

**National Maritime Shipping Company
Kazmortransflot LLP**

Consolidated financial statements

*For the year ended 31 December 2022
with Independent Auditor's Report*



RPC/BSHK

№ 230003

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Independent auditor's report

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«Эрнст энд Янг» ЖШС
Әл-Фараби д-лы, 77/7
«Есентай Тауэр» ғимараты
Алматы қ., 050060
Қазақстан Республикасы
Тел.: +7 727 258 59 60
Факс: +7 727 258 59 61
www.ey.com

ТОО «Эрнст энд Янг»
пр. Аль-Фараби, д. 77/7
здание «Есентай Тауэр»
г. Алматы, 050060
Республика Казахстан
Тел.: +7 727 258 59 60
Факс: +7 727 258 59 61
www.ey.com

Ernst & Young LLP
Al-Farabi ave., 77/7
Esentai Tower
Almaty, 050060
Republic of Kazakhstan
Tel.: +7 727 258 59 60
Fax: +7 727 258 59 61
www.ey.com

Independent auditor's report

To the Management and Participant of "National maritime shipping company "Kazmortransflot" Limited Liability Partnership

Opinion

We have audited the consolidated financial statements of "National maritime shipping company "Kazmortransflot" Limited Liability Partnership and its subsidiaries (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and Supervisory Board for the consolidated financial statements

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

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

Supervisory Board is responsible for overseeing the Group's financial reporting process.

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

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

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

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP



Dinara Malayeva
Auditor

Auditor qualification certificate
No. МФ-0000323 dated 25 February 2016

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

21 February 2023



Rustamzhan Sattarov
General Director
Ernst & Young LLP

State Audit License for audit activities on
the territory of the Republic of Kazakhstan:
series МФЮ-2 No. 0000003 issued by
the Ministry of Finance of the Republic of
Kazakhstan on 15 July 2005

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

<i>In thousands of tenge</i>	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	5	43,337,826	44,363,036
Investment property	6	468,427	481,054
Intangible assets	7	62,683	69,736
Restricted cash	8	1,000	216,900
Advances paid for non-current assets		33,152	-
Other non-current assets		42,382	28,974
		43,945,470	45,159,700
Current assets			
Inventories	9	1,224,194	564,159
Income tax prepaid		169,451	1,468,810
Trade and other receivables	10	18,995,013	6,194,695
Other current assets	11	1,236,313	975,541
Restricted cash	8	1,061,616	774,927
Cash and cash equivalents	12	8,753,374	4,399,051
		31,439,961	14,377,183
Total assets		75,385,431	59,536,883
Equity and liabilities			
Equity			
Charter capital	13	11,575,721	11,575,721
Foreign currency translation reserve		8,088,782	7,066,468
Retained earnings		27,674,093	15,303,207
Total equity		47,338,596	33,945,396
Non-current liabilities			
Non-current portion of loans received	14	-	16,309,086
Provisions		56,972	43,564
Deferred income tax liabilities	23	833,266	1,197,787
		890,238	17,550,437
Current liabilities			
Lease liabilities		-	254
Current portion of loans received	14	11,929,893	2,632,253
Contract liabilities		-	169,715
Trade and other payables	15	14,701,974	5,032,722
Income tax liability		79,113	432
Other current liabilities	16	445,617	205,674
		27,156,597	8,041,050
Total liabilities		28,046,835	25,591,487
Total equity and liabilities		75,385,431	59,536,883

Acting General Director



R. G. Suleimenov

Chief Accountant

A. O. Bekzhanova

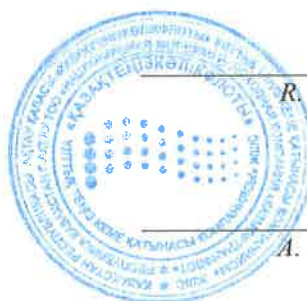
The notes 1-28 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

<i>In thousands of tenge</i>	Note	2022	2021
Revenue from contracts with customers	17	120,389,035	38,875,955
Rental income	18	5,615,166	4,914,433
Revenue		126,004,201	43,790,388
Cost of services rendered	19	(103,602,787)	(42,287,971)
Gross revenue		22,401,414	1,502,417
General and administrative expenses	20	(2,862,734)	(5,171,591)
Selling expenses		(935,683)	(604,579)
Impairment loss	5	(1,801,374)	(4,452,723)
Other operating income	21	595,109	1,645,451
Other operating expenses	21	(376,353)	(1,242,983)
Operating profit/(loss)		17,020,379	(8,324,008)
Finance income	22	149,030	42,175
Finance costs	22	(756,386)	(925,624)
Foreign exchange difference, net		181,105	205,144
Profit/(loss) before taxes		16,594,128	(9,002,313)
Income tax (expense)/benefit	23	(4,223,242)	1,374,070
Profit (loss) for the year		12,370,886	(7,628,243)
Other comprehensive income			
Amounts of other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)			
Foreign exchange differences from translation of financial statements of foreign operations		1,022,314	226,165
Other comprehensive income for the year, net of taxes		1,022,314	226,165
Total comprehensive income / (loss) for the year, net of tax		13,393,200	(7,402,078)

Acting General Director




R. G. Suleimenov

Chief Accountant


A. O. Bekzhanova

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

<i>In thousands of tenge</i>	Note	2022	2021
Operating activities			
Cash receipts from customers		111,818,382	44,121,775
Cash payments to suppliers		(89,939,067)	(40,278,234)
Cash payments to employees		(1,828,859)	(1,694,540)
Cash payments to budget and other		(1,213,519)	(818,270)
Interest received		140,711	96,915
Interest paid	14	(761,917)	(952,313)
Income tax paid		(3,388,581)	(573,511)
Net cash flows from / (used in) operating activities		14,827,150	(98,178)
Investing activities			
Proceeds from sale of property, plant and equipment and other non-current assets		-	392,483
Return of bank deposits		-	850,185
Purchase of intangible assets		(8,189)	(8,205)
Purchase of property, plant and equipment		(2,442,939)	(1,812,472)
Net cash flows used in investing activities		(2,451,128)	(578,009)
Financing activities			
Repayment of loans	14	(8,328,083)	(3,011,392)
Repayment of finance lease	14	(254)	(983,127)
Net cash flows used in financing activities		(8,328,337)	(3,994,519)
Net increase/(decrease) in cash and cash equivalents		4,047,685	(4,670,706)
Net foreign exchange difference on cash and cash equivalents		306,638	120,621
Cash and cash equivalents at 1 January		4,399,051	8,949,136
Cash and cash equivalents as at 31 December	12	8,753,374	4,399,051

NON-CASH TRANSACTIONS - ADDITIONAL DISCLOSURES

During the year ended 31 December 2022, the Company offset taxes payable, including personal income tax, social tax and value added tax in the amount 201,410 thousand tenge with income tax prepaid (31 December 2021: 201,421 thousand tenge).

Acting General Director




R. G. Suleimenov

Chief Accountant

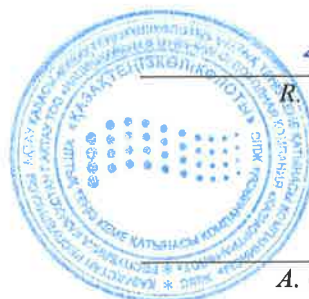

A. O. Bekzhanova

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

<i>In thousands of tenge</i>	Charter capital	Foreign currency translation reserve	Retained earnings	Total
At 1 January 2021	11,575,721	6,840,303	22,931,450	41,347,474
Loss for the year	-	-	(7,628,243)	(7,628,243)
Other comprehensive income for the year	-	226,165	-	226,165
Total comprehensive loss for the year	-	226,165	(7,628,243)	(7,402,078)
At 31 December 2021	11,575,721	7,066,468	15,303,207	33,945,396
Profit for the year	-	-	12,370,886	12,370,886
Other comprehensive income for the year	-	1,022,314	-	1,022,314
Total comprehensive income for the year	-	1,022,314	12,370,886	13,393,200
At 31 December 2022	11,575,721	8,088,782	27,674,093	47,338,596

Acting General Director



R. G. Suleimenov

R. G. Suleimenov

Chief Accountant

A. O. Bekzhanova

A. O. Bekzhanova

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL

JSC National Maritime Shipping Company “Kazmortransflot” was incorporated pursuant to the resolution of Government of the Republic of Kazakhstan dated 4 December 1998 and registered on 29 December 1998. On 21 October 2013 based on the decision of the Board of Directors, National Maritime Shipping Company Kazmortransflot JSC was reorganized into National Maritime Shipping Company Kazmortransflot Limited Liability Partnership ((hereinafter, the “Company”). The Company was established for the purpose of forming a national marine trade fleet of the Republic of Kazakhstan and organisation of international marine shipping of domestic goods using own resources.

