Joint Stock Company
“National Company “KazMunayGas”

Consolidated financial statements

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

CONTENTS

Building a better working world

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

Opinion

We have audited the consolidated financial statements of Joint Stock Company "National Company "KazMunayGas" and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Key audit matters

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

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

Building a better working world

Key audit matter	*How our audit addressed the key audit matter*
Impairment of non-current assets	
We consider this matter to be one of the matters of most significance in our audit due to materiality of the balances of non-current assets, including upstream, downstream and midstream assets, to the consolidated financial statements, the high level of subjectivity in respect of assumptions underlying impairment analysis and significant judgements and estimates made by management. Assumptions included discount rates, oil and petroleum products prices forecasts and inflation and exchange rate forecasts. Significant estimates included production forecast, future capital expenditure and oil and gas reserves available for development and production. Information on non-current assets and the impairment tests performed is disclosed in *notes 4* and *16* to the consolidated financial statements.	We considered management's assessment of the existence of impairment indicators and where impairment indicators were identified, we involved our business valuation specialists in the testing of management's impairment analysis and calculation of recoverable amounts. We analyzed the assumptions underlying management forecasts. We compared oil and petroleum products prices used in the calculation of recoverable amount to available market forecasts. We compared the discount rates and long-term growth rates to general market indicators and other available evidence and checked the adjustments made by management when calculating the applicable discount rate. We tested the mathematical accuracy of the impairment models and assessed the analysis of the sensitivity of the results of impairment tests to changes in assumptions. We performed procedures to assess competence, capabilities and objectivity of the external experts engaged by the Group to estimate the volumes of oil and gas reserves and prepare impairment models, where applicable. We analysed disclosures on impairment test in the consolidated financial statements.
Provisions and contingent liabilities	
Provisions are recognized and contingent liabilities are disclosed by the Group in respect of government inspections, provisions for asset retirement obligations (ARO) and general legal proceedings, as well as other matters. In 2023 the Group recognized additional ARO for refineries and recorded changes in certain estimates related to ARO. The assessment as to whether, or not, a liability should be recognized and whether	We inquired the Group's management and legal department for instances of non-compliance with laws and regulations and the status of any pending and ongoing litigations, claims and proceedings. We obtained legal letters from internal legal advisers. We inspected relevant correspondence, the minutes of the meetings of the Group's management and Board of Directors. Our procedures in respect of ARO included assessment of legal and constructive

amounts can be reliably estimated involves estimation and judgement. Predicting the outcome of the matter and estimating the potential impact if the outcome is unfavourable represents a complex process and the potential exposure on the consolidated financial statements may be significant.

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

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

We considered provisions and contingent liabilities to be one of the matters of most significance in our audit because of their significance to the consolidated financial statements, the level of judgment required and the 2023 events describe above.

Information on provisions, contingent liabilities and commitments is disclosed in *notes 30* and *36* to the consolidated financial statements.

obligations related to the liquidation of assets on the basis of contractual agreements and relevant local legislation.

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

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

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

We analysed the related disclosures in the consolidated financial statements.

Other information included in the Group's 2023 annual report

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Ernst & Young LLP

Kairat Medetbayev
Auditor

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

Rustamzhan Sattarov
General Director
Ernst and Young LLP

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

050660, Republic of Kazakhstan, Almaty
Al-Farabi ave., 77/7, Esentai Tower

12 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2023

In millions of tenge	Note	2023	2022 (restated)*
Revenue and other income			
Revenue from contracts with customers	9	**8,319,543**	8,693,081
Share in profit of joint ventures and associates, net	10	**534,177**	991,310
Gain from disposal of subsidiary	5	**186,225**	–
Finance income	17	**147,245**	120,603
Other operating income		**55,378**	22,319
Total revenue and other income		**9,242,568**	9,827,313
Costs and expenses			
Cost of purchased oil, gas, petroleum products and other materials	11	**(4,621,881)**	(4,960,176)
Production expenses	12	**(1,219,722)**	(1,144,241)
Taxes other than income tax	13	**(594,080)**	(677,921)
Depreciation, depletion and amortization	37	**(601,204)**	(506,900)
Transportation and selling expenses	14	**(245,525)**	(205,352)
General and administrative expenses	15	**(177,792)**	(160,479)
Impairment of property, plant and equipment, intangible assets and exploration expenses	16	**(230,580)**	(19,917)
Finance costs	17	**(322,073)**	(308,055)
Foreign exchange gain, net		**25,222**	40,089
Other expenses		**(60,124)**	(85,424)
Total costs and expenses		**(8,047,759)**	(8,028,376)
Profit before income tax		**1,194,809**	1,798,937
Income tax expenses	33	**(270,348)**	(492,377)
Net profit for the year		**924,461**	1,306,560

The accounting policies and explanatory notes on pages 9 through 84 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

In millions of tenge	Note	2023	2022 (restated)*
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods			
Hedging effect	31	**849**	(11,872)
Exchange differences on translation of foreign operations		**(176,614)**	695,642
Net gain/(loss) on hedge of a net investment	28	**46,152**	(187,440)
Tax effect		**11,101**	(36,525)
Net other comprehensive (loss)/income to be reclassified to profit or loss in the subsequent periods, net of tax		**(118,512)**	459,805
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods			
Actuarial gain on defined benefit plans of the Group		**341**	9,075
Actuarial gain/(loss) on defined benefit plans of the joint ventures		**651**	(19)
Tax effect		**(327)**	(116)
Net other comprehensive income not to be reclassified to profit or loss in the subsequent periods, net of tax		**665**	8,940
Net other comprehensive (loss)/income for the year, net of tax		**(117,847)**	468,745
Total comprehensive income for the year, net of tax		**806,614**	1,775,305
Net profit/(loss) for the year attributable to:			
Equity holders of the Parent Company		**960,483**	1,278,359
Non-controlling interests		**(36,022)**	28,201
		924,461	1,306,560
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Parent Company		**842,977**	1,745,651
Non-controlling interests		**(36,363)**	29,654
		806,614	1,775,305
Earnings per share** – tenge thousands			
Basic and diluted	27	**1.574**	2.095

* *Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 7.*

** *The number of ordinary shares as of December 31, 2023 and 2022 equaled to 610,119,493.*

Deputy Chairman of the Management Board _________ *D.A. Aryssova*

Chief accountant _________ *A.S. Yesbergenova*

The accounting policies and explanatory notes on pages 9 through 84 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

In millions of tenge	Note	2023	2022 (restated)*
Assets			
Non-current assets			
Exploration and evaluation assets	19	**174,187**	251,280
Property, plant and equipment	18	**7,181,206**	6,994,001
Investment property		**19,383**	17,304
Intangible assets	20	**874,930**	918,261
Right-of-use assets		**101,765**	76,567
Investments in joint ventures and associates	22	**4,821,427**	4,947,403
VAT receivable		**30,360**	16,760
Advances for non-current assets		**50,954**	52,982
Other non-current non-financial assets		**4,192**	3,713
Loans and receivables due from related parties	25	**94,334**	129,857
Other non-current financial assets		**23,217**	10,672
Long-term bank deposits	21	**63,891**	59,229
Deferred income tax assets	33	**65,829**	41,598
		13,505,675	13,519,627
Current assets			
Inventories	23	**376,444**	310,764
Trade accounts receivable	24	**561,258**	519,684
VAT receivable		**60,523**	42,762
Income tax prepaid	33	**33,051**	36,167
Other current non-financial assets	24	**157,257**	109,173
Loans and receivables due from related parties	25	**125,569**	119,874
Other current financial assets	24	**74,870**	57,057
Short-term bank deposits	21	**997,012**	1,178,138
Cash and cash equivalents	26	**1,050,873**	763,185
		3,436,857	3,136,804
Assets classified as held for sale		**180**	459
		3,437,037	3,137,263
Total assets		**16,942,712**	16,656,890

The accounting policies and explanatory notes on pages 9 through 84 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

In millions of tenge	Note	2023	2022 (restated)*
Equity and liabilities			
Equity			
Share capital	27	**916,541**	916,541
Additional paid-in capital		**1,142**	1,142
Other equity		**(910)**	(1,759)
Currency translation reserve		**4,090,281**	4,209,612
Retained earnings		**5,486,747**	4,803,431
Attributable to equity holders of the Parent Company		**10,493,801**	9,928,967
Non-controlling interests	27	**(99,404)**	(61,541)
Total equity		**10,394,397**	9,867,426
Non-current liabilities			
Borrowings	28	**3,365,736**	3,784,897
Lease liabilities	29	**87,880**	65,872
Other non-current financial liabilities	31	**18,743**	15,080
Provisions	30	**306,219**	210,765
Employee benefit liabilities		**70,975**	66,097
Other non-current non-financial liabilities	31	**37,777**	41,548
Deferred income tax liabilities	33	**1,126,767**	999,010
		5,014,097	5,183,269
Current liabilities			
Trade accounts payable	31	**663,930**	565,092
Borrowings	28	**391,358**	369,489
Lease liabilities	29	**17,400**	15,682
Other current financial liabilities	31	**145,953**	283,820
Provisions	30	**33,576**	58,779
Employee benefit liabilities		**5,703**	4,969
Income tax payable	33	**28,285**	66,648
Other taxes payable	32	**116,500**	148,497
Other current non-financial liabilities	31	**131,513**	93,219
		1,534,218	1,606,195
Total liabilities		**6,548,315**	6,789,464
Total equity and liabilities		**16,942,712**	16,656,890
Book value per ordinary share** – tenge thousands	27	**15.603**	14.668

* *Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 7.*

** *The number of ordinary shares as of December 31, 2023 and 2022 equaled to 610,119,493. Presentation of Book value per ordinary share is a non-IFRS measure required by KASE.*

Deputy Chairman of the Management Board ______ *D.A. Aryssova*

Chief accountant ______ *A.S. Yesbergenova*

The accounting policies and explanatory notes on pages 9 through 84 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

In millions of tenge	Note	2023	2022 (restated)*
Cash flows from operating activities			
Profit before income tax		**1,194,809**	1,798,937
Adjustments:			
Depreciation, depletion and amortization	37	**601,204**	506,900
Impairment of property, plant and equipment, intangible assets and exploration expenses	16	**230,580**	19,917
Gain on disposal of subsidiary	5	**(186,225)**	–
Realized losses from derivatives on petroleum products	12	**(69)**	121,539
Finance income	17	**(147,245)**	(120,603)
Finance costs	17	**322,073**	308,055
Gain on disposal of joint venture		**90**	–
Share in profit of joint ventures and associates, net	10	**(534,177)**	(991,310)
Movements in provisions		**(6,158)**	78,603
Net foreign exchange gain		**(29,107)**	(34,290)
Write-off of inventories to net realizable value		**4,646**	4,236
Loss on disposal of property, plant and equipment, intangible assets, investment property and assets held for sale, net		**501**	2,623
Reversal of impairment of VAT receivable	15	**(282)**	(1,942)
Change in financial guarantees		**344**	122
VAT non-recoverable	15	**5,811**	2,582
Allowance for impairment of advances for non-current assets		**20,320**	–
Allowance of expected credit loss for trade receivables and other assets	15	**9,125**	2,758
Operating profit before working capital changes		**1,486,240**	1,698,127
Change in VAT receivable		**(37,306)**	(14,118)
Change in inventory		**(76,763)**	(115,725)
Change in trade accounts receivable and other current assets		**4,640**	32,933
Change in trade and other payables and contract liabilities		**78,727**	(110,086)
Change in other taxes payable		**(127,565)**	(58,183)
Cash generated from operations		**1,327,973**	1,432,948
Dividends received from joint ventures and associates	22	**619,826**	462,309
Income taxes paid		**(147,166)**	(144,015)
Interest received		**123,389**	49,487
Interest paid	28, 29	**(256,408)**	(233,418)
Net cash flow from operating activities		**1,667,614**	1,567,311

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

In millions of tenge	Note	2023	2022 (restated)*
Cash flows from investing activities			
Placement of bank deposits		**(1,460,352)**	(1,698,647)
Withdrawal of bank deposits		**1,614,940**	1,138,294
Acquisition of subsidiary, net of cash acquired	6,7	**(156,388)**	(1,198,317)
Deferred consideration paid for the acquisition of subsidiary	7	**(163,770)**	–
Purchase of property, plant and equipment, intangible assets and exploration and evaluation assets		**(683,439)**	(451,476)
Proceeds from sale of property, plant and equipment, exploration and evaluation assets and assets held for sale		**3,317**	2,219
Proceeds from disposal of subsidiary net of cash disposed	5	**94,624**	–
Cash of disposed subsidiaries		**–**	(4,137)
Additional contributions to joint ventures without changes in ownership	22	**(20,117)**	(15,398)
Loans given to related parties	34	**(44,672)**	(42,018)
Repayment of loans due from related parties	34	**35,963**	38,190
Acquisition of debt securities		**(7,063)**	–
Proceeds from sale of debt securities		**289**	118
Redeem of notes of the National Bank of RK	34	**451,598**	17,000
Acquisition of notes of the National Bank of RK	34	**(425,263)**	(87,000)
Other		**697**	(1,138)
Net cash flows used in investing activities		**(759,636)**	(2,302,310)
Cash flows from financing activities			
Proceeds from borrowings	28	**385,304**	985,714
Repayment of borrowings	28	**(666,232)**	(224,327)
Dividends paid to shareholders	27	**(300,002)**	(199,997)
Dividends paid to non-controlling interests	27	**(1,572)**	(1,975)
Distributions to Samruk-Kazyna	27	**(120)**	(266,069)
Contribution from the related party	27	**14,155**	7,064
Payment of principal portion of lease liabilities	29	**(26,933)**	(19,709)
Return of insurance premium	28	**–**	7,370
Other distribution to shareholders	27	**(8,962)**	–
Net cash flows (used in)/from financing activities		**(604,362)**	288,071
Effects of exchange rate changes on cash and cash equivalents		**(15,942)**	65,755
Change in allowance for expected credit losses		**14**	114
Net change in cash and cash equivalents		**287,688**	(381,059)
Cash and cash equivalents, at the beginning of the year		**763,185**	1,144,244
Cash and cash equivalents, at the end of the year		**1,050,873**	763,185

* *Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2021 and reflect adjustments made, refer to Note 7.*

Non-cash transactions

For the year ended December 31, 2023, accounts payable for purchases of property, plant and equipment increased by 69,734 million tenge (2022: increased by 81,471 million tenge).

