews credit ratings of these banks periodically to eliminate extraordinary credit risk exposure. In accordance with IFRS 9, the Company accruals allowances for expected credit losses in respect of funds with credit institutions.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Credit risk (continued)**

The table below shows the balances of deposits and cash and cash equivalents in second-tier banks at the separate statement of financial position date using the “Moody’s”, “Fitch” and “Standard & Poor’s” credit ratings.

<i>In thousands of Tenge</i>	Location	Rating		31 December 2022	31 December 2021
		31 December 2022	31 December 2021		
<b>Bank</b>					
“Halyk Bank of Kazakhstan” JSC	Kazakhstan	<b>BBB-/Stable</b>	BB+ /Stable	<b>30,473,836</b>	12,639,252
“ForteBank” JSC	Kazakhstan	<b>BB-/Stable</b>	B+ /Stable	<b>25,061,488</b>	16,309,521
“Altyn Bank” JSC (SB China Citic Bank Corporation Ltd)	Kazakhstan	<b>BBB-/Stable</b>	–	<b>18,040,641</b>	–
Moskommercbank CB			–	<b>4,159</b>	–
Rosbank PJSC	Russia	–	–	<b>2,342</b>	–
“SB “Sberbank” JSC	Kazakhstan	–	BBB-/Stable	–	14,740,294
“Sberbank” PJSC	Russia	–	Baa3	–	5,832
<b>Total</b>				<b>73,582,466</b>	43,694,899

**Liquidity risk**

The Company monitors its risk to a shortage of funds using a current liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The table below summarizes the maturity profile of the Company’s financial liabilities at 31 December 2022 and 2021 based on contractual undiscounted payments.

<i>In thousands of Tenge</i>	<b>On demand</b>	<b>Less than 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>As at 31 December 2022</b>						
Trade and other accounts payables	–	<b>17,823,372</b>	–	–	–	<b>17,823,372</b>
Lease liabilities	–	<b>982,343</b>	<b>104,238</b>	<b>100,301</b>	<b>383,611</b>	<b>1,570,493</b>
<b>Total</b>	–	<b>18,805,715</b>	<b>104,238</b>	<b>100,301</b>	<b>383,611</b>	<b>19,393,865</b>
<b>As at 31 December 2021</b>						
Trade and other accounts payables	–	16,459,803	–	–	–	16,459,803
Lease liabilities	–	1,434,031	216,564	79,630	384,927	2,115,152
<b>Total</b>	–	<b>17,893,834</b>	<b>216,564</b>	<b>79,630</b>	<b>384,927</b>	<b>18,574,955</b>

**Currency risk**

The table below shows the total amount of foreign currency denominated assets and liabilities that increase foreign exchange exposure.

<i>In thousands of Tenge</i>	<b>US Dollar</b>	<b>Russian Ruble</b>	<b>Total</b>
<b>As at 31 December 2022</b>			
Assets	<b>4,439,439</b>	<b>34,932</b>	<b>4,474,371</b>
Liabilities	<b>17,766</b>	<b>4,353</b>	<b>22,119</b>
<b>As at 31 December 2021</b>			
Assets	21,377,577	32,061	21,409,638
Liabilities	25,569	7,880	33,449

The Company does not have formal arrangements to mitigate foreign exchange risks of the Company’s operations.



**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Currency risk (continued)**

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar, euro and Russian ruble exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no significant impact on the Company's equity.

<i>In thousands of Tenge</i>	<b>Increase/ decrease in exchange rate</b>	<b>Effect on profit before tax</b>
<b>2022</b>		
US Dollar	+21,00% -21,00%	928,579 (928,579)
Russian Ruble	+22,05% -22,05%	6,743 (6,743)
<b>2021</b>		
US Dollar	+13,00% -10,00%	2,775,761 (2,135,201)
Russian Ruble	+13,00% -13,00%	3,144 (3,144)

**Capital management**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy equity ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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

As at 31 December 2022 and 2021 the Company does not have significant debts. In addition, the Company has sufficient cash, exceeding its debt as at the reporting date.

**Fair value of financial instruments**

The carrying amount of cash, bank deposits, trade and other accounts receivable, loans, trade and other accounts payable and other current liabilities approximates their fair value due to the short-term maturity of these financial instruments.

**38. SUBSEQUENT EVENTS**

On 17 January 2023, based on the decision of the Board of Directors dated 9 September 2022, the Company made additional contributions to the charter capital of the Main Waterline in the amount of 600,000 thousand Tenge.

As at 6 March 2023, the US Dollar exchange rate at the end of the session on the KASE amounted to 432.83 Tenge per 1 US Dollar.