The Company’s sole participant is National Company KazMunayGas JSC (“NC KMG” or the “Parent”). The controlling shareholder of NC KMG is Sovereign Wealth Fund Samruk-Kazyna JSC with a 90% ownership share (hereinafter, the “SWF Samruk-Kazyna”), which is controlled by the Government of the Republic of Kazakhstan, 10% of which belongs to the National Bank of Kazakhstan.

These consolidated financial statements comprise financial statements of the Company and its subsidiaries collectively referred to as the “Group”. The list of the Company’s subsidiaries is presented in *Note 2*.

The Group’s principal business activities are marine shipping of Kazakhstani crude oil from Aktau port to international markets, marine shipping of crude oil in the Black and Mediterranean Seas, marine shipping of dry cargoes as well as provision of support fleet services.

The Group’s own fleet consists of five oil tankers (“Almaty”, “Astana”, “Aktau”, “Altai” and “Alatau”), two container ships (“Barys” and “Sunkar”), one self-propelling barge (“Berkut”), two bulk carriers (“Beket-Ata” and “Turkestan”) and marine support fleet comprising three tugboats and four dump barges.

The legal address of the Company is: Building 70, microdistrict 14, Aktau 130000, Republic of Kazakhstan.

The accompanying consolidated financial statements of the Group were approved for issue by the acting General Director and Chief Accountant on 21 February 2023.

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICY

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

These consolidated financial statements have been prepared under the historical cost basis, except as described in the accounting policies and the notes to the consolidated financial statements. All values in these consolidated financial statements are rounded to the nearest thousands, except when otherwise indicated.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in *Note 4*. These estimates are based on information available as of the date of the consolidated financial statements. Actual results, therefore, could differ from these estimates in the future.

The Group has prepared the financial statements on a going concern basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND CHANGE IN THE GROUP'S ACCOUNTING POLICY (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

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

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND CHANGE IN THE GROUP'S ACCOUNTING POLICY (continued)

Basis of consolidation (continued)

As at 31 December 2022 and 31 December 2021, the Company had interest ownership in the following subsidiaries:

Company	Principal activities	Place of registration	Ownership	
			31 December 2022	31 December 2021
Kazmortransflot Ltd	Maritime transportation of crude oil in the Black and Mediterranean Seas	Isle of Man	100%	100%
Kazmortransflot UK Ltd	Operates as Agent Company, which provides services to the Group and receives income in accordance with the commercial management agreement.	Great Britain	100%	100%
Altai Shipping Ltd	Marine shipping of crude oil and oil products to international markets and leasing out of own tanker.	Marshall Islands	100%	100%
Alatau Shipping Ltd	Marine shipping of crude oil and oil products to international markets and leasing out of own tanker.	Marshall Islands	100%	100%

New and amended standards and interpretations

In 2022, certain standards and amendments to standards and interpretations were applied for the first time, which are effective for annual periods beginning on or after 1 January 2022 and have no impact on the Group's consolidated financial statements. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

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

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments to IAS 37 – *Onerous Contracts: Costs of Fulfilling a Contract* had no impact on the Group's consolidated financial statements.

Reference to the Conceptual Framework — Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 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 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments to IFRS 3 add a new paragraph clarifying that recognition of a contingent asset is not allowed at the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND CHANGE IN THE GROUP'S ACCOUNTING POLICY (continued)

New and amended standards and interpretations (continued)

Amendments to IFRS 3 – References to Conceptual Framework (continued)

This amendment to IFRS 3 *References to Conceptual Framework* had no impact on the Group's consolidated financial statements.

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

The amendments prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling 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.

In accordance with the transitional provisions, the Group applies the amendments retrospectively only to those items of property, plant and equipment that became available for use on or after the beginning of the earliest period presented in the financial statements when the entity first applies the amendment. These amendments did not have any impact on the Group's consolidated financial statements, as the Group did not sell such items produced in the process of bringing property, plant and equipment into a condition that is suitable for use from the beginning of the earliest recorded period.

Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – a subsidiary adopting International Financial Reporting Standards for the first time

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. These amendments have no impact on the Group's consolidated financial statements since the Group does not apply international financial reporting standards for the first time.

Amendment to 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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

In accordance with the transitional provisions, the Group applies amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which it first applies the amendment (first application). These amendments did not have any impact on the Group's consolidated financial statements, as the Group had no modifications to financial instruments during the reporting period.

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 Group's consolidated financial statements, as the Group had no assets covered by IAS 41 at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND CHANGE IN THE GROUP'S ACCOUNTING POLICY (continued)

Standards issued but not yet effective

New standards, amendments and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group 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 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 insurance contracts with direct participation terms (the variable fee approach);
- A simplified approach (the premium allocation approach) is 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 for the Group.

Amendments to IAS 1 — Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Amendments to IAS 8: Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a 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 reporting 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 that period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND CHANGE IN THE GROUP'S ACCOUNTING POLICY (continued)

Standards issued but not yet effective (continued)

Definition of Accounting Estimates - Amendments to IAS 8 (continued)

Earlier application is permitted as long as this fact is disclosed.

These amendments are not expected to have a material impact on the Group.

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

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, 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.

Amendments to IAS 1 are applied for annual periods beginning on or after 1 January 2023, with earlier application allowed. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the accounting policy disclosures in order to ensure compliance with the amended requirements.

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

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 be 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, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Group is currently assessing the impact these amendments may have on disclosures of the Group's accounting policies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

The consolidated financial statements are presented in tenge ("KZT" or "tenge"), which is the Group's functional and presentation currency.

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Any exchange gains and losses arising from assets and liabilities denominated in foreign currencies subsequent to the date of the underlying transaction are credited or charged to the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

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.

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

The following exchange rates of major foreign currencies against the Kazakhstan tenge have been used in the preparation of these consolidated financial statements:

Exchange rate as at	31 December 2022	31 December 2021
US Dollar	462,65	431.80
Euro	492,86	489,10
Great Britain Pound (GBP)	556,57	583,32

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment.

The initial cost of property, plant and equipment comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and the initial estimate of any decommissioning obligation, if any. Such cost includes the cost of replacement of equipment parts and borrowing costs in case of long-term construction projects if capitalisation criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them appropriately. 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 the consolidated statement of comprehensive income as incurred. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Depreciation of property, plant and equipment is computed on a straight-line basis over the estimated useful life of the asset as follows:

	Useful lives (in years)
Buildings	8-50
Machinery and equipment	3-30
Vehicles	3-30
Other	3-20

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

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

Cost related to repairs and renewals are charged when incurred and included either in cost of sales or general and administrative expenses, depending on the function of property, plant and equipment, unless they qualify for capitalisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for mineral deposit recovery

Provision for mineral deposit recovery is recognized in relation to future liquidation and recovery of production assets at the end of their useful lives.

In accordance with the Ainazar field subsurface use contract the Group is obliged to liquidate consequences of its operations including removal or dismantlement of constructions and equipment on the contractual area. Provision for mineral raw materials field recovery is estimated on the basis of current judicial and constructive requirements, level of technologies and prices.

Since actual expenses for recovery may differ from their estimations due to changes in requirements and interpretations of legislation, technologies, prices and other condition, and these expenses will be incurred at a distant date, the carrying amount of provision is reviewed and adjusted on a regular basis in order to account such changes. As at 31 December 2022 the carrying amount of the provision for recovery of mineral raw materials field was 56,972 thousand tenge (31 December 2021: 43,564 thousand tenge).

Investment properties

Investment properties are measured initially at cost, including transaction costs less accumulated depreciation and impairment. When significant parts of investment property are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciate them appropriately. All other repair and maintenance costs are recognised in the consolidated statement of comprehensive income as incurred.

Depreciation of investment property is calculated on the basis of the straight-line method over the estimated useful lives of buildings and structures from 8 to 50 years.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of comprehensive income in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in the nature of use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the net book value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Intangible assets

Intangible assets are stated at initial cost, less accumulated amortization and accumulated impairment losses. Intangible assets are amortised on a straight-line basis over 2 to 15 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the 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 recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost of inventory is determined based on FIFO method (first-in, first-out).

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.

Non-current assets held for sale

The Group 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 sell 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 amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated 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.