As at December 31, 2022 the financial aid provided to Samruk-Kazyna has been fully repaid by setting of against the payable for the acquisition of 49.50% ownership interest in Kazakhstan Petrochemical Industries Inc. LLP for 91,175 million tenge, payable for the acquisition of 49.90% ownership interest in Silleno LLP for 816 million tenge and the part of the payable for exercising the Option for 434,587 million tenge (acquisition of Kashagan) *(Notes 7, 25 and 34)*.

Deputy Chairman of the Management Board D.A. Aryssova

Chief accountant A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 84 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to equity holders of the Parent Company							
In millions of tenge	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total
As at December 31, 2021 (restated)*	916,541	1,142	10,113	3,738,581	5,438,328	10,104,705	(89,282)	10,015,423
Net profit for the year (restated)*	–	–	–	–	1,278,359	1,278,359	28,201	1,306,560
Other comprehensive (loss)/income (restated)*	–	–	(11,872)	471,031	8,133	467,292	1,453	468,745
Total comprehensive (loss)/income (restated)*	–	–	(11,872)	471,031	1,286,492	1,745,651	29,654	1,775,305
Dividends *(Note 27)*	–	–	–	–	(199,997)	(199,997)	(2,296)	(202,293)
Distributions to Samruk-Kazyna *(Note 27)*	–	–	–	–	(273,870)	(273,870)	–	(273,870)
Acquisition of joint ventures *(Notes 7, 8 and 27)*	–	–	–	–	(63,634)	(63,634)	–	(63,634)
Acquisition of KMG Kashagan B.V. under common control *(Note 7)*	–	–	–	–	(1,777,076)	(1,777,076)	–	(1,777,076)
Transactions with Samruk-Kazyna *(Note 27)*	–	–	–	–	385,997	385,997	–	385,997
Contribution from the related party *(Note 27)**	–	–	–	–	9,960	9,960	–	9,960
Equity contribution to subsidiary	–	–	–	–	–	–	383	383
Other distributions	–	–	–	–	(2,769)	(2,769)	–	(2,769)
As at December 31, 2022 (restated)*	916,541	1,142	(1,759)	4,209,612	4,803,431	9,928,967	(61,541)	9,867,426

* *Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 7.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

In millions of tenge	Attributable to equity holders of the Parent Company							
	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total
As at December 31, 2022 (restated)*	**916,541**	**1,142**	**(1,759)**	**4,209,612**	**4,803,431**	**9,928,967**	**(61,541)**	**9,867,426**
Net profit/(loss) for the year	–	–	–	–	960,483	960,483	(36,022)	924,461
Other comprehensive income/(loss)	–	–	849	(119,331)	976	(117,506)	(341)	(117,847)
Total comprehensive income/(loss)	**–**	**–**	**849**	**(119,331)**	**961,459**	**842,977**	**(36,363)**	**806,614**
Dividends *(Note 27)*	–	–	–	–	(300,002)	(300,002)	(1,500)	(301,502)
Distributions to Samruk-Kazyna *(Note 27)*	–	–	–	–	(120)	(120)	–	(120)
Other operations *(Note 27)*	–	–	–	–	(17,925)	(17,925)	–	(17,925)
Acquisition of Polimer Production LLP under common control *(Note 7)*	–	–	–	–	(1,520)	(1,520)	–	(1,520)
Transactions with Samruk-Kazyna *(Note 27)*	–	–	–	–	26,597	26,597	–	26,597
Contribution from the related party *(Note 27)*	–	–	–	–	14,827	14,827	–	14,827
As at December 31, 2023	**916,541**	**1,142**	**(910)**	**4,090,281**	**5,486,747**	**10,493,801**	**(99,404)**	**10,394,397**

* *Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 7.*

Deputy Chairman of the Management Board _____ *D.A. Aryssova*

Chief accountant _____ *A.S. Yesbergenova*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL

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

Starting from June 8, 2006, the sole shareholder of the Company was joint stock company "Kazakhstan Holding Company for State Assets Management "Samruk", which in October 2008 was merged with the state owned Sustainable Development Fund "Kazyna" and formed joint stock company "National Welfare Fund Samruk-Kazyna", now renamed to joint stock company "Sovereign Wealth Fund Samruk-Kazyna" (further Samruk-Kazyna). The Government is the sole shareholder of Samruk-Kazyna.

On August 7, 2015, the National Bank of RK (further NB RK) purchased 9.58% plus one share of the Company from Samruk-Kazyna. From December 8, 2022, 3.00% of shares of the Company are freely available on the Astana International Exchange (further AIX) and the Kazakhstan Stock Exchange (further KASE) stock exchanges.

On December 22, 2023, 20.00% of the Company's shares owned by Samruk-Kazyna were transferred to the Ministry of Finance of the Republic of Kazakhstan.

As at December 31, 2023, the Company has interest in 61 operating companies (as of December 31, 2022: 59) (jointly "the Group").

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

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

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

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

These consolidated financial statements of the Group were approved for issue by the Deputy Chairman of the Management Board and the Chief accountant on March 12, 2024.

2. BASIS OF PREPARATION

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

Statement of compliance

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

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

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

2. BASIS OF PREPARATION (continued)

Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

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

Group Companies

The results and financial position of all of the Group’s subsidiaries, joint ventures and associates (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at that reporting date;
- Income and expenses for each statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transaction); and
- All resulting exchange differences are recognized as a separate component of other comprehensive income.

Exchange rates

Weighted average currency exchange rates established by KASE are used as official currency exchange rates in the Republic of Kazakhstan. The currency exchange rate of KASE as at December 31, 2023 was 454.56 tenge to 1 United States dollar (US dollar). This rate was used to translate monetary assets and liabilities denominated in US dollar as at December 31, 2023 (2022: 462.65 tenge to 1 US dollar). The currency exchange rate of KASE as at March 12, 2024 was 449.30 tenge to 1 US dollar. For the year ended December 31, 2023, the Group had net foreign exchange gain of KZT 25,222 million due to fluctuations in foreign exchange rates to tenge.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Changes in accounting policies and disclosures

New and amended standards and interpretations

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards and interpretations effective as of January 1, 2023.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

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

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

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

IFRS 17 Insurance Contracts

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

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

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

Definition of Accounting Estimates - Amendments to IAS 8

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

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

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Changes in accounting policies and disclosures (continued)

New and amended standards and interpretations (continued)

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

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

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

KMG Group is part of Samruk-Kazyna Group that is a multinational enterprise with revenue in excess of EUR 750 million per consolidated financial statements of the international group for the financial year, immediately preceding the reporting financial year, using the arithmetic average market exchange rate determined in accordance with the tax legislation of the Republic of Kazakhstan for the respective financial year.

Samruk-Kazyna is a parent entity of the international group. Entities of the multinational enterprise are presented in the following jurisdictions where Pillar II Model Rules have been enacted (or substantially enacted), and will enter into force in tax years 2024 and beyond: the Republic of Bulgaria, Federal Republic of Germany, Kingdom of the Netherlands, Romania, the Swiss Confederation and the United Kingdom of Great Britain and Northern Ireland.

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

The Group is in the process of potential exposure assessment related to the Pillar II Model Rules implementation at the legislative level. The assessment is based on the most recent tax filings, country-by-country reporting for 2022 and current financial information for 2023.

Based on the assessment the Group identified potential exposure related to the Pillar II income taxes on profit earned by some companies in the Swiss Confederation jurisdiction and Kingdom of the Netherlands, where the effective income tax rate was below 15%. The Group does not expect a material exposure to Pillar II income taxes in these jurisdictions. However, exposure may also exist in other jurisdictions where the assessment is in progress.

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

Standards issued but not yet effective

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has: power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from its involvement with the investee, and; the ability to use its power over the investee to affect its returns.

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

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

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

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

Subsidiaries

As at December 31, 2023 and 2022, the following direct significant subsidiaries were included in these consolidated financial statements:

Significant entities	Main activity	Country of incorporation	Percentage ownership 2023	Percentage ownership 2022
KazMunayGas Exploration Production JSC (further KMG EP)	Exploration and production	Kazakhstan	**99.72%**	99.72%
KazMunayTeniz LLP	Exploration and production	Kazakhstan	**100%**	100%
KMG Karachaganak LLP	Exploration and production	Kazakhstan	**100%**	100%
Kazakhturkmunay LLP	Exploration and production	Kazakhstan	**100%**	100%
KMG Kashagan B.V. *(Note 7)*	Exploration and production	Netherlands	**100%**	100%
Dunga Operating GmbH *(Note 6)*	Production	Kazakhstan	**100%**	–
KazTransOil JSC	Oil transportation	Kazakhstan	**90%**	90%
KazMorTransFlot LLP	Oil transportation and construction	Kazakhstan	**100%**	100%
Cooperative KazMunayGas PKI U.A.	Refinery and marketing of oil products	Netherlands	**100%**	100%
Atyrau Refinery LLP	Refinery	Kazakhstan	**99.53%**	99.53%
Pavlodar oil chemistry refinery LLP (further Pavlodar refinery)	Refinery	Kazakhstan	**100%**	100%
KMG International N.V. (further KMGI)	Refinery and marketing of oil products	Romania	**100%**	100%
KMG Drilling&Services LLP	Drilling services	Kazakhstan	**100%**	100%

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business combinations and goodwill

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

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. If the contingent consideration is not within the scope of IFRS 9, it is measured at fair value through profit and loss. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

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

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

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

Acquisition of subsidiaries from parties under common control

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

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

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

Acquisition of joint ventures and associates from parties under common control

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investment in associates and joint ventures

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

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

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

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

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

Oil and natural gas exploration, evaluation and development expenditure

Costs incurred before obtaining subsoil use rights (licenses)

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

Subsoil use rights and property acquisition costs

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

Exploration and evaluation costs

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

All such carried costs are subject to technical, commercial and management review as well as review for impairment at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

Exploration and evaluation costs (continued)

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

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

Development costs

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

Oil and gas assets and other property, plant and equipment

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

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

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

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

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

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

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

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

Intangible assets

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets (continued)

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

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

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

Impairment of exploration and evaluation assets

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

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

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

Asset retirement obligation (decommissioning)

Provision for decommissioning is recognized in full, on a discounted cash flow basis, when the Group has an obligation to dismantle and remove a facility or an item of plant, property and equipment and to restore the site on which it is located, and when a reasonable estimate of that provision can be made. The amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding item of property, plant and equipment of an amount equivalent to the provision is also created. This asset is subsequently depreciated as part of the capital costs of the production and transportation facilities based on the appropriate depreciation method.

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

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

(b) The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the provision exceeds the carrying amount of the asset, the excess is recognized immediately in the consolidated statement of comprehensive income; and

(c) If the adjustment results in an addition to the cost of an asset, the Group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the Group tests the asset for impairment by estimating its recoverable amount, and accounts for any impairment loss, in accordance with IAS 36.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

Derecognition

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

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

Impairment of financial assets

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Derecognition (continued)

Impairment of financial assets (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Leases

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 in exchange for consideration.

The 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 recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is 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 recognized, 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.

If the ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes 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. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in 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 if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities are increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Finance lease liabilities.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Inventories

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

Cash and cash equivalents

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

Financial liabilities

Initial recognition and measurement

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

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

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

Trade and other payables

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

Loans and borrowings

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs.

The Group does not have financial liabilities at fair value through profit or loss.