Dividends

The Group recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Group. The distribution is approved by the shareholders. A corresponding amount is recognised directly in equity. When distributing assets other than cash (non-cash assets) as dividends to their owners, the obligation to distribute non-cash assets as dividends to their owners is measured at the fair value of the assets to be distributed.

Lease

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease (continued)

Group as a lessee (continued)

Right-of-use assets

The Group recognizes the right-of-use assets at the commencement date of the lease (that is, the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Right-of-use assets are recognized within property, plant and equipment and are not separately recorded in the statement of financial position.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense (except when incurred for production of inventories) in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities increases to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (for example, a change in future payments due to a change in the index or rate used to determine such payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and lease of assets of low value

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., contracts that, at the commencement date, have a lease term of 12 months or less and do not contain an option to purchase an underlying asset). The Group also applies the recognition exemption for leases of low value assets. Lease payments on short-term leases and lease of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax law used to compute the amount are those that are enacted or substantially enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management 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 between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

- When the deferred tax liability arises from the initial recognition of goodwill or 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 a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets 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:

- When 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 a joint venture, 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 assets to be utilised. Unrecognised deferred tax assets are re-assessed 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 OCI or directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes (continued)

Deferred tax (continued)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value Added Tax (VAT)

Value added tax related to sales is payable to tax authorities on delivery of the goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on sales and purchases on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position on a net basis.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal or its value in use.

The 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 costs of disposal, recent market transactions are taken into account. 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 companies or other available fair value indicators.

The Group bases its impairment calculation on up-to-date budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised separately in the consolidated statement of comprehensive income, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A 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 exceed 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 recognised in the consolidated statement of comprehensive income unless the asset is carried at a revalued amount. In this case the reversal is treated as a revaluation increase.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

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

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Financial assets of the Group comprise cash and cash equivalents, cash restricted in use, short-term bank deposits, trade and other accounts receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in 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.

The category of financial assets measured at amortized cost is the most relevant for the Group, and accordingly it applies to all current financial assets of the Group.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group 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;
- 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 (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables.

Trade and other accounts receivable

Trade and other accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, such financial assets are measured at amortised cost using the effective interest rate method (EIR) and are subject to impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statement of comprehensive income. The losses arising from impairment are recognised in the consolidated statement of comprehensive income in general and administrative expenses.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized from the consolidated statement of financial position where:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Derecognition (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the corresponding liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

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

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

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

Cash and short-term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term high-liquid deposits with a maturity of 3 months or less, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management. Balances restricted within 12 (twelve) months after the reporting date are recorded as a separate item within non-current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

The Group's financial liabilities include trade and other payables, loans received and lease obligations.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

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

Gains or losses on liabilities held for trading are recognised in the consolidated statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liabilities as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of comprehensive income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised through the consolidated statement of comprehensive loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the 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.

Fair value of financial instruments

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised 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) 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 consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Provisions

Provisions are recognised when the Branch has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as finance costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition of income and expenses

Revenue from contracts with customers

The Group's activities are related to the provision of cargo transportation services, service fleet services, as well as transportation management services. Revenue under contracts with customers is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, irrespective of the period of payment. Revenue is measured at fair value of consideration received or receivable, taking into account payment terms defined in a contract and net of taxes or duties. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

The Group provides freight transportation, service fleet and transportation management services, which are either provided separately or included in a comprehensive agreement. The Group recognizes revenue from these services based on the degree of completeness of a particular operation, assessed proportionally to the share of actually provided services in the total scope of services to be provided under the contract, as the buyer simultaneously receives and consumes benefits provided by the Group.

The Group recognizes revenue from services rendered on transportation of crude oil and other goods upon the fact of transportation services implementation, based on the volumes of goods, accepted and agreed by all transaction parties, and fixed tariffs, established in the contracts between the Group and freighters.

Lease element in contracts with customers

The Group may enter into an agreement involving one or several interrelated operations, which in its legal form is not a lease agreement but transfers the right to use the asset in exchange for a payment or a series of payments. The Group may transfer such a right to use the asset to another organization along with related services.

The Group separates payments related to the lease element and related to other elements of the agreement, based on the relative fair value of all elements.

Significant financing component

Generally, the Group receives short-term advance payments from customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group also received long-term advance payments from customers in case of transportation management services. To reflect the significant component of financing, the transaction price under such agreements is discounted using the rate that would be applied for a separate financing operation between the Group and its customers at the time of signing the agreement.

Trade receivables

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

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition of income and expenses (continued)

Revenue from contracts with customers (continued)

Contract liabilities

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

Expenses

Expenses are accounted for at the time the actual flow of the related goods or services occur, regardless of whether payment is made, and are reported in the consolidated financial statements in the period to which they relate.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled within 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
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period;

The Group classifies all other liabilities as non-current.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Useful lives of property, plant and equipment

The Group assessed useful lives of items of property, plant and equipment using professional judgement based on the experience regarding similar assets. Future economic benefits related to these assets will mainly flow as a result of their use. However, other factors, such as technical or commercial obsolescence, as well as equipment deterioration often result in a decrease in economic benefits associated with these assets. The Management assesses the remaining useful lives of property, plant and equipment based on the current condition of the assets, and subject to the accounting period during which these assets will bring economic benefits to the Group. At that, the following major factors are taken into account: (a) the expected life of assets; (b) the expected physical wear, which depends on the performance characteristics and maintenance program; and (c) the obsolescence of assets subject to technological and commercial review as a result of changes in the market conditions.

Impairment of non-current assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, also in cases when circumstances indicate that its carrying value may be impaired, the Group estimates the asset's recoverable amount. When analyzing indicators of impairment, the Group, among other factors, takes into account the demand for transportation of oil and cargo, and the lease of tugboats and barges in the Caspian, Mediterranean and Black Seas.

The management tested fixed assets (vehicles - marine vessels, buildings) and investment property of the Group for impairment as at 31 December 2022.

The Group carried out a test for impairment of assets for which indicators of potential impairment were identified. The Group divided these assets into the following cash-generating units:

- Investment property - office building;
- Property, plant and equipment - office building (administrative part);
- Property, plant and equipment - container ships "Barys" and "Sunkar";
- Property, plant and equipment - self-propelled barge MCV "Berkut";
- Property, plant and equipment - bulk carriers "Beket-Ata" and "Turkestan".

Investment property - office building

As at 31 December 2022 the recoverable amount of the investment property amounted to 468,427 thousand tenge. It has been determined based on a value in use calculation using cash flow projections from financial budgets covering a five-year period. The projected cash flows were calculated to reflect the stability of the leased premises and the gradual increase in rental payments. The discount rate applied to the cash flow projections is 15,2%, and cash flows beyond the five-year period are extrapolated using a 5% growth rate that is consistent with the long-term average growth rate of the industry. The Group did not recognize impairment of investment property for the year ended 31 December 2022 (*Note 6*).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ASSUMPTIONS (continued)

Impairment of non-current assets (continued)

Fixed assets - office building (administrative part)

The recoverable amount of an administrative part of the office building was determined by applying the ratio of the percentage of impairment of investment property to its value before impairment. The Group did not recognize impairment of an administrative part of the building for the year ended 31 December 2022 (Note 5).

Support fleet

In view of the idle service fleet and a decrease in demand in the Caspian Sea, the management of the Group has fully impaired the carrying value of the service fleet in 2018. As at 31 December 2022, the Group does not see clear prospects for operating the service fleet. During 2022, the Group carried out major repairs on the KMG-108 vessel in accordance with the manual on technical supervision of vessels in operation in the amount of 23,560 thousand tenge. The Group recognized this amount as an impairment of the service fleet.

Container ships "Barys" and "Sunkar"

Upon termination of the contract under the TCO Future Growth Project (FGP), within the framework of cooperation with the ALE the International Association "Trans-Caspian International Transport Route", the containerization of vessel "Barys", which has been operating since March 2021, started in 2020, in 2022, the vessel "Sunkar", which has been operating since September 2022, was containerized. Both vessels are operating on the Aktau– Baku–Aktau feeder line. The Group performed an impairment test on the vessels "Barys" and "Sunkar" as at 31 December 2021 by determining the value in use.

The recoverable amount has been determined based on the assets' value in use calculation using cash flow projections from financial budgets of the Group. The cash flow projections were based on the useful life of the vessel until 2033. Projected cash flows have been calculated to reflect the stability of container transportation. The discount rate applied to the forecast cash flows was 14,4% to discount cash flows in US dollars. The cash flows in the forecast period were recorded with consideration of expected price changes adjusted for inflation. As a result of the analysis, the recoverable amount of "Barys" was lower than its carrying amount by 240,932 thousand tenge. A decrease in the volume of container transportation within the allowable limits of 10% will result in an additional impairment loss in the amount of 1,045,952 thousand tenge.

Self-propelled barge MCV "Berkut"

Due to the lack of production plans, the Group has fully impaired the carrying amount of the vessel "Berkut". In 2022, the Group recognized an impairment in the amount of 230,542 thousand tenge for the amount of capital repairs carried out. As at 31 December 2022, the vessel is undergoing containerization.

Oil tanker "Aktau"

As at 31 December 2022, the recoverable amount of the "Aktau" tanker corresponded to the carrying amount. Accordingly, the Group has not accrued any impairment losses for the Aktau tanker. It has been determined based on the tanker's value in use calculation using cash flow projections from financial budgets of the Group. The cash flow projections were based on the useful life of the tanker until 2031. The projected cash flows were calculated in order to reflect the gradual drop in oil transportation volumes due to the obsolescence of the tanker. The discount rate applied to the cash flow projections is 14,4%. The cash flows in the forecast period were recorded with consideration of expected price changes adjusted for inflation. This analysis in the current year showed that the recoverable amount of the tanker corresponds to its carrying amount. The main significant assumptions used in the valuation model are the volumes of oil transported, which are decreasing starting from 2026, taking into account the technical capabilities of the tanker. A decrease in the volume of oil transportation within the allowable limits of 10% will result in impairment loss in the amount of 1,208,977 thousand tenge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ASSUMPTIONS (continued)

Impairment of non-current assets (continued)

Bulk carriers "Beket Ata" and "Turkestan"

The recoverable amount has been determined based on the assets' value in use calculation using cash flow projections from financial budgets of the Group. The cash flow projections were based on the useful life of the vessel until 2033. The projected cash flows have been calculated to reflect the stability of bulk carriers transportation. The discount rate applied to the forecast cash flows was 14,4% to discount cash flows in US dollars. The cash flows in the forecast period were recorded with consideration of expected price changes adjusted for inflation. However, as a result of the analysis, the recoverable amounts of bulk carriers "Beket Ata" and "Turkestan" turned out to be lower than their carrying amounts by 879,455 thousand tenge and 426,885 thousand tenge, respectively.

A decrease in the volume of cargo transportation within the allowable limits in the amount of 10% will lead to an additional impairment loss on the bulk carrier "Beket Ata" in the amount of 1,151,249 thousand tenge and the bulk carrier "Turkestan" in the amount of 830,607 thousand tenge.

5. PROPERTY, PLAND AND EQUIPMENT

Movement of property, plant and equipment for the year ended 31 December 2022 is presented as follows:

<i>In thousands of tenge</i>	Land	Buildings	Machinery and equipment	Vehicles	Other	Construction in progress	Total
Cost							
At 1 January 2021	2,362	1,141,215	2,637,487	100,088,147	273,363	312,532	104,455,106
Additions	-	-	-	4,006,608	12,457	1,370,437	5,389,502
Disposals	-	(6,763)	(1,211,017)	(3,315,072)	(4,261)	-	(4,537,113)
Transfer from investment property	-	-	-	-	7,199	-	7,199
Transfers	-	(4,237)	-	1,601,582	4,237	(1,601,582)	-
Foreign currency translation	-	-	-	1,147,417	343	-	1,147,760
At 31 December 2021	2,362	1,130,215	1,426,470	103,528,682	293,338	81,387	106,462,454
Additions	-	-	51,354	1,951,703	26,013	170,400	2,199,470
Disposals	-	(3,792)	(101,193)	-	(44,217)	(4,695)	(153,897)
Transfers	-	-	(123,339)	123,988	15,133	(15,782)	-
Foreign currency translation	-	-	-	3,259,241	956	-	3,260,197
As at 31 December 2022	2,362	1,126,423	1,253,292	108,863,614	291,223	231,310	111,768,224
Accumulated depreciation and impairment							
As at 1 January 2021	-	(798,612)	(2,430,294)	(53,989,361)	(248,554)	(36,413)	(57,503,234)
Charges	-	(10,645)	(14,422)	(3,235,166)	(39,756)	-	(3,299,989)
Disposals	-	6,763	1,211,017	2,373,303	4,261	-	3,595,344
Transfer from investment property	-	377	-	-	(1,020)	-	(643)
Impairment charge	-	-	-	(4,452,723)	-	-	(4,452,723)
Foreign currency translation	-	-	-	(437,919)	(254)	-	(438,173)
As at 31 December 2021	-	(802,117)	(1,233,699)	(59,741,866)	(285,323)	(36,413)	(62,099,418)
Charges	-	(8,384)	(19,486)	(3,321,298)	(28,001)	-	(3,377,169)
Disposals	-	3,792	101,193	-	44,217	-	149,202
Transfers	-	1,412	103,135	(137,375)	32,828	-	-
Impairment charge	-	-	(23,560)	(1,777,814)	-	-	(1,801,374)
Foreign currency translation	-	-	(5,688)	(1,300,990)	5,039	-	(1,301,639)
As at 31 December 2022	-	(805,297)	(1,078,105)	(66,279,343)	(231,240)	(36,413)	(68,430,398)
Net book value							
At 31 December 2021	2,362	328,098	192,771	43,786,816	8,015	44,974	44,363,036
At 31 December 2022	2,362	321,126	175,187	42,584,271	59,983	194,897	43,337,826

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group uses part of the building, whose net book value as at 31 December 2022 amounts to 272,915 thousand tenge for own needs (as at 31 December 2021: 280,167 thousand tenge).

The Group leases out to related parties a part of the building, the net book value of which amounts to 468,427 thousand tenge as at 31 December 2022. This part of the building was classified by the Group as investment property as at 31 December 2022 (Note 6).

In 2022, the Group performed a test for the impairment of fixed assets (marine vessels). As a result of the impairment test, property, plant and equipment was impaired by 1,801,374 thousand tenge (in 2021: 4,452,723 thousand tenge) (Note 4).

As at 31 December 2022, the cost of fully depreciated but still in use property, plant and equipment amounted to 193,054 thousand tenge (as at 31 December 2021: 194,411 thousand tenge).

6. INVESTMENT PROPERTY

The movements in investment property for the year ended 31 December 2022 were as follows:

In thousands of tenge

Cost	
At 1 January 2021	1,837,614
Transfer to property, plant and equipment (Note 5)	(7,199)
Transfers	404
At 31 December 2021	1,830,819
At 31 December 2022	1,830,819
Accumulated depreciation and impairment	
At 1 January 2021	(1,337,366)
Depreciation charge	(12,638)
Transfers to property, plant and equipment	643
Transfers	(404)
At 31 December 2021	(1,349,765)
Depreciation charge	(12,627)
At 31 December 2022	(1,362,392)
Net book value	
At 31 December 2021	481,054
At 31 December 2022	468,427

Investment property of the Group comprises a part of an office building built in May 2015 by Taymas Construction Company LLP in Aktau, Kazakhstan.

<i>In thousands of tenge</i>	2022	2021
Income from investment property	237,549	168,603
Direct operating expenses (including repair and technical maintenance), which resulted in deriving of lease income (included within cost) (Note 19)	(167,954)	(166,455)
Profit from investment property	69,595	2,148

As at 31 December 2022 and 2021, the fair value of investment property approximates its carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. INVESTMENT PROPERTY (continued)

No restrictions on the sale of its investment property is imposed on the Group. The Group also has no contractual obligations for the acquisition, construction or improvement of investment property.

As a result of the impairment test performed as at 31 December 2022, the Group did not recognize any impairment (2021: 0 tenge).

7. INTANGIBLE ASSETS

Movement of intangible assets for the year ended 31 December 2022 is presented as follows:

<i>In thousands of tenge</i>	Computer software	Other	Total
Cost			
At 1 January 2021	425,931	150,863	576,794
Additions	3,005	–	3,005
Foreign currency translation	1,450	–	1,450
At 31 December 2021	430,386	150,863	581,249
Additions	3,873	4,405	8,278
Foreign currency translation	4,165	–	4,165
At 31 December 2022	438,424	155,268	593,692
Accumulated depreciation			
At 1 January 2021	(383,075)	(105,291)	(488,366)
Charge	(13,754)	(8,056)	(21,810)
Foreign currency translation	(1,337)	–	(1,337)
At 31 December 2021	(398,166)	(113,347)	(511,513)
Charge	(9,301)	(6,300)	(15,601)
Foreign currency translation	(3,895)	–	(3,895)
At 31 December 2022	(411,362)	(119,647)	(531,009)
Net book value			
At 31 December 2021	32,220	37,516	69,736
At 31 December 2022	27,062	35,621	62,683

8. RESTRICTED CASH

As at 31 December 2022 cash restricted in use in the amount of 1,061,616 thousand tenge (as at 31 December 2021: 990,827 thousand tenge) is represented by an Escrow account in Altyn Bank JSC (SB Halyk Bank JSC) opened as financial security for the proper fulfilment of its obligations under the Consortium Agreement with Blue Water Shipping Kazakhstan LLP.