Financial guarantee contracts

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

Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of a derivative or a foreign exchange gains and losses for a non-derivative is recognized in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivatives is recognized immediately in profit or loss. The amount recognized in OCI is fully or partially reclassified to profit or loss as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Provisions

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

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

Provision for obligations to the Government

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

Employee benefits

Pension scheme

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

Long-term employee benefits

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition

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

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

The Group mainly recognizes revenue for the following types:

Revenue from sale of crude oil and oil products

Revenue from the sale of oil and oil products is recognized when control of the goods is transferred to the customer and is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for such goods or services.

Revenue from transportation services

Revenue from transportation services is recognized when services are provided based on the actual volumes of oil transported in the reporting period.

Revenue from oil and oil products refinery services

Revenue from oil and oil products refinery services is recognized if it is probable that the economic benefits will flow to the Group and if the revenue can be measured reliably, regardless of the timing of payment.

Interest income and expense

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

Contract liabilities

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

Income taxes

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income taxes (continued)

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

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

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

Equity

Non-controlling interest

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

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

Dividends

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Impairment testing assumptions

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Impairment testing assumptions (continued)

For 2023 in *"Exploration and production of oil and gas"* segment net impairment charges were 130,502 million tenge, which mainly relate to the exploration and evaluation assets of Aktoty and Kairan project in the amount of 74,255 million tenge and Jenis project in the amount of 40,244 million tenge (December 31, 2022: 8,895 million tenge of Southern Urikhtau project and 3,172 million tenge of Isatay project).

For 2023 in "*Refining and trading of crude oil and refined products*" net impairment charges were 100,809 million tenge, which mainly relate to the CGU KMGI in the amount of 97,636 million tenge (December 31, 2022: no impairment loss was recognized).

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

Oil and gas reserves

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

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

The relative degree of uncertainty can be conveyed by placing reserves into one of two principal classifications, either proved or unproved. Proved reserves are more certain to be recovered than unproved reserves and may be further sub-classified as developed and undeveloped to denote progressively increasing uncertainty in their recoverability.

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

Please refer *Note 16* for details on annual impairment test results.

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

The Group assesses assets or CGU for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term oil prices, discount rates, future capital requirements, operating performance (including production and sales volumes) that are subject to risk and uncertainty. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered to be impaired and is written down to its recoverable amount. In assessing recoverable values, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs to sell is identified as the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

KMGI CGU, including goodwill

As at December 31, 2023 and 2022, the Group performed its annual impairment tests for goodwill and downstream, refining and other assets due to existence of impairment indicators at the CGUs of KMGI. For the detailed discussion of KMGI CGU impairment test refer to *Note 16*.

Pavlodar refinery, including goodwill

As of December 31, 2023, and 2022 the Group has goodwill of 88,553 million tenge related to acquisition of Pavlodar refinery *(Note 20)*. In December 2023 and 2022 the Group performed annual impairment test for the Pavlodar refinery goodwill. In assessing the recoverable amount, the fair value less the cost of sale was calculated, determined using a marketing scheme. The Group considered the forecast for oil tolling volumes, oil tolling tariffs, capital expenditures, among other factors, when reviewing for indicators of impairment. The recoverable amount is calculated using a discounted cash flow model. In 2023, the discount rate of 16.02% (2022: 12.86%) was calculated based on the pre-tax weighted average cost of capital. The inherent risk was included by applying an individual beta factor. The beta factor was estimated based on the publicly available market data. Forecasted cash flows till to 2032 were based on five-years business plan of Pavlodar refinery 2024-2028 (2022: 2023-2027 years), which assumes current management estimates on potential changes in operating and capital costs. As at December 31, 2023 and 2022 the recoverable amount of goodwill, which was determined based on value-in-use, exceeded its book value, as such no impairment of Pavlodar refinery goodwill was recognized.

Sensitivity to changes in assumptions

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

Other CGUs

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

Assets retirement obligations

Oil and gas production facilities

Under the terms of certain subsoil use contracts, legislation and regulations the Group has legal obligations to dismantle and remove tangible assets and restore the land at each production site. Specifically, the Group's obligation relates to the ongoing closure of all non-producing wells and final closure activities such as removal of pipes, buildings and recultivation of the contract territories, and also obligations to dismantle and remove tangible assets and restore territory at each production site. Since the subsoil use contract terms cannot be extended at the discretion of the Group, the settlement date of the final closure obligations has been assumed to be the end of each subsoil use contract period. The extent of the Group's obligations to finance the abandonment of wells and for final closure costs depends on the terms of the respective subsoil use contracts and current legislation.

Where neither subsoil use contracts nor legislation include an unambiguous obligation to undertake or finance such final abandonment and closure costs at the end of the subsoil use contract term, no liability has been recognized. There is some uncertainty and significant judgment involved in making such a determination. Management's assessment of the presence or absence of such obligations could change with shifts in policies and practices of the Government or in the local industry practice.

The Group calculates asset retirement obligations separately for each contract. The amount of the obligation is the present value of the estimated expenditures expected to be required to settle the obligation adjusted for expected inflation and discounted using average long-term risk-free interest rates for emerging market sovereign debt adjusted for risks specific to the Kazakhstan market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Assets retirement obligations (continued)

Oil and gas production facilities (continued)

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

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

The long-term inflation and discount rates used to determine the obligation in the consolidated statement of financial position across the Group entities at December 31, 2023 were in the range from 2.03% to 14.54% and from 6.20% to 11.37%, respectively (December 31, 2022: from 2.09% to 15.05% and from 6.42% to 12.38%, respectively). As at December 31, 2023 the carrying amounts of the Group's asset retirement obligations relating to decommissioning of oil and gas facilities were 123,785 million tenge (December 31, 2022: 88,207 million tenge) *(Note 30)*.

Major oil and gas pipelines

According to the Law of the RK *On Major Pipelines* which was made effective on July 4, 2012 KazTransOil JSC (further KTO) has legal obligation to decommission its major oil pipelines at the end of their operating life and to restore the land to its original condition. Asset retirement obligation is calculated based on estimate of the work to decommission and rehabilitate. As at December 31, 2023, the carrying values of the Group's asset retirement obligations relating to decommissioning of pipelines and land were 45,649 million tenge (December 31, 2022: 40,665 million tenge) *(Note 30)*.

Environmental remediation obligations provision

The enforcement of environmental regulation in Kazakhstan is evolving and subject to ongoing changes. In accordance with the amendments to the Environmental Code of the RK effective from July1, 2021, the management believes that there are possible liabilities that may have an impact on the Group's financial position and results of operations.

At the date of issuance of the consolidated financial statements the Group has analysed the changes and, accordingly, estimated the amount of additional potential liabilities related to the asset retirement and land recultivation. As at December 31, 2023, the carrying amount of the Group's assets retirement obligations were in total amount of 39,271 million, which is equal to the present value of future cash outflows *(Note 36)*.

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

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

Liabilities are determined based on current information about costs and expected plans for remediation and are recorded on discounted basis. The Group's environmental remediation provision represents management best estimate based on an independent assessment of the anticipated expenditure necessary for the Group to remain in compliance with the current regulatory regime in Kazakhstan and Europe. The Group has classified this obligation as non-current except for the portion of costs, included in the annual budget for 2024. For environmental remediation provisions, actual costs can differ from estimates because of changes in laws and regulations, public expectations, discovery and analysis of site conditions and changes in clean-up technology. Movements in the provision for environmental remediation obligations are disclosed in *Note 30*.

Employee benefits

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Taxation

In assessing tax risks, management considers to be probable obligations the known areas of tax positions which the Group would not appeal or does not believe it could successfully appeal, if assessed by tax authorities. Such determinations inherently involve significant judgment and are subject to change as a result of changes in tax laws and regulations, amendments to the taxation terms of the Group's subsoil use contracts, the determination of expected outcomes from pending tax proceedings and current outcome of ongoing compliance audits by tax authorities. The provision for tax risks other than on income tax are disclosed under provisions for taxes in *Note 30*. Contingent liabilities for tax risks other than on income tax are disclosed in *Note 36*. Provisions and contingent liabilities related to income tax are included or disclosed as income tax liabilities or contingencies (see *Note 33* and *36*).

Useful lives of property, plant and equipment

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

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments presented in the consolidated financial statements. Further details are disclosed in *Note 35*.

5. LOSS OF CONTROL

KALAMKAS-KHAZAR OPERATING LLP (further KKO)

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

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

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

The investment retained in the former subsidiary is an investment to a joint venture accounted for using the equity method and its fair value is 93,258 million tenge.

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

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

5. LOSS OF CONTROL (continued)

KALAMKAS-KHAZAR OPERATING LLP (further KKO) (continued)

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

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

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

In millions of tenge	**Net assets at the date of loss of control**
Assets	
Property, plant and equipment *(Note 18)*	5,185
Exploration and evaluation assets *(Note 19)*	14,678
Cash and cash equivalents	20
Other assets	626
Total assets	**20,509**
Liabilities	
Borrowings	2,511
Trade accounts payable	3,548
Other liabilities	5
Total liabilities	**6,064**
Net assets directly associated with the disposal group	**14,445**
Cash consideration received at the date of disposal of subsidiary	93,258
Fair value of the Additional consideration at the date of disposal of subsidiary	14,154
Fair value of 50% retained interest in a joint venture *(Note 22)**	93,258
Gain from disposal of subsidiary	**186,225**

* *The Group recognized 50% investment in a joint venture for the corresponding share at a fair value of identifiable net assets of KKO.*

PSA LLP (further PSA)

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

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

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

5. LOSS OF CONTROL (continued)

PSA LLP (further PSA) (continued)

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

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

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

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

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

6. BUSINESS COMBINATION

Acquisition of Dunga Operating GmbH

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

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

6. BUSINESS COMBINATION (continued)

Acquisition of Dunga Operating GmbH (continued)

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

In millions of tenge	**At the date of acquisition**
Assets	
Non-current assets	
Property, plant and equipment *(Note 18)*	192,313
Intangible assets *(Note 20)*	7,005
Long-term bank deposits	5,413
Current assets	
Inventories	6,607
Trade accounts receivable	9,426
Income tax prepaid	2,316
Other current non-financial assets	7,792
Other current financial assets	58
Cash and cash equivalents	7,961
Total assets	**238,891**
Non-current liabilities	
Provisions *(Note 30)*	4,346
Deferred income tax liabilities *(Note 33)*	55,196
Current liabilities	
Trade accounts payable	11,881
Other current financial liabilities	1,555
Total liabilities	**72,978**
Total identifiable net assets at provisional fair values	**165,913**
Purchase consideration transferred, including withholding tax	**165,913**

The business of Dunga Operating GmbH is represented in the Group's *Exploration and production of oil and gas* segment in these consolidated financial statements.

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

7. ACQUISITIONS UNDER COMMON CONTROL

Acquisition of subsidiary under common control

Polimer Production LLP (further Polimer)

In December 2023, the Company acquired 99.9% and 0.1% interest in Polimer from Samruk-Kazyna Ondeu LLP (further SKO), subsidiary of Samruk-Kazyna, and JSC UK MEZ HimPark Taraz, the third party, for consideration of 1,520 million tenge not yet paid as at December 31, 2023.

The Group has control over Polimer and recognized Polimer as a subsidiary. The acquisition accounted for as an acquisition of the subsidiary from the parties under common control and accounted for under the pooling of interest method based on the carrying value of assets and liabilities of Polimer based on Predecessor's accounting books. Comparative consolidated financial position as at December 31, 2022, consolidated statement of comprehensive income for the year ended December 31, 2022 and consolidated statement of cash flows for the year ended December 31, 2022, as well as the related notes to the consolidated financial statements for the year ended December 31, 2022, were restated, as if the acquisition has occurred from the beginning of the earliest period presented.

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

7. ACQUISITIONS UNDER COMMON CONTROL (continued)

Acquisition of subsidiary under common control (continued)

Polimer Production LLP (further Polimer) (continued)

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

In millions of tenge	**As at December 31, 2022**
Impact on financial position:	
Increase in assets	
Increase in non-current assets	
Increase in property, plant and equipment	4,164
Increase in intangible assets	8
	4,172
Increase in current assets	
Increase in inventories	1,339
Increase in trade accounts receivable	147
Increase in VAT receivable	65
Increase in other current non-financial assets	36
Increase in cash and cash equivalents	368
	1,955
Increase in total assets	**6,127**
Increase in non-current liabilities	
Increase in borrowings	9,006
Increase in provisions	44
	9,050
Increase in current liabilities	
Increase in trade accounts payable	186
Increase in borrowings	2,046
Increase in provisions	672
Increase in other taxes payable	20
Increase in other current financial liabilities	103
Increase in other current non-financial liabilities	74
	3,101
Increase in total liabilities	**12,151**
Decrease in equity	
Decrease in retained earnings	6,024
Decrease in equity, attributable to equity holders of the Parent Company	**6,024**
Decrease in total equity	**6,024**

7. ACQUISITIONS UNDER COMMON CONTROL (continued)

Acquisition of subsidiary under common control (continued)

Polimer Production LLP (further Polimer) (continued)

In millions of tenge	**For the year ended December 31, 2022**
Impact on the results:	
Revenue and other income	
Revenue from contracts with customers	6,697
Finance income	16
Other operating income	36
Total revenue and other income	**6,749**
Costs and expenses	
Cost of purchased oil, gas, petroleum products and other materials	(5,792)
Production expenses	(1,853)
Taxes other than income tax	(116)
Depreciation, depletion and amortization	(315)
Transportation and selling expenses	(12)
General and administrative expenses	(311)
Impairment of property, plant and equipment	(7,096)
Finance costs	(1,209)
Foreign exchange loss, net	(836)
Other expenses	(838)
Total costs and expenses	**(18,378)**
Loss before income tax	**(11,629)**
Income tax expenses	870
Loss for the year	**(10,759)**
Total comprehensive income for the year, net of tax	**(10,759)**
Net profit for the year attributable to:	
Equity holders of the Parent Company	**(10,759)**
	(10,759)
Total comprehensive income attributable to:	
Equity holders of the Parent Company	**(10,759)**
	(10,759)

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

In millions of tenge	**2022 год**
Operating	4
Investing	(1)
Financing	318
Net increase in cash and cash equivalents	**317**

The business of Polimer represented in the Group’s *Other* segment in these consolidated financial statements.