The remaining portion of cash restricted in use in the amount of 1,000 thousand tenge represents a liquidation fund for the restoration of the Ainazar limestone quarry.

<i>In thousands of tenge</i>	Currency	Date of elimination of restrictions	Interest rate	31 December 2022	31 December 2021
Altyn Bank JSC	US dollars	May 2023	0%	1,061,616	990,827
Halyk Bank JSC	Tenge	January 2029	4%	1,000	1,000
Less: current portion				(1,061,616)	(774,927)
				1,000	216,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. INVENTORIES

As at 31 December 2022 and 31 December 2021 inventory is presented as follows:

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Fuel	1,216,780	540,916
Spare parts	57,234	60,360
Limestone	4,486	4,486
Other materials	110,616	114,667
Provision for inventory	(164,922)	(156,270)
	1,224,194	564,159

Movements in the provision for inventories were as follows:

<i>In thousands of tenge</i>	2022	2021
At 1 January	156,270	117,769
Charge	15,227	50,259
Write-off	(6,575)	(11,758)
At 31 December	164,922	156,270

10. TRADE AND OTHER ACCOUNTS RECEIVABLE

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

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Trade accounts receivable	23,557,881	9,749,179
Other accounts receivable	100	355,488
Less: provision for expected credit losses	(4,562,968)	(3,909,972)
	18,995,013	6,194,695

Trade accounts receivable resulted from the recognition of revenue from contracts with customers in accordance with IFRS 15.

As at 31 December 2022 and 31 December 2021, trade and other accounts receivable are expressed in the following currencies:

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
US dollars	16,506,107	5,479,415
Tenge	2,426,833	685,486
Other currencies	62,073	29,794
	18,995,013	6,194,695

The average maturity of accounts receivable is 30 days. During 2022 and 2021 interest on unpaid balances was not accrued.

Movements in the allowance for expected credit losses are as follows:

<i>In thousands of tenge</i>	2022	2021
Provision for expected credit losses as at 1 January	3,909,972	670,634
Charge for the year	406,001	3,192,665
Write-off	(31,780)	-
Foreign exchange difference	278,775	46,673
Provision for expected credit losses at 31 December	4,562,968	3,909,972

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. TRADE AND OTHER ACCOUNTS RECEIVABLE (continued)

The ageing analysis of trade and other receivables is as follows:

	Past due					Total
	Current	31-60 days	61-90 days	91-120 days	Over 120 days	
31 December 2022						
Percentage of expected credit losses	0,11%	1,01%	42,20%	22,93%	87,11%	–
Estimated total gross carrying amount at default	17,759,398	457,769	189,846	44,392	5,106,576	23,557,981
Expected credit losses	19,894	4,627	80,122	10,178	4,448,147	4,562,968

	Past due					Total
	Current	31-60 days	61-90 days	91-120 days	Over 120 days	
31 December 2021						
Percentage of expected credit losses	0,30%	0,01%	1,31%	16,94%	97,97%	–
Estimated total gross carrying amount at default	5,774,365	74,861	243,846	50,447	3,961,148	10,104,667
Expected credit losses	17,385	5	3,203	8,547	3,880,832	3,909,972

11. OTHER CURRENT ASSETS

As at 31 December 2022 and 31 December 2021 other current assets were presented as follows:

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
VAT prepaid	838,116	731,640
Contract performance security	159,351	–
Other taxes prepaid	152,079	105,130
Advances paid	64,305	106,406
Deferred expenses	19,355	26,757
Due from employees	2,436	5,608
Other	671	–
	1,236,313	975,541

12. CASH AND CASH EQUIVALENTS

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

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Cash in bank in US dollars	8,484,551	3,722,242
Cash in bank in other foreign currencies	153,470	90,846
Cash in bank in Tenge	61,548	583,028
Cash in bank in Euro	53,805	2,935
	8,753,374	4,399,051

Accrued interest income on short-term deposits with maturity of up to 3 months in 2022 amounted to 149,030 thousand tenge (in 2021: 42,175 thousand tenge) (Note 22).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. CHARTER CAPITAL

As at 31 December 2022 and 2021 the charter capital was fully paid and was presented as follows:

<i>In thousands of tenge</i>	Ownership interest	Amount
NC KMG	100,00%	11,575,721
	100,00%	11,575,721

For the year ended 31 December 2022, the Group neither declared nor paid dividends to the Parent (2021: 0 tenge).

14. LOANS RECEIVED

As at 31 December 2022 and 31 December 2021, loans received were presented as follows:

<i>In thousands of tenge</i>	Currency	Maturity	Interest rate	31 December 2022	31 December 2021
NC KMG (Note 25)	US dollars	23 September 2023	4,46%	11,929,893	18,941,339
Less: current portion				(11,929,893)	(2,632,253)
				-	16,309,086

On 13 September 2013 the Group entered into a loan agreement with NC KMG totalling 93,160 thousand US dollars and an effective interest rate of 4,46%. The loan was granted for refinancing of a loan from ATF Bank received for purchasing of two AFRAMAX type crude oil tankers "Altay" and "Alatau". In March 2018, the Group entered into supplementary agreements to the loan agreement stipulating a new repayment schedule. The loan principal for the Altai tanker is repaid in two equal payments of 18,114 thousand US dollars in March and September 2023, while the loan principal for the Alatau tanker is repaid in sixty equal monthly instalments of 506 thousand US dollars starting from 25 October 2018.

Under the terms of the loan, interest on the loan is paid on a monthly basis. Finance costs of this loan for the year ended 31 December 2022 amounted to 756,386 thousand tenge (for the year ended 31 December 2021: 905,804 thousand tenge) (Notes 22, 25).

As at 31 December, changes in liabilities resulting from financing activities comprised the following:

<i>In thousands of tenge</i>	1 January 2022	Cash flows	Payment of interest	Other	Change in the foreign exchange difference	Finance costs	31 December 2022
Loans received	18,941,339	(8,328,083)	(761,917)	-	1,322,168	756,386	11,929,893
Lease liabilities	254	(254)	-	-	-	-	-
	18,941,593	(8,328,337)	(761,917)	-	1,322,168	756,386	11,929,893

<i>In thousands of tenge</i>	1 January 2021	Cash flows	Payment of interest	Other	Change in the foreign exchange difference	Finance costs	31 December 2021
Loans received	21,439,893	(3,011,392)	(907,508)	426	514,116	905,804	18,941,339
Lease liabilities	1,003,019	(983,127)	(44,805)	326	5,342	19,499	254
	22,442,912	(3,994,519)	(952,313)	752	519,458	925,303	18,941,593

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. TRADE AND OTHER ACCOUNTS PAYABLE

As at 31 December 2022 and 31 December 2021 trade and other accounts payable are presented as follows:

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Trade payables for goods and services	14,596,806	4,746,781
Trade payables for non-current assets	105,168	285,941
	14,701,974	5,032,722

As at 31 December 2022 and 31 December 2021, trade accounts payable are expressed in the following currencies:

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
US dollars	12,031,285	4,089,591
Tenge	2,538,024	899,353
Euro	96,578	11,288
Other	36,087	32,490
	14,701,974	5,032,722

16. OTHER CURRENT LIABILITIES

As at 31 December 2022 and 31 December 2021, other current liabilities were as follows:

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Due to employees (including a provision for vacations)	298,852	91,992
Other taxes payable	31,340	38,231
VAT payable	13,280	9,931
Other	102,145	65,520
	445,617	205,674

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue for the years ended 31 December comprised the following:

<i>In thousands of tenge</i>	2022	2021
Type of services		
Revenue from crude oil transportation	88,904,197	31,471,927
Reimbursement of operating costs – crude oil transportation	14,331,388	605,351
Demurrage on oil / cargo transportation	5,761,612	1,355,237
Demurrage - Turkish straits	4,531,329	2,254,011
Dry cargo transportation	4,217,629	2,220,243
Address commissions	2,284,819	864,939
Technical management	302,686	–
Revenue from management of transportation of structural modules	55,375	81,234
Interest income from contract liabilities	–	23,013
	120,389,035	38,875,955

Proceeds from transportation of crude oil are related to the provision of marine transportation services in the Caspian, Black and Mediterranean Seas. The main buyers of this service during 2022 were KMG Trading AG and Eurasian Trading and Shipping FZE.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Revenue from demurrage during the transportation of oil/cargo is represented by compensation received by the Group from the freighter for the vessel idle time at the ports of loading and unloading in excess of the standard time specified in the contract.

The revenue from the transportation of dry cargo is represented by the transportation of containers on the vessels "Barys", "Sunkar", "Turkestan" and "Beket-Ata" on the Caspian Sea routes.

Revenue from address commissions is represented by freighters' income from third-party shipowners as a transaction fee.

Revenues from all services of the Group, except for crude oil transportation services, are recognized over a period of time. Revenue from crude oil transportation services is recognized as transportation services are provided, based on the volumes accepted and agreed by all transaction parties, and fixed tariffs, established in the contracts between the Group and freighters. During 2022, the Group did not recognize revenue in respect of the amounts included in the contract liabilities (2021: 27,420 thousand tenge).

18. RENTAL INCOME

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

<i>In thousands of tenge</i>	2022	2021
Income from transfer of tankers to operating lease	1,947,725	1,676,153
Income from transfer of replenishment ships to operating lease	1,850,514	—
Income from transfer of tugboats, barges to operating lease	1,438,017	1,841,379
Income from investment property (Note 6)	237,549	168,603
Income from transfer of self-propelled barges to operating lease	79,687	121,362
Income from transfer of dry cargo to operating lease (bare-boat charter)	61,674	1,106,936
	5,615,166	4,914,433

In May 2022, the Group transferred the tugboats "Emba", "Talas" and "Irgiz" to an operating lease of SK SpetsMontazhStroy LLP. The tankers "Almaty" and "Astana" have been leased by Eurasian Trading and Shipping FZE since March 2021, with the lease ending in December 2022. In 2022, direct operating expenses amounted to 1,474,724 thousand tenge (2021: 1,018,453 thousand tenge).

In 2022, the income from the transfer of replenishment ships to the operating lease in the amount of 1,850,514 thousand tenge was received at the expense of replenishment ships "Jabrayil", "Guba", "Savalan", "Shahdag", anchor cutters "Jura", "Islay", which in November 2022 were transferred to the operating lease of Zhenis Operating LLP for a period of 110 days. The company Zhenis Operating LLP together with LUKOIL Kazakhstan Upstream LLP is engaged in the exploration and production of hydrocarbons at the Zhenis site.

19. COST OF SERVICES RENDERED

Cost of services rendered for the years ended 31 December comprised the following:

<i>In thousands of tenge</i>	2022	2021
Transportation of crude oil	86,801,492	33,379,009
Demurrage - Turkish straits	3,883,004	1,517,968
Demurrage on oil / cargo transportation	3,722,184	633,667
Dry cargo operating expenses	2,293,564	1,649,243
Expenses for leasing replenishment ships	1,742,867	—
Cargo transportation	1,506,237	982,571
Expenses related to lease out of tankers	1,436,300	1,018,453
Expenses for leasing tugboats and barges	1,058,467	1,480,028
Service fleet costs	643,759	724,469
Technical management	272,859	—
Maintenance of investment property	167,954	166,455
Rent of vessels for transportation of dry cargo	45,049	717,125
Other	29,051	18,983
	103,602,787	42,287,971

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. COST OF SERVICES RENDERED (continued)

Cost of services rendered for the years ended 31 December comprised the following:

<i>In thousands of tenge</i>	2022	2021
Freight of tankers	72,322,683	23,762,218
Technical maintenance and management of vessels	12,466,322	5,943,534
Fuel and other materials	7,375,642	3,366,324
Port charges	4,379,442	3,021,970
Depreciation and amortisation	3,365,464	3,276,366
Lease of fleet	1,765,790	1,015,469
Salaries and related taxes	865,663	710,932
Insurance expenses	530,437	452,402
Agency services for ships	149,066	117,699
Maintenance of investment property	144,656	143,631
Other taxes excluding income tax	68,945	98,134
Repair of property, plant and equipment	4,919	142,599
Towing operation services	–	76,159
Other	163,758	160,534
	103,602,787	42,287,971

20. GENERAL AND ADMINISTRATIVE EXPENSES

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

<i>In thousands of tenge</i>	2022	2021
Payroll and related taxes	1,484,845	1,225,472
Accrual of provision for expected credit losses	406,001	3,192,657
Other taxes	222,483	119,709
Professional services	138,834	270,408
Provision for bonuses	125,282	(82,505)
Repair and maintenance	97,158	91,262
Rent	92,759	66,378
Business trips	79,100	39,459
Depreciation and amortisation	39,933	58,071
Membership contributions	28,862	30,816
Insurance	19,342	18,712
Communication	13,350	12,517
Bank fees	12,559	9,684
Materials	6,219	9,200
Representation	4,821	2,604
Social expenses	4,197	1,007
Other	86,989	106,140
	2,862,734	5,171,591

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. OTHER OPERATING INCOME / (EXPENSES)

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

<i>In thousands of tenge</i>	2022	2021
Reimbursement of expenses	312,511	1,058,619
Income from disposal of other non-current assets	151,786	198,900
Income from sales of inventories	9,296	–
Income from fines and penalties	2,026	861
Other	119,490	387,071
	595,109	1,645,451
Loss from disposal of property, plant and equipment	(4,695)	(941,769)
Accrual of provision for inventories	(15,227)	(50,259)
Other services from third parties	(356,431)	(250,955)
	(376,353)	(1,242,983)

22. FINANCE INCOME / (COSTS)

Finance income/(expenses) for the years ended 31 December 2022 and 2021 are as follows:

<i>In thousands of tenge</i>	2022	2021
Interest income (Note 12)	149,030	42,175
	149,030	42,175
Finance costs on loans obtained (Notes 25,14)	(756,386)	(905,804)
Finance costs on finance lease liabilities	–	(19,499)
Interest on revenue generating contracts	–	(321)
	(756,386)	(925,624)

23. INCOME TAX EXPENSE/(BENEFIT)

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

<i>In thousands of tenge</i>	2022	2021
Current income tax expense	4,313,646	306,665
Adjustment with respect to current income tax for prior periods	274,117	30,707
Deferred tax benefit	(364,521)	(1,711,442)
	4,223,242	(1,374,070)

A reconciliation of income tax expenses applicable to income before taxation at the official income tax rate, with the income tax expenses benefit for the years ended 31 December is out below:

<i>In thousands of tenge</i>	2022	2021
Profit/(loss) before taxes	16,594,128	(9,002,313)
Statutory rate	20%	20%
Income tax expense/(benefit) at the statutory rate	3,318,826	(1,800,463)
Profit/loss of subsidiaries registered in countries with preferential taxation treatment	626,841	534,936
Exempt income and expenses on vessels registered in the international vessel register	85,175	(145,891)
Adjustment with respect to current income tax for prior periods	274,117	30,707
Other permanent differences	(81,717)	6,641
Income tax expense / (benefit)	4,223,242	(1,374,070)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. INCOME TAX EXPENSE/(BENEFIT) (continued)

Movement of deferred taxes for the years ended 31 December is presented as follows:

<i>In thousands of tenge</i>	31 December 2022	Origination and reversal of temporary differences in the statement of comprehensive income	31 December 2021	Origination and reversal of temporary differences in the statement of comprehensive income	31 December 2020
Deferred tax assets					
Contract liabilities	-	-	-	(6,871)	6,871
Provision for expected credit losses	874,009	97,973	776,036	641,992	134,044
Provision for bonuses	27,437	27,437	-	(50,376)	50,376
Other accruals	69,898	17,095	52,803	2,898	49,905
Deferred tax assets	971,344	142,505	828,839	587,643	241,196
Deferred tax liabilities					
Property, plant and equipment and investment property	1,804,610	(222,016)	2,026,626	(1,123,799)	3,150,425
Deferred tax liabilities	1,804,610	(222,016)	2,026,626	(1,123,799)	3,150,425
Net deferred tax liability	833,266	(364,521)	1,197,787	(1,711,442)	2,909,229

24. FINANCIAL GUARANTEE OBLIGATION

In June 2009, the Group issued a financial guarantee for the associate Mangistau Oblast Boat Yard LLP (hereinafter, "Boat Yard") on the borrowing obtained from European Bank for Reconstruction and Development (the "EBRD"). According to the financial guarantee agreement, the Group is obliged to pay 30% of Boat Yard debt (proportionate to share in equity) in case that the Boat Yard is not able to repay the debt.