7. ACQUISITIONS UNDER COMMON CONTROL (continued)

Acquisition of subsidiary under common control (continued)

KMG Kashagan B.V. (further Kashagan)

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

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

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

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

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

- The amount of 2,476.3 million US dollars to be converted at the agreed exchange rate of 475.00 tenge to 1 US dollar for subsequently setting off a part of the amount against the provided financial aid from the Company to Samruk- Kazyna for 424,587 million tenge, and paying the rest of the amount by the Company from the proceeds of the sale of bonds for 751,631 million tenge *(Notes 28 and 34)*;
- The amount of 566.7 million US dollars to be paid with 10 business days after the completion of the deal (paid as at December 31, 2022; equivalent to 271,032 million tenge per exchange rate at the date of payment);
- The amount of 375.1 million US dollars to be paid by December 31, 2022 (paid as at December 31, 2022; equivalent to 175,654 million tenge per exchange rate at the date of payment) and the amount of 363.6 million US dollars to be paid by June 30, 2023 (paid as at December 31, 2023: 163,770 million tenge per exchange rate at the date of payment) *(Notes 31 and 34)*.

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

As a result of exercising the Option, the Group has control over Kashagan and recognized Kashagan as a subsidiary. The acquisition accounted for as an acquisition of the subsidiary from the parties under common control and accounted for under the pooling of interest method based on the carrying value of assets and liabilities of Kashagan based on Predecessor's accounting books.

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

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

Detailed information on acquisition of Kashagan is presented in the Group's annual consolidated financial statements for the year ended December 31, 2022.

KLPE LLP (further - KLPE)

On December 1, 2022, the Company acquired 100% interest in charter capital of KLPE for 2 tenge from SKO and Polimer. Primary activity of KLPE is the construction of the first integrated gas and chemical complex in Kazakhstan.

As a result of acquisition, the Group has control over KLPE and recognized KLPE as a subsidiary. The acquisition accounted for as an acquisition of the subsidiary from the parties under common control and accounted for under the pooling of interest method based on the carrying value of assets and liabilities of KLPE based on Predecessor's accounting books.

The difference between the transferred consideration and Kashagan's net assets was recognized in equity.

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

Detailed information on acquisition of KLPE is presented in the Group's annual consolidated financial statements for the year ended December 31, 2022.

7. ACQUISITIONS UNDER COMMON CONTROL (continued)

Acquisition of joint venture under common control

Kazakhstan Petrochemical Industries Inc. LLP (further KPI)

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

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

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

Detailed information on acquisition of KPI is presented in the Group's annual consolidated financial statements for the year ended December 31, 2022.

8. ACQUISITION OF JOINT VENTURE

PETROSUN LLP (further Petrosun)

On July 1, 2022, in accordance with the minutes of the meeting of the Commission under the chairmanship of the Prime-Minister of RK for the demonopolization of the economy, namely the market of fuels and lubricants, the Company acquired 49% interest in Petrosun, that specializes in the sale of liquefied petroleum gas and petroleum products. The acquisition price was 1 tenge. The difference between the consideration paid and the fair value of identifiable assets and liabilities of Petrosun at the date of acquisition was recognized as a contribution from Samruk-Kazyna based on instruction in minutes above and presented in the line *«Acquisition of joint ventures»* in consolidated statement of changes in equity in the amount of 10,989 million tenge *(Note 27)*.

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

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

In millions of tenge	**2023**	2022 (restated)
Type of goods and services		
Sales of crude oil and gas	**4,628,125**	4,593,971
Sales of refined products	**2,848,921**	3,369,860
Refining of oil and oil products	**248,058**	204,390
Oil transportation services	**226,142**	187,533
Other revenue	**368,297**	337,327
	8,319,543	8,693,081
Geographical markets		
Kazakhstan	**1,454,546**	1,217,280
Other countries	**6,864,997**	7,475,801
	8,319,543	8,693,081
Timing of revenue recognition		
At a point in time	**8,121,191**	8,510,294
Over time	**198,352**	182,787
	8,319,543	8,693,081

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

In millions of tenge	**2023**	2022
Joint ventures		
Tengizchevroil LLP	**340,884**	742,660
Petrosun	**46,567**	23,184
Mangistau Investments B.V. Group (MMG)	**38,255**	48,486
KazRosGas LLP	**32,324**	554
KazGerMunay LLP	**20,983**	20,530
Kazakhstan-China Pipeline LLP	**18,720**	16,783
Valsera Holdings B.V. Group (PKOP)	**17,296**	21,009
Teniz Service LLP	**116**	(6,497)
Kazakhoil-Aktobe LLP	**(1,869)**	12,648
KPI	**(12,339)**	(18,227)
Ural Group Limited	**(47,006)**	(11,470)
Other	**3,896**	4,234
	457,827	853,894
Associates		
Caspian Pipeline Consortium	**64,358**	117,763
PetroKazakhstan Inc.	**4,889**	6,502
Other	**7,103**	13,151
	76,350	137,416
	534,177	991,310

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

In millions of tenge	**2023**	2022 (restated)
Purchased oil for resale	**3,402,819**	3,620,699
Cost of oil for refining	**687,792**	765,164
Materials and supplies	**416,851**	421,601
Purchased petroleum products for resale	**90,108**	87,644
Purchased gas for resale	**24,311**	65,068
	4,621,881	4,960,176

12. PRODUCTION EXPENSES

In millions of tenge	**2023**	2022 (restated)
Payroll	**510,927**	434,520
Repair and maintenance	**212,500**	190,592
Realized losses from derivatives on petroleum products *(Note 31)*	**(69)**	121,539
Energy	**117,957**	119,381
Short-term lease expenses	**102,385**	78,568
Transportation costs	**123,310**	31,017
Environmental protection	**17,930**	21,461
Write-off of inventories to net realizable value	**1,590**	19,473
Others	**133,192**	127,690
	1,219,722	1,144,241

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. TAXES OTHER THAN INCOME TAX

In millions of tenge	**2023**	2022 (restated)
Mineral extraction tax	**142,900**	163,334
Rent tax on crude oil export	**138,986**	215,765
Export customs duty	**113,248**	131,732
Excise	**112,320**	90,012
Social tax	**44,863**	38,195
Property tax	**31,505**	29,221
Other taxes	**10,258**	9,662
	594,080	677,921

14. TRANSPORTATION AND SELLING EXPENSES

In millions of tenge	**2023**	2022 (restated)
Transportation	**184,940**	153,403
Payroll	**19,990**	16,591
Other	**40,595**	35,358
	245,525	205,352

15. GENERAL AND ADMINISTRATIVE EXPENSES

In millions of tenge	**2023**	2022 (restated)
Payroll	**80,672**	77,854
Consulting services	**17,828**	20,678
Maintenance	**6,845**	6,148
Social payments	**6,037**	5,829
Accrual of expected credit losses for trade receivables and other current financial assets *(Note 24)*	**8,691**	2,876
VAT non-recoverable	**5,811**	2,582
Communication	**2,080**	1,864
Allowance for fines, penalties and tax provisions	**169**	605
Accrual of impairment of other current non-financial assets *(Note 24)*	**3,204**	28
Reversal of impairment of VAT receivable	**(282)**	(1,942)
Other	**46,737**	43,957
	177,792	160,479

For the year ended December 31, 2023, the total payroll amounted to 611,589 million tenge (2022: 528,965 million tenge) and was included in production expenses, transportation and selling expenses and general and administrative expenses in the consolidated statement of comprehensive income.

16. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND EXPLORATION EXPENSES

In millions of tenge	**2023**	2022 (restated)
Impairment charge and reversal		
Property, plant and equipment *(Note 18)*	**101,782**	7,658
Intangible assets *(Note 20)*	**483**	139
Investment property	**–**	7
	102,265	7,804
Exploration expenses (impairment and write-off) ***(Note 19)***		
Kairan and Aktoty	**74,255**	–
Jenis	**40,244**	–
Liman project	**8,847**	–
Urikhtay project	**4,876**	8,895
Isatay project	**93**	3,172
Others	**–**	46
	128,315	12,113
	230,580	19,917

Impairment was recognized for the following CGUs:

In millions of tenge	**2023**	2022 (restated)
CGUs of KMGI	**97,636**	–
Others	**4,629**	7,804
	102,265	7,804

Impairment of property, plant and equipment

KMG International N.V. (further KMGI) CGU

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

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

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

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

Refining and Petrochemicals CGU of KMGI

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

16. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND EXPLORATION EXPENSES (continued)

Impairment of property, plant and equipment (continued)

KMG International N.V. (further KMGI) CGU (continued)

Downstream CGU of KMGI

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

Sensitivity to changes in assumptions for CGU Refinery

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

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

Sensitivity to changes in assumptions for CGU Downstream

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

Sensitivity to changes in assumptions for CGU Petrochemicals

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

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

Exploration expenses

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. FINANCE INCOME / FINANCE COST

Finance income

In millions of tenge	**2023**	2022 (restated)
Interest income on bank deposits, financial assets, loans and bonds	**139,105**	115,492
Amortization of issued financial guarantees	**344**	–
Total interest income	**139,449**	115,492
Derecognition of loan *(Note 28)*	**4,377**	–
Revaluation of financial assets at fair value through profit or loss	**827**	895
Other	**2,592**	4,216
	147,245	120,603

Finance costs

In millions of tenge	**2023**	2022 (restated)
Interest expense on loans and bonds	**271,785**	259,344
Interest expense on lease liabilities *(Note 29)*	**7,420**	4,188
Unwinding of discount on payables to Samruk-Kazyna for exercising the Option *(Note 31)*	**3,256**	3,929
Commission for the early redemption of the loan *(Note 28)*	**–**	4,498
Total interest expense	**282,461**	271,959
Unwinding of discount on asset retirement obligations, for environmental obligation and other provisions *(Note 30)*	**13,398**	17,947
Unwinding of discount on employee benefits obligations	**7,157**	4,723
Other	**19,057**	13,426
	322,073	308,055

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. PROPERTY, PLANT AND EQUIPMENT

In millions of tenge	**Oil and gas assets**	**Pipelines**	**Refinery assets**	**Buildings and improve-ments**	**Machinery and equip-ment**	**Vehicles**	**Other**	**Capital work in progress**	**Total**
Net book value as at December 31, 2021 (restated)	4,428,347	262,717	1,121,420	216,879	245,626	75,225	109,198	278,019	6,737,431
Foreign currency translation	275,403	1,760	21,162	6,698	3,925	2,490	5,491	9,300	326,229
Change in estimate	(105,568)	(7,609)	–	(3,405)	–	–	–	–	(116,582)
Additions	84,069	638	938	18,964	9,956	5,743	876	384,227	505,411
Disposals	(46,201)	(1,761)	(3,295)	(948)	(5,138)	(4,810)	(4,180)	(863)	(67,196)
Loss of control over subsidiaries	–	–	–				(36)	–	(36)
Depreciation charge	(262,374)	(13,821)	(110,749)	(17,110)	(27,077)	(9,395)	(10,503)	–	(451,029)
Accumulated depreciation and impairment on disposals	44,364	1,651	2,901	820	4,717	4,073	3,678	625	62,829
Reversal of impairment/(impairment) *(Note 16)*	909	643	(3,009)	(4,609)	(4,941)	(140)	4,487	(998)	(7,658)
Transfers from assets classified as held for sale	–	–	–	324	5	11	68	–	408
Transfers from exploration and evaluation assets *(Note 19)*	3,253	–	–	–	–	–	–	–	3,253
Transfers from investment property	–	–	–	2,073	–	–	–	–	2,073
Other changes	(635)	(65)	11	–	(784)	–	279	62	(1,132)
Transfers	176,668	22,413	46,006	15,779	41,763	1,343	5,732	(309,704)	–
Net book value as at December 31, 2022 (restated)	4,598,235	266,566	1,075,385	235,465	268,052	74,540	115,090	360,668	6,994,001
At cost	6,915,401	412,952	2,765,873	566,147	654,179	222,283	258,420	411,846	12,207,101
Accumulated depreciation and impairment	(2,317,166)	(146,386)	(1,690,488)	(330,682)	(386,127)	(147,743)	(143,330)	(51,178)	(5,213,100)
Net book value as at December 31, 2022 (restated)	**4,598,235**	**266,566**	**1,075,385**	**235,465**	**268,052**	**74,540**	**115,090**	**360,668**	**6,994,001**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. PROPERTY, PLANT AND EQUIPMENT (continued)

In millions of tenge	Oil and gas assets	Pipelines	Refinery assets	Buildings and improve-ments	Machinery and equip-ment	Vehicles	Other	Capital work in progress	Total
Net book value as at December 31, 2022 (restated)	**4,598,235**	**266,566**	**1,075,385**	**235,465**	**268,052**	**74,540**	**115,090**	**360,668**	**6,994,001**
Business combination *(Note 6)*	**170,276**			**4,520**	**664**	**67**	**447**	**16,339**	**192,313**
Foreign currency translation	**(71,585)**	**(749)**	**(5,719)**	**(2,769)**	**(525)**	**(494)**	**(1,418)**	**(3,864)**	**(87,123)**
Change in estimate	**8,755**	**793**	**–**	**365**	**–**	**–**	**–**	**(1,572)**	**8,341**
Additions	**52,199**	**2,042**	**63,802**	**3,527**	**6,308**	**11,212**	**3,714**	**575,509**	**718,313**
Disposals	**(18,295)**	**(559)**	**(7,751)**	**(1,566)**	**(3,641)**	**(2,533)**	**(5,055)**	**(3,473)**	**(42,873)**
Loss of control over subsidiaries *(Note 5)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(5,185)**	**(5,185)**
Depreciation charge	**(355,969)**	**(10,666)**	**(102,767)**	**(15,290)**	**(26,001)**	**(11,145)**	**(9,543)**	**–**	**(531,381)**
Accumulated depreciation and impairment on disposals	**17,150**	**438**	**7,735**	**912**	**3,520**	**2,508**	**4,763**	**1,641**	**38,667**
(Impairment)/reversal of impairment *(Note 16)*		**(28)**	**(83,187)**	**(13,749)**	**(1,595)**	**(888)**	**149**	**(2,484)**	**(101,782)**
Transfers from/(to) assets classified as held for sale	**–**	**–**	**–**	**208**	**–**	**(4)**	**2**	**–**	**206**
Transfers from exploration and evaluation assets *(Note 19)*	**21**	**–**	**–**	**–**	**–**	**–**	**–**	**19**	**40**
Transfers to investment property	**–**	**–**	**(702)**	**(1,742)**	**–**	**–**	**–**	**–**	**(2,444)**
Other changes	**16**	**(25)**	**–**	**133**	**44**	**(2)**	**19**	**(72)**	**113**
Transfers	**256,521**	**3,950**	**61,857**	**31,593**	**128,416**	**4,852**	**6,586**	**(493,775)**	**–**
Net book value as at December 31, 2023	**4,657,324**	**261,762**	**1,008,653**	**241,607**	**375,242**	**78,113**	**114,754**	**443,751**	**7,181,206**
At cost	**7,523,664**	**417,598**	**2,856,817**	**610,240**	**782,754**	**234,741**	**261,453**	**513,875**	**13,201,142**
Accumulated depreciation and impairment	**(2,866,340)**	**(155,836)**	**(1,848,164)**	**(368,633)**	**(407,512)**	**(156,628)**	**(146,699)**	**(70,124)**	**(6,019,936)**
Net book value as at December 31, 2023	**4,657,324**	**261,762**	**1,008,653**	**241,607**	**375,242**	**78,113**	**114,754**	**443,751**	**7,181,206**

18. PROPERTY, PLANT AND EQUIPMENT (continued)

Additions

In 2023, additions were mainly attributable to development drilling at Ozenmunaigas JSC, Embamunaigas JSC, subsidiaries of KMG EP and KMG Karachaganak LLP for the total amount of 289,128 million tenge, replacement of the section of the pipelines "Uzen-Atyrau-Samara" and "Astrakhan-Mangyshlak" for a total of 174,799 million tenge in KazTransOil JSC.

Other

For the year ended December 31, 2023, the Group capitalized to the carrying amount of property, plant and equipment borrowing costs related to construction of 9,794 million tenge at the average capitalization rate of 10,78% (for the year ended December 31, 2022: 1,304 million tenge at the average capitalization rate of 4.40%).

As at December 31, 2023, the cost of fully depreciated but still in use property, plant and equipment was 370,497 million tenge (as at December 31, 2022: 384,815 million tenge).

As at December 31, 2023, property, plant and equipment with the net book value of 168,214 million tenge were mainly pledged as collateral to secure borrowings of the Group (as at December 31, 2022: 778,757 million tenge).

Capital commitments are disclosed in *Note 36*.

19. EXPLORATION AND EVALUATION ASSETS

In millions of tenge	**Tangible**	**Intangible**	**Total**
Net book value as at December 31, 2021	221,368	13,636	235,004
Additions	17,417	510	17,927
Foreign currency translation	13,682	–	13,682
Change in estimate	33	–	33
Impairment *(Note 16)*	(10,418)	(1,695)	(12,113)
Transfer to property, plant and equipment *(Note 18)*	(3,253)	–	(3,253)
Other changes	173	(173)	–
Net book value as at December 31, 2022	239,002	12,278	251,280
Additions	**39,905**	**29,590**	**69,495**
Foreign currency translation	**(3,378)**	**–**	**(3,378)**
Transfer to property, plant and equipment *(Note 18)*	**(40)**	**–**	**(40)**
Impairment *(Note 16)*	**(118,462)**	**(9,853)**	**(128,315)**
Loss of control over subsidiaries *(Note 5)*	**–**	**(14,678)**	**(14,678)**
Write-off	**(2)**	**(175)**	**(177)**
Net book value as at December 31, 2023	**157,025**	**17,162**	**174,187**

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

In millions of tenge	**December 31, 2023**	December 31, 2022
North Caspian project	**140,098**	206,007
KMG Barlau	**14,346**	–
Embamunaigas JSC	**1,509**	14,084
Zhenis	**–**	18,310
Urikhtau	**–**	4,889
Other	**18,234**	7,990
	174,187	251,280

20. INTANGIBLE ASSETS

In millions of tenge	Licenses	Subsoil use rights (under production)	Goodwill	Marketing related intangible assets	Software	Other	Total
Net book value as at December 31, 2021 (restated)	510,140	201,725	99,849	25,467	17,411	34,909	889,501
Foreign currency translation	36,280	14,389	807	1,819	351	1,916	55,562
Additions	765	637	–	–	2,414	7,811	11,627
Disposals	(2,546)	–	–	–	(3,605)	(516)	(6,667)
Amortization charge	(23,284)	(7,990)	–	–	(6,372)	(1,245)	(38,891)
Accumulated amortization and impairment on disposals	2,271	–	–	–	3,326	362	5,959
Loss of control over subsidiaries	–	–	–	–	–	(64)	(64)
Impairment *(Note 16)*		–	–	–	–	(139)	(139)
Other changes	274	669	–	–	425	5	1,373
Transfers	801	2,790	–	–	4,304	(7,895)	–
Net book value as at December 31, 2022 (restated)	524,701	212,220	100,656	27,286	18,254	35,144	918,261
Foreign currency translation	**(9,038)**	**(3,637)**	**(212)**	**(477)**	**(165)**	**(274)**	**(13,803)**
Additions	**148**	**68**	**–**	**–**	**1,056**	**14,457**	**15,729**
Disposals	**(699)**	**–**	**–**	**–**	**(1,198)**	**(297)**	**(2,194)**
Amortization charge	**(33,763)**	**(11,004)**	**–**	**–**	**(6,239)**	**(1,007)**	**(52,013)**
Accumulated amortization and impairment on disposals	**695**	**–**	**–**	**–**	**1,198**	**267**	**2,160**
Business combination *(Note 6)*	**–**	**–**	**–**	**–**	**5,289**	**1,716**	**7,005**
Impairment *(Note 16)*	**–**	**–**	**–**	**–**	**–**	**(483)**	**(483)**
Other changes	**–**	**62**	**–**	**–**	**230**	**(24)**	**268**
Transfers	**1,265**	**–**	**–**	**–**	**969**	**(2,234)**	**–**
Net book value as at December 31, 2023	**483,309**	**197,709**	**100,444**	**26,809**	**19,394**	**47,265**	**874,930**
At cost	**687,462**	**264,388**	**209,189**	**68,816**	**85,944**	**112,936**	**1,428,735**
Accumulated amortization and impairment	**(204,153)**	**(66,679)**	**(108,745)**	**(42,007)**	**(66,550)**	**(65,671)**	**(553,805)**
Net book value as at December 31, 2023	**483,309**	**197,709**	**100,444**	**26,809**	**19,394**	**47,265**	**874,930**
At cost	698,950	268,892	209,401	70,041	78,585	100,138	1,426,007
Accumulated amortization and impairment	(174,249)	(56,672)	(108,745)	(42,755)	(60,331)	(64,994)	(507,746)
Net book value as at December 31, 2022 (restated)	524,701	212,220	100,656	27,286	18,254	35,144	918,261

20. INTANGIBLE ASSETS (continued)

As at December 31, 2023 and 2022, marketing related intangible assets were represented by trademarks of KMGI.

Carrying amount of goodwill is allocated to each of the group of cash-generating units as follows:

Cash-generating unit	**December 31, 2023**	December 31, 2022
Pavlodar refinery CGU	**88,553**	88,553
CGUs of KMGI	**11,891**	12,103
Total goodwill	**100,444**	100,656

In 2023 and 2022, based on the impairment test results, no impairment of Pavlodar refinery or KMGI goodwill was recognized. For the detailed discussion of Pavlodar refinery goodwill impairment test refer to *Note 4*.

21. BANK DEPOSITS

In millions of tenge	**December 31, 2023**	December 31, 2022
Denominated in US dollar	**1,055,456**	1,230,928
Denominated in tenge	**5,628**	6,616
Less: allowance for expected credit losses	**(181)**	(177)
	1,060,903	1,237,367

As at December 31, 2023, the weighted average interest rate for long-term bank deposits was 2.73% in US dollars and 6.23% in tenge (December 31, 2022: 0.94% in US dollars and 0.74% in tenge).

As at December 31, 2023, the weighted average interest rate for short-term bank deposits was 5.65% in US dollars and 1.38% in tenge (December 31, 2022: 2.64% in US dollars and 1.24% in tenge).

In millions of tenge	**December 31, 2023**	December 31, 2022
Maturities under 1 year	**997,012**	1,178,138
Maturities between 1 and 2 years	**279**	94
Maturities over 2 years	**63,612**	59,135
	1,060,903	1,237,367

As at December 31, 2023 bank deposits include those pledged as collateral with carrying value of 63,891 million tenge (December 31, 2022: 59,229 million tenge), which are represented mainly by 60,573 million tenge at restricted bank accounts designated as a liquidation fund per requirements of subsoil use contracts (December 31, 2022: 55,517 million tenge).

22. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

In millions of tenge	Main activity	Place of business	December 31, 2023 Carrying value	December 31, 2023 Percentage ownership	December 31, 2022 Carrying value	December 31, 2022 Percentage ownership
Joint ventures						
Tengizchevroil LLP (TCO)	Oil and gas exploration and production	Kazakhstan	**3,598,510**	**20.00%**	3,825,053	20.00%
Mangistau Investments B.V. Group (MMG)	Oil and gas development and production	Kazakhstan	**203,614**	**50.00%**	164,716	50.00%
KKO	Oil and gas development and production	Kazakhstan	**93,258**	**50.00%**	–	–
KazRosGas LLP (KRG)	Processing and sale of natural gas and refined gas products	Kazakhstan	**69,479**	**50.00%**	58,812	50.00%
Kazakhstan-China Pipeline LLP (KCP)	Oil transportation	Kazakhstan	**53,358**	**50.00%**	37,138	50.00%
Valsera Holdings B.V. Group (PKOP)	Oil refining	Kazakhstan	**41,515**	**50.00%**	26,351	50.00%
KazGerMunay LLP (KGM)	Oil and gas exploration and production	Kazakhstan	**36,506**	**50.00%**	32,070	50.00%
Petrosun LLP (Petrosun) *(Note 8)*	Sale of liquefied gas and oil products	Kazakhstan	**31,740**	**49.00%**	24,373	49.00%
Kazakhoil-Aktobe LLP (KOA)	Production of crude oil	Kazakhstan	**18,042**	**50.00%**	26,911	50.00%
Teniz Service LLP (Teniz Service)	Design, construction and operation of infrastructure facilities, offshore oil operations support	Kazakhstan	**8,210**	**48.996%**	10,396	48.996%
Ural Group Limited (UGL)	Oil and gas exploration and production	Kazakhstan	**7,641**	**50.00%**	31,490	50.00%
Other			**58,345**		42,014	
Associates						
Caspian Pipeline Consortium (CPC)	Transportation of liquid hydrocarbons	Kazakhstan / Russia	**451,913**	**20.75%**	521,882	20.75%
PetroKazakhstan Inc. (PKI)	Exploration, production and processing of oil and gas	Kazakhstan	**94,887**	**33.00%**	94,635	33.00%
Other			**54,409**		51,562	
			4,821,427		4,947,403	

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

As at December 31, 2023, the Group's share in unrecognized losses of joint ventures and associates was equal to 7,145 million tenge (December 31, 2022: 19,950 million tenge).