As at 31 December 2012 the Boat Yard failed to pay interest and principal to EBRD in time and violated certain obligations associated with the loan. Also, Topaz Energy, which owns a 50% stake in the Boat Yard, has withdrawn from the guarantee agreement. Thus, the share was distributed between the Group and Balykshy LLP in the amount of 30% and 20%, respectively. As a result, the Group owns 60% stake.

As at 31 December 2012 the Boat Yard's payables to EBRD amounted to 11,603,268 US dollars. On 1 August 2013 the Group sold 30% of interest in the charter capital of Balykshy LLP. According to the terms and conditions of the financial guarantee agreement, the Group is not entitled to transfer the financial guarantee liability to the third parties without the consent of EBRD. As a result, the rights under the guarantee did not transfer to Balykshy LLP and the Group still bears responsibility for a 60% stake.

In 2020, hearings were held in the Arbitration Court on the EBRD's claim, where the EBRD's claim was partially satisfied as follows

- 4,223,796 US dollars (the principal debt on the guarantee obligations), as well as a penalty in the amount of 543.29 US dollars for each day of delay, starting from 22 June 2021, until the obligations are fulfilled;
- 610,000 pounds sterling (reimbursement of the arbitration costs, in solidarity) in the amount of 7,9%, starting from the date of payment of these costs by EBRD until payment by KMTF, in solidarity with Caspian Services Inc;
- 51,670 pounds sterling for the reimbursement of the arbitrator's fee, with interest accrued in the amount of 7,9%, starting from the date of payment of costs by EBRD until payment by KMTF in solidarity with Caspian Services Inc;
- 4,245.64 pounds sterling for payment of LCIA fee, with interest accrued in the amount of 7,9% starting from the date of payment of costs by EBRD until payment by KMTF in solidarity with Caspian Services Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. FINANCIAL GUARANTEE OBLIGATION (continued)

As at 31 December 2022, the Group settled all financial guarantee liabilities.

In 2020, the Group applied to the Mangistau Oblast Specialized Interdistrict Economic Court (SIEC) the to recover from Balykshy LLP all liabilities settled in favor of the EBRD. As a result of the litigation, the Group and Balykshy LLP signed an amicable agreement to pay the amount of 2,555,360 thousand tenge by 6 July 2021.

During 2021-2022, the Group did not receive formal information on the company's financial position to analyze the creditworthiness of Balykshy LLP. As of the reporting date, the Group did not recognize any receivables due to the low probability of fulfilment of obligations by Balykshy LLP.

In August 2022, the decision of the Mangistau Oblast SIEC on the approval of the amicable agreement was cancelled by the decision of the Mangistau Oblast Court.

In May 2022, the Mangistau Oblast SIEC received a statement of claim from Balykshy LLP requesting to invalidate:

- The purchase and sale agreement of an interest in the Boat Yard and the transfer of warranty obligations to the EBRD between KMTF and Balykshy LLP dated 29.07.2013;
- Minutes of the general meeting of the Boat Yard participants (GMP) dated 10.12.2013 on the Boat Yard re-registration due to the change of participants;
- The Boat Yard re-registration in the judicial authorities due to the withdrawal of the KMTF from the membership (the plaintiff's arguments: the contract for the purchase and sale of an interest in the Boat Yard and the transfer of warranty circumstances could not be concluded without the EBRD consent; the signature of the director of Balykshy LLP in the GMP minutes was put by another person, the GMP was not entitled to make a decision in absentia, the GMP for notification routine procedure was violated).

In August 2022, the plaintiff's claim to recognize the purchase and sale agreement and the Boat Yard GMP minutes invalid was satisfied by the decision of the Mangistau Oblast SIEC.

In November 2022, the KMTF appeal was left without satisfaction by the decision of the judicial board of the Mangistau Oblast Court, the decision of the court of first instance was unchanged.

25. RELATED PARTY DISCLOSURE

Related parties include key management personnel of the Group, entities in which a substantial interest in the voting power is owned, directly or indirectly, by the Group's key management personnel, NC KMG group companies and other companies under control of SWF Samruk-Kazyna.

Transactions with related parties are made at terms agreed between the parties that are not necessarily market conditions. Outstanding balances at the year-end are unsecured, non-interest bearing and settlement occurs in cash, except as indicated below. As at 31 December 2022, the Group recorded expected credit losses on receivables related to receivables from related parties in the amount of 4,367,904 thousand tenge (31 December 2021: 3,852,463 thousand tenge). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. RELATED PARTY DISCLOSURE (continued)

Significant related parties' transactions for the years ended 31 December 2022 and 2021, and balances as at 31 December 2022 and 2021 are as follows:

Income

<i>In thousands of tenge</i>	2022	2021
Companies controlled by SWF Samruk-Kazyna		
KTZ EXPRESS JSC	1,409,194	1,171,314
Transtelecom JSC	9,470	11,701
Port Kuryk LLP	30,126	3,766
Companies under control or significant influence of NC KazMunayGas		
KazMunayGas Trading AG	104,079,377	31,607,687
Tengizchevroil LLP	135,062	198,132
Zhenis Operating LLP	1,887,764	–
Other	85,549	65,784
	107,636,542	33,058,384

Acquisitions

<i>In thousands of tenge</i>	2022	2021
Companies controlled by SWF Samruk-Kazyna		
KTZ EXPRESS SHIPPING LLP (Subsidiary KTZ EXPRESS JSC)	34,633	3,713,379
NC Aktau International Sea Trade Port JSC	419,169	271,056
Transtelecom JSC	5,092	3,538
Port Kuryk LLP	–	180
Other	22,888	17,221
Companies under control or significant influence of NC KazMunayGas		
KazMunayGas Trading AG	924,626	576,459
Byron Shipping S.R.L	621,334	302,503
TenizService LLP	80,313	111,536
Other	16,230	15,348
	2,124,285	5,011,220

In 2021, the Group received bulk carriers “Beket Ata” and “Turkestan” through advance payments under an agreement with KTZ Express Shipping in the amount of 3,046,978 thousand tenge.

Loans received and finance costs

<i>In thousands of tenge</i>	2022	2021
NC KazMunayGas JSC		
Loans received (Note 14)	11,929,893	18,941,339
Finance costs (Note 14, 22)	756,386	905,804

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. RELATED PARTY DISCLOSURE (continued)

Trade and other receivables and advances paid

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Companies controlled by SWF Samruk-Kazyna		
KTZ EXPRESS JSC	154,659	111,121
NC Aktau International Sea Trade Port JSC	–	9,147
Port Kuryk LLP	2,812	2,812
Transtelecom JSC	–	1,092
KTZ EXPRESS SHIPPING LLP (Subsidiary KTZ EXPRESS JSC)	8,526	–
Companies under control or significant influence of NC KazMunayGas		
KazMunayGas Trading AG	13,673,158	4,374,998
Zhenis Operating LLP	2,076,201	–
Byron Shippng S.R.L	4,627	5,182
Other	11,878	4,437
	15,931,861	4,508,789

Trade and other payables and advances received

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Companies controlled by SWF Samruk-Kazyna		
NC KTZh JSC	121,849	62,046
Transtelecom JSC	671	330
Other	1,818	1,181
Companies under control and significant influence of NC KazMunayGas		
KazMunayGas Trading AG	84,665	78,156
TenizService LLP	9,579	12,520
Other	2,297	1,853
	220,879	156,086

Compensation to key management personnel

As at 31 December 2022, key management personnel consisted of 3 persons (2021: 3 persons). Total compensation to the key management personnel for the year ended 31 December 2022, included in general and administrative expenses in the accompanying consolidated statement of comprehensive income is 84,203 thousand tenge (for 2021: 171,074 thousand tenge). In 2022, remuneration to key management personnel consists mainly of salaries and bonuses based on the results of the year (2021: mainly consists of salaries and bonuses).

26. COMMITMENTS AND CONTINGENCIES

The war on the territory of Ukraine

The war on the territory of Ukraine, which began in 2022, led to the emergence of a number of IFRS accounting features affecting financial statements.

Many countries have already imposed and continue to impose new sanctions on individual Russian legal entities and Russian citizens. Sanctions were also imposed on the Republic of Belarus.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. COMMITMENTS AND CONTINGENCIES (continued)

The war on the territory of Ukraine (continued)

The mere fact of the current situation, added with potential fluctuations in commodity prices, exchange rates, import and export restrictions, availability of local materials and services and access to local resources will directly affect companies that carry out a scalable activity in the territories of the Russian Federation, the Republic of Belarus or Ukraine or have significant ties with these countries.