The following table summarizes the movements in the investments in 2023 and 2022:

In millions of tenge	**2023**	2022
On January 1	**4,947,403**	4,145,646
Share in profits of joint ventures and associates, net *(Notes 10)*	**534,177**	991,310
Acquisitions under common control *(Notes 7 and 34)*	**–**	17,368
Acquisition *(Note 8)*	**–**	10,989
Recognition of investment in KKO *(Note 5)*	**93,258**	–
Dividends received	**(619,826)**	(462,309)
Change in dividends receivable	**(107,633)**	(41,682)
Other changes in the equity of the joint venture	**41,764**	(637)
Other changes	**1,016**	–
Additional contributions without change in ownership	**20,117**	15,398
Disposals, net *(Note 34)*	**(8,621)**	–
Transfers to assets classified as held for sale	**–**	(76)
Eliminations and adjustments*	**(2,140)**	(1,944)
Foreign currency translation	**(78,088)**	273,340
On December 31	**4,821,427**	4,947,403

* *Equity method eliminations and adjustments represent capitalized borrowing costs on the loans provided by the Company and subsidiaries to joint ventures.*

The following tables illustrate summarized financial information of material joint ventures, based on financial statements of these entities for 2023:

In millions of tenge	**TCO**	**MMG**	**KKO**	**KRG**	**KCP**	**PKOP**
Non-current assets	24,831,196	462,565	9,192	33,032	127,038	431,261
Current assets, including	1,863,832	199,708	1,232	148,932	49,554	114,561
Cash and cash equivalents	*696,871*	*89,410*	*112*	*65,122*	*23,837*	*66,459*
Non-current liabilities, including	(7,434,076)	(132,981)	(10,376)	(238)	(23,107)	(304,590)
Non-current financial liabilities	*(4,091,040)*	–	–	–	–	*(258,338)*
Current liabilities, including	(1,268,404)	(119,109)	(324)	(42,769)	(46,768)	(106,740)
Current financial liabilities	–	–	–	–	*(32,843)*	*(80,398)*
Equity	17,992,548	410,183	(276)	138,957	106,717	134,492
Share of ownership	20%	50%	50%	50%	50%	50%
Equity method adjustments	–	(1,477)	–	–	–	–
Recognition of investment	–	–	93,258	–	–	–
Accumulated unrealized losses	–	–	138	–	–	(25,731)
Carrying amount of the investments as at December 31, 2023	3,598,510	203,614	93,258	69,479	53,358	41,515
Revenue	8,796,634	878,362	–	260,125	86,843	250,435
Depreciation, depletion and amortization	*(2,426,361)*	*(107,455)*	–	*(295)*	*(10,170)*	*(41,216)*
Finance income	86,023	784	2	2,243	585	6,013
Finance costs	(283,225)	(14,411)	(118)	–	(3,628)	(36,390)
Income tax expenses	(730,465)	(47,354)	–	(13,996)	(9,341)	(12,954)
Profit/(loss) for the year from continuing operations	1,704,419	76,510	(44)	64,648	37,440	34,592
Other comprehensive (loss)/income	(325,499)	1,285	–	(305)	1	16
Total comprehensive income/(loss)	1,378,920	77,795	(44)	64,343	37,441	34,608
Dividends received	426,893	–	–	553	2,500	–

22. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following tables illustrate summarized financial information of material joint ventures, based on financial statements of these entities for 2023:

In millions of tenge	KGM	Petrosun	KOA	Teniz Service	UGL
Non-current assets	**64,031**	**17**	**41,969**	**8,898**	**193,637**
Current assets, including	**52,764**	**137,202**	**23,956**	**16,907**	**11,475**
Cash and cash equivalents	***44,840***	***6,440***	***10,794***	***14,619***	***6,905***
Non-current liabilities, including	**(14,966)**	**–**	**(18,608)**	**(545)**	**(145,798)**
Non-current financial liabilities	**–**	**–**	**–**	**–**	***(119,188)***
Current liabilities, including	**(28,817)**	**(72,443)**	**(11,233)**	**(8,504)**	**(4,033)**
Current financial liabilities	**–**	**–**	**–**	**–**	**–**
Equity	**73,012**	**64,776**	**36,084**	**16,756**	**55,281**
Share of ownership	**50%**	**49%**	**50%**	**48.996%**	**50%**
Impairment of the investment	**–**	**–**	**–**	**–**	**(20,000)**
Carrying amount of the investments as at December 31, 2023	**36,506**	**31,740**	**18,042**	**8,210**	**7,641**
Revenue	**145,728**	**1,336,888**	**80,064**	**13,994**	**(352)**
Depreciation, depletion and amortization	***(20,007)***	***(14)***	***(10,365)***	***(632)***	***(109)***
Finance income	**1,292**	**3,258**	**851**	**313**	**–**
Finance costs	**(1,667)**	**(1,006)**	**(375)**	**(56)**	**(606)**
Income tax expenses	**(27,450)**	**(23,812)**	**(11,617)**	**(3,390)**	**8,206**
Profit/(loss) for the year from continuing operations	**41,965**	**95,034**	**(3,737)**	**237**	**(94,011)**
Other comprehensive loss	**(1,729)**	**–**	**–**	**–**	**(3,243)**
Total comprehensive income/(loss)	**40,236**	**95,034**	**(3,737)**	**237**	**(97,254)**
Dividends received	**15,793**	**39,200**	**7,000**	**2,303**	**–**

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

In millions of tenge	TCO	MMG	KRG	KCP	PKOP
Non-current assets	25,713,747	464,868	40,100	137,004	454,653
Current assets, including	3,046,293	111,126	99,637	42,103	120,412
Cash and cash equivalents	*1,905,924*	*28,622*	*59,000*	*17,871*	*79,079*
Non-current liabilities, including	(7,808,607)	(144,698)	(269)	(58,417)	(377,788)
Non-current financial liabilities	*(4,163,850)*	–	–	*(32,197)*	*(340,106)*
Current liabilities, including	(1,826,167)	(99,344)	(21,844)	(46,415)	(97,393)
Current financial liabilities	–	–	–	*(33,900)*	*(82,347)*
Equity	19,125,266	331,952	117,624	74,275	99,884
Share of ownership	20%	50%	50%	50%	50%
Equity method adjustments	–	(1,260)	–	–	–
Accumulated unrealized losses	–	–	–	–	(23,591)
Carrying amount of the investments as at December 31, 2022	3,825,053	164,716	58,812	37,138	26,351
Revenue	10,949,194	910,069	192,427	86,319	219,429
Depreciation, depletion and amortization	*(1,129,895)*	*(26,647)*	*(323)*	*(10,269)*	*(38,552)*
Finance income	36,076	594	2,765	357	244
Finance costs	(99,857)	(9,404)	–	(4,593)	(31,616)
Income tax expenses	(1,591,414)	(38,267)	(4,040)	(8,703)	(10,260)
Profit for the year from continuing operations	3,713,299	96,971	1,107	33,566	42,018
Other comprehensive income	1,114,004	1,784	7,884	–	(228)
Total comprehensive income	4,827,303	98,755	8,991	33,566	41,790
Dividends received	207,892	92,071	–	5,000	2,189

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

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

In millions of tenge	KGM	Petrosun	KOA	Teniz Service	UGL
Non-current assets	71,787	28	51,963	14,283	275,714
Current assets, including	53,303	123,612	17,357	16,745	1,851
Cash and cash equivalents	*46,729*	*14,662*	*1,186*	*2,570*	*1,704*
Non-current liabilities, including	(21,559)	–	(4,101)	(573)	(171,042)
Non-current financial liabilities	–	–	–	–	*(133,544)*
Current liabilities, including	(39,392)	(73,899)	(11,397)	(9,236)	(3,543)
Current financial liabilities	–	–	–	–	–
Equity	64,139	49,741	53,822	21,219	102,980
Share of ownership	50%	49%	50%	48.996%	50%
Impairment of the investment	–	–	–	–	(20,000)
Carrying amount of the investments as at December 31, 2022	32,070	24,373	26,911	10,396	31,490
Revenue	150,039	676,932	90,330	3,182	223
Depreciation, depletion and amortization	*(22,550)*	*(22)*	*(111)*	*(645)*	*(26)*
Finance income	791	870	933	27	–
Finance costs	(994)	(812)	(261)	(49)	(8,387)
Income tax expenses	(39,783)	(12,722)	(10,266)	(58)	(3,005)
Profit/(loss) for the year from continuing operations	41,061	47,315	25,296	(13,261)	(22,939)
Other comprehensive income	4,115	–	–	–	2,746
Total comprehensive income/(loss)	45,176	47,315	25,296	(13,261)	(20,193)
Dividends received	22,826	9,800	14,000	–	–

The following tables illustrate summarized financial information of material associates, based on their financial statements for 2023:

	December 31, 2023	
In millions of tenge	CPC	PKI
Non-current assets	**1,969,703**	**206,008**
Current assets	**295,663**	**138,626**
Non-current liabilities	**(18,722)**	**(20,063)**
Current liabilities	**(279,064)**	**(16,497)**
Equity	**1,967,580**	**308,074**
Share of ownership	**20.75%**	**33%**
Goodwill	**43,640**	**–**
Impairment of the investment	**–**	**(6,778)**
Carrying amount of the investment	**451,913**	**94,887**
Revenue	**1,039,509**	**128,343**
Depreciation, depletion and amortization	**(245,423)**	**(25,990)**
Finance income	**14,080**	**926**
Finance costs	**(1,519)**	**(1,172)**
Income tax expenses	**(118,490)**	**(7,009)**
Profit for the year	**310,160**	**14,814**
Other comprehensive loss	**(42,915)**	**(4,927)**
Total comprehensive income	**267,245**	**9,887**
Dividends received	**113,892**	**2,864**

22. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following tables illustrate summarized financial information of material associates, based on their financial statements for 2022:

In millions of tenge	December 31, 2022 CPC	PKI
Non-current assets	2,240,723	224,559
Current assets	292,198	116,827
Non-current liabilities	(35,730)	(18,489)
Current liabilities	(196,152)	(15,586)
Equity	2,301,039	307,311
Share of ownership	20.75%	33%
Goodwill	44,416	–
Impairment of the investment	–	(6,778)
Carrying amount of the investment	521,882	94,635
Revenue	976,076	140,901
Depreciation, depletion and amortization	(216,491)	(24,217)
Finance income	8,119	439
Finance costs	–	(1,503)
Income tax expenses	(122,394)	(17,548)
Profit for the year	567,533	19,702
Other comprehensive income	185,893	9,782
Total comprehensive income	753,426	29,484
Dividends received	98,854	2,890

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

In millions of tenge	**December 31, 2023**	December 31, 2022
Group share in:		
Non-current assets	**68,336**	39,088
Current assets	**22,813**	18,950
Non-current liabilities	**(16,170)**	(13,922)
Current liabilities	**(21,493)**	(8,800)
Goodwill	**172**	172
Accumulated unrecognized share of losses	**1,127**	1,706
Other changes	**3,560**	4,820
Carrying amount of the investments as at December 31	**58,345**	42,014
Profit for the year from continuing operations	**3,692**	4,013
Other comprehensive loss	**(845)**	(1,148)
Total comprehensive income	**2,847**	2,865
Unrecognized share of loss	**(204)**	(221)

22. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

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

In millions of tenge	**December 31, 2023**	December 31, 2022
Group share in:		
Non-current assets	**60,636**	53,699
Current assets	**92,172**	87,702
Non-current liabilities	**(17,916)**	(15,673)
Current liabilities	**(81,358)**	(75,041)
Accumulated unrecognized share of losses	**875**	875
Carrying amount of the investments as at December 31	**54,409**	51,562
Profit for the year from continuing operations	**7,103**	31,339
Other comprehensive income	**375**	3,675
Total comprehensive income	**7,478**	35,014

23. INVENTORIES

In millions of tenge	**December 31, 2023**	December 31, 2022 (restated)
Materials and supplies (at cost)	**232,469**	180,762
Crude oil (at cost)	**61,621**	60,670
Refined products (at lower of cost and net realizable value)	**82,354**	69,332
	376,444	310,764

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

24. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS

In millions of tenge	**December 31, 2023**	December 31, 2022 (restated)
Trade accounts receivable		
Trade accounts receivable	**593,448**	549,430
Less: allowance for expected credit losses	**(32,190)**	(29,746)
	561,258	519,684
Other current financial assets		
Other receivables	**97,771**	98,485
Dividends receivable	**20,952**	320
Less: allowance for expected credit losses	**(43,853)**	(41,748)
	74,870	57,057
Other current non-financial assets		
Advances paid and prepaid expenses	**91,769**	60,260
Taxes receivable, other than VAT	**63,188**	43,030
Other	**5,659**	6,040
Less: impairment allowance	**(3,359)**	(157)
	157,257	109,173
Total other current assets	**232,127**	166,230

As at December 31, 2023 and 2022, the above assets were non-interest bearing.

24. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS (continued)

As at December 31, 2023, trade accounts receivable with a carrying value of 197,546 million tenge are pledged as collateral (December 31, 2022: 167,255 million tenge).

As of December 31, 2023 and 2022, trade accounts receivable is denominated in the following currencies:

In millions of tenge	**December 31, 2023**	December 31, 2022 (restated)
US dollars	**364,490**	325,296
Tenge	**121,165**	114,406
Romanian Leu	**68,896**	73,508
Euro	**3,324**	3,871
Other currency	**3,383**	2,603
	561,258	519,684

Movements in the allowance for expected credit losses and impairment were as follows:

	Individually impaired	
In millions of tenge	**Trade accounts receivable and other current financial assets**	**Other current non-financial assets**
As at December 31, 2021 (restated)	66,275	103
Charge for the year, net *(Notes 15)*	2,876	28
Written-off	(748)	(3)
Foreign currency translation	3,091	29
As at December 31, 2022 (restated)	71,494	157
Charge for the year, net *(Note 15)*	**8,691**	**3,204**
Written-off	**(4,336)**	**–**
Foreign currency translation	**194**	**(2)**
As at December 31, 2023	**76,043**	**3,359**

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

	Days past due					
In millions of tenge	**Current**	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
December 31, 2023						
Expected credit loss rate	**0.23%**	**12.18%**	**14.33%**	**5.84%**	**58.78%**	
Trade accounts receivable	**519,801**	**16,351**	**1,594**	**7,527**	**48,175**	**593,448**
Expected credit losses	**(1,214)**	**(1,991)**	**(229)**	**(439)**	**(28,317)**	**(32,190)**
December 31, 2022 (restated)						
Expected credit loss rate	0.23%	3.80%	9.83%	41.72%	95.69%	
Trade accounts receivable	484,508	32,690	3,489	857	27,886	549,430
Expected credit losses	(1,120)	(1,242)	(343)	(358)	(26,683)	(29,746)

25. LOANS AND RECEIVABLES DUE FROM RELATED PARTIES

In millions of tenge	**December 31, 2023**	December 31, 2022
At amortized cost		
NB RK notes *(Note 34)*	**43,709**	70,192
Loans due from related parties *(Note 34)*	**50,103**	31,062
Bonds receivable from Samruk-Kazyna *(Note 34)*	**21,021**	19,665
Treasury bills of foreign states	**7,032**	–
Less: allowance for expected credit losses	**(1,863)**	(1,878)
	120,002	119,041
At fair value through profit or loss		
Loans due from related parties *(Note 34)*	**86,173**	117,511
Guaranteed returns from shareholders of joint venture	**13,728**	13,179
	99,901	130,690
Total loans and receivables due from related parties	**219,903**	249,731

Loans and receivables due from related parties are denominated in the following currencies:

In millions of tenge	**December 31, 2023**	December 31, 2022
US dollars	**104,964**	146,435
Tenge	**114,939**	103,296
	219,903	249,731

In millions of tenge	**December 31, 2023**	December 31, 2022
Current portion	**125,569**	119,874
Non-current portion	**94,334**	129,857
	219,903	249,731

Movements in the allowance for expected credit losses of loans and receivables due from related parties were as follows:

In millions of tenge	
As at December 31, 2021	3,249
Charged, net	(1,376)
Foreign currency translation	5
As at December 31, 2022	1,878
Charged, net	**(17)**
Foreign currency translation	**2**
As at December 31, 2023	**1,863**

As at December 31, 2023 and 2022 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). Since initial recognition of the loans and receivables due from related parties there have been no significant increases in credit risk.

26. CASH AND CASH EQUIVALENTS

In millions of tenge	**December 31, 2023**	December 31, 2022 (restated)
Term deposits with banks − US dollar	**580,214**	228,818
Term deposits with banks − tenge	**124,702**	231,793
Term deposits with banks − other currencies	**76,316**	17,550
Current accounts with banks − US dollar	**120,787**	200,478
Current accounts with banks − tenge	**13,321**	20,878
Current accounts with banks − other currencies	**10,409**	15,816
The contracts of reverse repo with original maturities of three months or less	**116,091**	27,499
Cash in transit	**5,463**	17,449
Cash-on-hand and cheques	**3,613**	2,961
Less: allowance for expected credit losses	**(43)**	(57)
	1,050,873	763,185

Term deposits with banks are made for various periods of between one day and three months, depending on the immediate cash requirements of the Group.

As at December 31, 2023, the weighted average interest rate for time deposits with banks was 5.40% in US dollars, 15.45% in tenge and 5.99% in other currencies (December 31, 2022: 1.12% in US dollars, 13.01% in tenge and 4.84% in other currencies).

As at December 31, 2023 and 2022, cash and cash equivalents were not pledged as collateral for obligations of the Group.

27. EQUITY

Share capital

Total number of outstanding, issued and paid shares comprises:

	December 31, 2023 and 2022
Number of shares issued and paid, including	**610,119,493**
Par value of 27,726.63 tenge	137,900
Par value of 10,000 tenge	20,719,604
Par value of 5,000 tenge	59,707,029
Par value of 2,500 tenge	71,104,187
Par value of 2,451 tenge	1
Par value of 1,000 tenge	1
Par value of 921 tenge	1
Par value of 858 tenge	1
Par value of 838 tenge	1
Par value of 704 tenge	1
Par value of 592 tenge	1
Par value of 500 tenge	458,450,766
Share capital (thousands of tenge)	**916,540,545**

As at December 31, 2023 and 2022, the Company had only one class of issued shares. As at December 31, 2023 and 2022, common shares in the number of 239,440,103 were authorized, but not issued. In 2023, there was no issuance of any ordinary share.

Dividends

In 2023, based on the decision of Shareholders, the Company declared and paid off dividends for 2022 of 491.71 tenge per common share in the total of 300,002 million tenge (2022: declared and paid-off dividends for 2021 of 327.80 tenge per common share in the total of 199,997 million tenge).

27. EQUITY (continued)

Dividends (continued)

In 2023, the Group declared and paid-off dividends to the non-controlling interest holders of KTO, KMGI in the total amount of 1,500 million tenge and 1,572 million tenge, respectively (2022: 2,296 million tenge and 1,975 million tenge, respectively).

Transactions with Samruk-Kazyna

In 2023, Samruk-Kazyna purchased the Company placed bonds for 70,000 million tenge. The difference between the fair value and nominal amount of bonds of 30,824 million tenge was recognized as an increase in equity within transactions with Samruk-Kazyna in the consolidated statement of changes in equity *(Note 34)*.

In 2023, Samruk-Kazyna received a loan from KMG Karachaganak LLP in the amount of 25,000 million tenge. The difference between the fair value and nominal amount of bonds of 4,226 million tenge was recognized as transactions with Samruk-Kazyna in the consolidated statement of changes in equity.

In 2022, the Company provided Samruk-Kazyna additional interest-free financial aid tranches of 23,605 million tenge under a long-term financial aid agreement signed on December 25, 2015, with a current maturity in 2022 *(Note 34)*. The difference between the fair value and nominal amount of the additional tranches of 1,906 million tenge was recognized as a decrease in equity within transactions with Samruk-Kazyna in the consolidated statement of changes in equity.

In September 2022, the Company placed bonds for 751,631 million tenge at a coupon interest rate of 3.00% per annum and due in 2035. The coupon rate is below market rate. Samruk-Kazyna purchased the bonds. The difference between the fair value and nominal amount of bonds of 380,477 million tenge was recognized as transactions with Samruk-Kazyna in the consolidated statement of changes in equity *(Notes 28 and 34).*

In September 2022, within the exercising of the Option the Group is due to Samruk-Kazyna in the amount of 738.8 million US dollars (equivalent to 350,321 million tenge per exchange rate at the date of recognition). The payable was recognized at fair value upon initial recognition. The difference between the fair value and nominal amount of the payable of 7,426 million tenge was recognized as transactions with Samruk-Kazyna in the consolidated statement of changes in equity *(Notes 7 and 34)*.

Distributions to Samruk-Kazyna

In 2023, in accordance with the Government decree on the construction of social objects in Zhana-ozen town and housing for the residents, living in Zhana-ozen town, the Group accrued liabilities and paid for 120 million tenge (2022: 10,199 million tenge and 2,398 million tenge, respectively).

In July 2022, based on the decision of Samruk-Kazyna and Cooperative, Kashagan declared and paid-off dividends in the amount of 1,133.4 million U.S. dollars (equivalent to 529,789 million tenge). Due to the recognition of the acquisition of Kashagan under common control the Group recognized dividends distributed to the former shareholder of Kashagan as Distributions to Samruk-Kazyna in the amount of 566.7 million U.S. dollars (equivalent to 263,671 million tenge) *(Note 7)*.

Contributions from the related party

In 2023, SKO, a previous shareholder of Polimer, made a contribution to the share capital of Polimer for 14,155 million tenge (2022: 3,322 million tenge). In 2022 Polimer also accounted for discount in the amount of 2.896 million tenge in the consolidated statement of changes in equity on a loan received from SKO. In 2022, SKO, a previous shareholder of KLPE, made a contribution to the share capital of KLPE for 3,742 million tenge.

Due to the acquisition of KLPE under common control *(Note 7)* the Group recognized this as contribution from the related party in the consolidated statement of changes in equity.

Acquisitions of joint ventures

In 2022 the difference between the consideration paid for acquisition of 49.5% interest in KPI and carrying value of identifiable assets and liabilities of KPI at the date of acquisition was recognized as distribution to Samruk-Kazyna and presented in the line *«Acquisition of joint ventures»* in consolidated statement of changes in equity in the amount of 74,743 million tenge *(Note 7).*

27. EQUITY (continued)

Acquisitions of joint ventures (continued)

In 2022 the difference between the consideration paid for acquisition of 49% interest in Petrosun for 1 tenge and the fair value of identifiable assets and liabilities of Petrosun at the date of acquisition in the amount of 10,989 million tenge was recognized as a contribution from Samruk-Kazyna and presented in the line *«Acquisition of joint ventures»* in consolidated statement of changes in equity *(Note 8)*.

In 2022 the difference between the consideration paid for acquisition of 49.9% ownership interest in Silleno from SKO in the amount of 816 million tenge and the carrying value of investment in Silleno in the amount of 120 million tenge was recognized as contribution from Samruk-Kazyna and presented in the line *«Acquisition of joint ventures»* in consolidated statement of changes in equity.

Other distribution to the shareholders

In 2023, in accordance with the Order of the President of the RK on the construction of the Sport Complex as a result of his working visit to the West Kazakhstan region dated March 9, 2023, the Company recognized an obligation for the construction of the Sport Complex for the total amount of 17,925 million tenge *(Note 30)* and recognized it in the consolidated statement of changes in equity. The Company made an advance payment in the amount of 8,962 million tenge.

Book value per share

In accordance with the decision of KASE dated October 4, 2010 financial statements shall disclose book value per share (ordinary and preferred) as of the reporting date, calculated in accordance with the KASE rules.