The war, as far as it goes, and its direct or indirect consequences may affect not only companies directly related to the countries participating in hostilities, for example, as a result of fluctuations in commodity prices and exchange rates, as well as a prolonged economic downturn.

The overall effect of the continuation of the war and the introduction of new sanctions remains uncertain. Since it also strongly depends on the nature of a particular business, these consolidated financial statements do not contain illustrations of possible effects.

Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility in the stock and currency markets, as well as a significant depreciation of Tenge against the US dollar and euro.

The war in Ukraine and the intensified sanctions against Russia have resulted in a significant destabilization of the economic situation in the Black Sea basin.

With the increase in military risks, the cost of oil transportation from Russian ports has increased significantly, which has led to an increase in transportation revenues for shipowners. The insurance of war risks of ships has increased, which are fully compensated by a freighter. The terminal of the Caspian Pipeline Consortium in the port of Novorossiysk has been removed from the sanctions lists and continues operations on transshipment of Kazakh oil for export.

It has become impossible for shipowners to accept a bunker in the port of Novorossiysk, which has always been the lowest cost in the region, so bunkering is carried out in other ports of the Black and Mediterranean Seas.

Due to the uncertainty of the development of the situation and future sanctions, the Group is looking for and testing alternative directions for the employment of vessels and at the same time is in constant contact with KMG and its divisions, which are working on changing the route of oil transshipment to avoid transshipment through terminals at Novorossiysk port.

The management of the Group is currently assessing the degree of impact of micro and macroeconomic conditions on the Group's financial position and results of its operations.

Taxation

Kazakhstan's tax, currency and customs legislation and regulations are subject to ongoing changes and varying interpretations. Management's interpretation of such legislation as applied to the transactions and activity of the Group may be challenged by the relevant authorities. Recent events within Kazakhstan suggest that the tax authorities are taking a more assertive position in interpretation of the legislation and check of tax calculation. As consequence, tax bodies can make a complaint on those deals and methods of the account on which earlier they did not show claims. As such, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for 5 (five) calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including opinions on recording of income and expense and other items in the IFRS consolidated financial statements.

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 at 31 December 2022. As at 31 December 2022 the Group's management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Group's tax, currency and customs positions will be sustained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. COMMITMENTS AND CONTINGENCIES (continued)

Taxation (continued)

During 2021, there were changes in tax legislation affecting the Group, which entered into force on 1 January 2021. In particular, a corporate tax on income from the transportation of goods and income from bare-boat charter and demise charter earned by vessels registered in the international ship registry of the Republic of Kazakhstan is reduced by 100%. This means that such vessels are exempt from income tax. In 2021-2022, the Group re-registered its vessels (except tugboats) in the international ship registry of the Republic of Kazakhstan.

Legal claims

In the ordinary course of business, the Group is subject to legal actions and complaints. In the opinion of management, there are no current legal proceedings or other claims outstanding, which could have a material effect on the result of operations or financial position of the Group.

The Group assesses the likelihood of material liabilities arising from individual circumstances and makes provision in its consolidated financial statements only where it is probable that actual events giving rise to liability will occur and the amount of the liability can be reasonably estimated. No provision has been made in these consolidated financial statements as at 31 December 2022 and 2021 for legal actions and claims.

Environmental issues

The enforcement of environmental regulation in Kazakhstan is evolving and subject to ongoing changes. Penalties for violations of Kazakhstan's environmental laws can be severe. Potential liabilities which may arise as a result of stricter enforcement of existing regulations, civil litigation or changes in legislation cannot be reasonably estimated. In accordance with current legislation, management believes that there are no probable or possible liabilities that could have a material adverse effect on the Group's consolidated financial position and results of operations.

Future operating lease commitments – Group as lessor

The Group entered into a number of operating lease agreements for self-propelled barges, tankers and an office premise. These lease agreements are concluded for periods of up to 2 years. The minimum lease payments to be received in future periods under the operating lease agreements as well as contracts with customers containing leases as at 31 December amount to:

<i>In thousands of tenge</i>	2022	2021
Within one year	3,788,272	3,320,714
More than 1 year but less than 5 years	-	-
Over five years	-	-

27. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Main financial instruments of the Group comprise cash and cash equivalents, short-term bank deposits, trade and other accounts receivable, trade and other accounts payable, loans obtained that arise directly from business operations. The Group did not trade financial instruments.

The Group is exposed to currency risk, credit risk and liquidity risk. The Group's management oversees the management of these risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with its financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group monitors its risk of a shortage of funds using a liquidity planning tool. This instrument considers the term of settlement of financial investments and financial assets.

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2022 based on contractual undiscounted payments.

<i>In thousands of tenge</i>	On demand	Less than 3 months	3 to 12 months	1 - 5 years	More than 5 years	Total
At 31 December 2022						
Loans received	–	9,212,762	2,890,218	–	–	12,102,980
Trade and other payables	257,872	14,444,102	–	–	–	14,701,974
	257,872	23,656,864	2,890,218	–	–	26,804,954
At 31 December 2021						
Loans received	–	868,510	2,561,707	17,101,953	–	20,532,170
Lease liabilities	–	254	–	–	–	254
Trade and other payables	3,691,038	1,341,474	210	–	–	5,032,722
	3,691,038	2,210,238	2,561,917	17,101,953	–	25,565,146

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of exchange rates changes. The Group's exposure to foreign currency risk mainly relates to the outstanding loans and the Group's trade accounts payable denominated in US Dollars and Euro. Thus, changes in currency rates might have a significant effect to the Group's financial position.

The following table demonstrates the sensitivity to a reasonably possible changes in the US Dollar and Euro exchange rates as at 31 December 2022 and 31 December 2021, with all the variables held constant, of the Group's profit before income tax (due to changes in the fair value of monetary assets and liabilities).

<i>In thousands of tenge</i>	31 December 2022		31 December 2021	
	Increase / (decrease) in exchange rate	Effect on profit before tax	Increase / (decrease) in exchange rate	Effect on loss before tax
US dollars	+21,00%	438,709	+13,00%	(1,666,719)
	-21,00%	(438,709)	-10,00%	1,282,091
Euro	+17,99%	(7,679)	+13,00%	(2,839)
	-17,99%	7,679	-10,00%	2,184

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Credit risk

Generally, the credit risk arises on cash and cash equivalents and with respect to the clients including unsettled accounts receivable and confirmed transactions. With respect to the banks and financial institutions, only institutions with high rating are accepted. The Group renders its services only to several major clients with stable financial position and appropriate credit story. Carrying amount of cash and cash equivalents and accounts receivable less allowance for expected credit losses represent the maximal amount of credit risk exposure. The Group does not have the policy of assigning internal ratings and establishing credit limits for counterparties.

Fair value of financial instruments

Fair value is defined as the amount at which an instrument could be exchanged in a current transaction between knowledgeable willing parties according to arm's length conditions, other than in a forced or liquidation sale.

To calculate the fair value of financial instruments, the model of cash flow discounting at market interest rate is used considering the period remaining until repayment for financial instruments with similar terms and credit risk. In case of assets and liabilities for which fair values are disclosed in the financial statements, future cash flows are discounted using the average market rate of financial instruments with similar maturities based on statistics published by the National Bank of the Republic of Kazakhstan ("NBRK").

As at 31 December 2022 and 2021, the carrying amount of cash and cash equivalents, short-term bank deposits, trade and other receivables, trade payables approximates to their fair values due to their short-term maturity. The fair value of loans received at the market rate of 6,3% is equal to 11,875,780 thousand tenge (2021: 19,370,800 thousand tenge at the rate of 4,6%).

Capital management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group capital management strictly depends on the capital management strategy of the participant. Most of the capital management decisions are taken upon agreement with appropriate committees of the participant. To maintain and adjust the structure of the capital the participant may make increase the Group charter capital and/or authorize the Group to obtain debt financing from the third parties by providing guarantees for all existing external loans.

28. SUBSEQUENT EVENTS

In January 2023, the Board of Directors of JSC NC KazMunayGas approved the participation of NMSC Kazmortransflot LLP with a 49% participation share together with International Maritime Investments Ltd, UAE, with a 51% stake in the establishment of a private company "Caspian Integrated Maritime Solutions Ltd" on the territory of the International Financial Center "Astana". The purpose of the company is participation in offshore projects in the Caspian Sea, the quantitative growth of tanker and merchant fleets for transportation in the Caspian and Black Seas, the development of coastal infrastructure.