In millions of tenge	**December 31, 2023**	December 31, 2022 (restated)
Total assets	**16,942,712**	16,656,890
Less: intangible assets	**874,930**	918,261
Less: total liabilities	**6,548,315**	6,789,464
Net assets	**9,519,467**	8,949,165
Number of ordinary shares	**610,119,493**	610,119,493
Book value per ordinary share (in thousand tenge)	**15,603**	14,668

Earnings per share

In thousand tenge	**2023**	2022 (restated)
Weighted average number of common shares for basic and diluted earnings per share	**610,119,493**	610,119,493
Basic and diluted earnings per share	**1,574**	2,095

Non-controlling interests

The following tables illustrate information of subsidiaries in which the Group has significant non-controlling interests:

		December 31, 2023		December 31, 2022	
	Country of incorporation and operation	**Non-controlling shares**	**Carrying value**	Non-controlling shares	Carrying value
Rompetrol Downstream S.R.L.	Romania	**45.37%**	**67,535**	45.37%	66,468
KTO	Kazakhstan	**10.00%**	**59,156**	10.00%	53,642
Rompetrol Petrochemicals S.R.L.	Romania	**45.37%**	**18,572**	45.37%	17,464
KMG EP	Kazakhstan	**0.28%**	**8,215**	0.28%	8,119
Rompetrol Vega	Romania	**45.37%**	**(25,320)**	45.37%	(23,768)
Rompetrol Rafinare S.A.	Romania	**45.37%**	**(253,347)**	45.37%	(212,487)
Other			**25,785**		29,021
			(99,404)		(61,541)

27. EQUITY (continued)

Non-controlling interests (continued)

The following tables illustrate summarized financial information of subsidiaries on a stand-alone basis, in which the Group has significant non-controlling interests as at December 31, 2023 and for the year then ended:

In millions of tenge	Rompetrol Downstream S.R.L.	KTO	Rompetrol Petrochemicals S.R.L.	KMG EP	Rompetrol Vega	Rompetrol Rafinare S.A.
Summarized statement of financial position						
Non-current assets	**123,201**	**812,534**	**1,784**	**1,190,313**	**22,949**	**123,516**
Current assets	**216,576**	**132,793**	**39,749**	**1,546,121**	**11,676**	**76,687**
Non-current liabilities	**(66,489)**	**(216,157)**	**(433)**	**(91,794)**	**(42,739)**	**(148,648)**
Current liabilities	**(124,441)**	**(112,746)**	**(168)**	**(217,704)**	**(47,693)**	**(609,932)**
Total equity	**148,847**	**616,424**	**40,932**	**2,426,936**	**(55,807)**	**(558,377)**
Attributable to:						
Equity holder of the Parent Company	**81,312**	**557,268**	**22,360**	**2,418,721**	**(30,487)**	**(305,030)**
Non-controlling interests	**67,535**	**59,156**	**18,572**	**8,215**	**(25,320)**	**(253,347)**
Summarized statement of comprehensive income						
Revenue	**1,012,646**	**290,386**	**–**	**1,184,834**	**108,639**	**1,696,983**
Profit/(loss) for the year from continuing operations	**5,439**	**69,508**	**3,125**	**37,360**	**(4,278)**	**(98,216)**
Total comprehensive income/(loss) for the year, net of tax	**2,352**	**70,146**	**2,440**	**34,250**	**(3,422)**	**(90,054)**
Attributable to:						
Equity holder of the Parent Company	**1,285**	**63,131**	**1,333**	**34,154**	**(1,869)**	**(49,195)**
Non-controlling interests	**1,067**	**7,015**	**1,107**	**96**	**(1,553)**	**(40,859)**
Dividends declared to non-controlling interests	**–**	**(1,500)**	**–**	**–**	**–**	**–**
Summarized cash flow information						
Operating activity	**(44,926)**	**87,839**	**5**	**144,334**	**2,501**	**(988,089)**
Investing activity	**(3,264)**	**(160,028)**	**–**	**(319,182)**	**(2,470)**	**(64,948)**
Financing activity	**49,441**	**64,418**	**–**	**55,725**	**(31)**	**1,118,004**
Net increase/(decrease) in cash and cash equivalents	**1,251**	**(8,485)**	**5**	**(124,491)**	**–**	**64,967**

27. EQUITY (continued)

Non-controlling interests (continued)

The following tables illustrate summarized financial information of subsidiaries on a stand-alone basis, in which the Group has significant non-controlling interests as at December 31, 2022 and for the year then ended:

In millions of tenge	Rompetrol Downstream S.R.L.	KTO	Rompetrol Petrochemicals S.R.L.	KMG EP	Rompetrol Vega	Rompetrol Rafinare S.A.
Summarized statement of financial position						
Non-current assets	93,101	652,668	3,210	1,047,369	31,254	119,520
Current assets	166,214	119,379	36,121	1,600,377	15,215	48,757
Non-current liabilities	(16,185)	(149,990)	(664)	(83,988)	(43,795)	(85,885)
Current liabilities	(96,635)	(91,602)	(176)	(202,509)	(55,058)	(550,715)
Total equity	**146,495**	**530,455**	**38,491**	**2,361,249**	**(52,384)**	**(468,323)**
Attributable to:						
Equity holder of the Parent Company	80,027	476,813	21,027	2,353,130	(28,616)	(255,836)
Non-controlling interests	66,468	53,642	17,464	8,119	(23,768)	(212,487)
Summarized statement of comprehensive income						
Revenue	1,178,244	255,627	–	1,294,096	122,133	2,233,851
Profit/(loss) for the year from continuing operations	13,557	45,582	858	708,225	(16,794)	50,548
Total comprehensive income/(loss) for the year, net of tax	**21,156**	**55,416**	**3,370**	**721,462**	**(19,076)**	**15,768**
Attributable to:						
Equity holder of the Parent Company	11,557	49,874	1,841	719,442	(10,421)	8,614
Non-controlling interests	9,599	5,542	1,529	2,020	(8,655)	7,154
Dividends declared to non-controlling interests	–	(1,000)	–	(16)	–	–
Summarized cash flow information						
Operating activity	36,791	73,513	(3,149)	218,119	4,570	67,361
Investing activity	14,540	(47,288)	3,150	(222,714)	(1,012)	(16,045)
Financing activity	(44,507)	17,011	–	(2,390)	(3,490)	(50,443)
Net increase/(decrease) in cash and cash equivalents	**6,824**	**44,659**	**1**	**2,189**	**68**	**873**

28. BORROWINGS

In millions of tenge	**December 31, 2023**	December 31, 2022 (restated)
Fixed interest rate borrowings	**3,253,754**	3,595,474
Weighted average effective interest rates	**5.36%**	6.41%
Floating interest rate borrowings	**503,340**	558,912
Weighted average effective interest rates *(Note 35)*	**8.93%**	8.61%
	3,757,094	4,154,386

As at December 31, 2023 and 2022, borrowings are denominated in the following currencies:

In millions of tenge	**December 31, 2023**	December 31, 2022 (restated)
US dollar	**3,018,895**	3,152,169
Tenge	**700,223**	715,804
Euro	**24,850**	23,069
Russian ruble	**–**	245,349
Other currencies	**13,126**	17,995
	3,757,094	4,154,386

In millions of tenge	**December 31, 2023**	December 31, 2022 (restated)
Current portion	**391,358**	369,489
Non-current portion	**3,365,736**	3,784,897
	3,757,094	4,154,386

As at December 31, 2023 and 2022, the bonds comprised:

In millions of tenge	**Issuance amount**	**Redemption date**	**Interest**	**December 31, 2023**	December 31, 2022
Bonds					
KASE 2023	70 billion KZT	2033	0.50% (11.74% effective interest rate)	**41,375**	–
KASE 2022	751.6 billion KZT	2035	3.00% (14.5% effective interest rate)	**392,158**	379,306
Bonds LSE 2020	750 million USD	2033	3.50%	**343,005**	349,059
AIX 2019	150 million USD	2024	5.00%	**19,800**	34,385
Bonds LSE 2018	1.5 billion USD	2048	6.375%	**673,677**	685,181
Bonds LSE 2018	1.25 billion USD	2030	5.375%	**569,892**	579,391
Bonds LSE 2018	0.5 billion USD	2025	4.75%	**–**	232,586
Bonds LSE 2017	1.25 billion USD	2047	5.75%	**552,309**	561,160
Bonds LSE 2017	1 billion USD	2027	4.75%	**454,062**	460,655
Total				**3,046,278**	3,281,723

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

On April 27 and November 22, 2023, the Company placed bonds for 70,000 million tenge at a coupon interest rate of 0.50% per annum and due in 2033. Samruk-Kazyna purchased the bonds. The coupon rate of the bonds is below market rate. The difference between the fair value and nominal amount of bonds of 30,824 million tenge was recognized as a transaction with Samruk-Kazyna in the consolidated statement of changes in equity *(Note 27)*.

28. BORROWINGS (continued)

As at December 31, 2023 and 2022, the borrowings comprised:

In millions of tenge	**Issuance amount**	**Redemption date**	**Interest**	**December 31, 2023**	December 31, 2022 (restated)
Loans					
The Syndicate of banks (Unicredit Tiriac Bank, ING Bank, BCR, Raiffeisen Bank, Alpha Bank, Garanti Bank, OTP Bank)	531.8 million USD[1]	2026	ROBOR 1M+2% SOFR O/N+2.5% SOFR1M+2.5% SOFR 1M+2.75%	**141,506**	26,270
Halyk bank JSC (Halyk bank)	151 billion KZT	2024-2025	11.00%	**94,999**	135,062
Development bank of Kazakhstan JSC (DBK)	157 billion KZT	2024-2026	7.00% - 7.99%	**80,992**	100,694
Bank of Tokyo-Mitsubishi UFJ, Ltd (London Branch)	200 million USD	2024	COF[2] (5.37%) + 1.80%	**62,800**	17,415
Halyk bank	66.7 billion KZT	2032	Key Rate of National Bank of RK + 2.50%	**47,391**	29,761
Lukoil Kazakhstan Upstream	–	After the start of commercial mining	O/N SOFR + 2.85%	**47,363**	12,876
Cargill	100 million USD	2024	SOFR 3M+2.612% SOFR 3M+2.98%	**46,176**	70,165
BCP	170 million USD	2024	COF (5.75%) + 1.50%	**37,893**	–
Halyk bank	31 billion KZT	2024	17.75-18.75%	**31,487**	46,460
Credit Agricole	150 million USD	2024	COF (5.6%) + 2.00%	**26,936**	30,934
The Syndicate of banks (BCR, Raiffeisen Bank, OTP, Alpha, Garanti)	83 million EUR	2029	EURIBOR 6M + 3.00%	**24,844**	21,411
Banca Transilvania	57.96 million EUR	2024	SOFR 1M + 2.50% EURIBOR 1M + 2.50%	**15,710**	16,739
ING Bank NV	250 million USD	2024	COF (5.55%) + 2.00%	**13,839**	31,871
OTP Bank	119 million RON	2030	ROBOR 3M + 1.10%	**10,964**	11,801
VTB Bank (PJSC)	38 billion RUB	2027	Key Rate of Central Bank of Russia Federation + 2.25%	**–**	245,349
DBK	843.6 million USD	2023	10.99%	**–**	20,483
NATIXIS	250 million USD	2024	COF (5.44%) + 2.00%	**–**	18,165
Samruk-Kazyna Ondeu LLP	13.9 billion KZT	2023	0.1-10%	**–**	11,052
Other	–	–	–	**27,916**	26,155
Total				**710,816**	872,663

[1] *265.9 million USD with revolving credit facility;*

[2] *Cost of funding.*

28. BORROWINGS (continued)

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

In 2023, KMGI partially repaid a Syndicated Loan (Unicredit Tiriac Bank, ING Bank, BCR, Raiffeisen Bank) in the amount of 73.94 million US dollars (equivalent to 33,734 million tenge), including interest.

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

In 2023, KMGI partially repaid a loan from Cargill in the amount of 61.46 million US dollars (equivalent to 28,039 million tenge), including interest.

In 2023, KMGI partially repaid a loan from NATIXIS in the amount of 42 million US dollars (equivalent to 19,240 million tenge), including interest.

In 2023, KMGI received a loan from BCP to finance working capital for 83 million US dollars (equivalent to 38,031 million tenge), on a net basis, at the rate of COF (5.7481%) + 1.50% per annum and maturity in 2024.

In 2023, Atyrau Refinery LLP (further Atyrau refinery) made full repayment of the loan from VTB Bank (PJSC) for 42,371 million Rubles (equivalent to 213,729 million tenge), including accrued interest.

In 2023, Atyrau refinery partially repaid loans from Halyk Bank for a total amount of 102,674 million tenge, respectively, including interest.

In 2023, Atyrau refinery received a loan from Halyk Bank in the amount of 31,410 million tenge at an interest rate of 17.75-18.75% per annum and maturing in 2024 for the purpose of repayment of current liabilities.

In 2023, Atyrau refinery and Pavlodar refinery partially repaid a loan from the Development Bank of Kazakhstan in the total amount of 31,261 million tenge, including interest.

In 2023, Atyrau refinery made full repayment of a loan from Development Bank of Kazakhstan in the amount of 21,400 million tenge, including interest.

In 2023, Main Waterline LLP received a loan from Halyk Bank in the amount of 11,800 million tenge at the interest rate of the Key rate of the National Bank of the Republic of Kazakhstan +2.50% and maturing in 2032 for the reconstruction and expansion of the Astrakhan-Mangyshlak main water pipeline (1st stage).

In 2023, based on the notification of the Ministry of Energy of RK on the termination of the subsoil use contract, the Company derecognized the loan of Eni Isatai B.V. for the Isatai project in the amount of 4,377 million tenge (*Note 17*).

In January 2022, Atyrau refinery made early full repayment of the loan from Eximbank for 604 million US dollars (equivalent to 259,459 million tenge), including accrued interest. For the repayment was used the cash reserved in November 2021.

In 2012, Atyrau refinery paid an insurance premium to China Export & Credit Insurance Corporation in the amount of 85 million USD (equivalent to 12,820 million tenge) under a loan Agreement with Eximbank. In connection with the early repayment of the loan, China Export & Credit Insurance Corporation returned the part of the insurance premium in December 2022 in the amount of 16 million USD (equivalent to 7,370 million tenge).

In 2022, KTO received a long-term loan from Halyk Bank for 29,593 million tenge with the key rate of the NB RK + 2.50% and maturity of 4 years to finance the first stage of the project "Reconstruction and expansion of the main water pipeline "Astrakhan-Mangyshlak".

In 2022, KMGI partially redeemed Syndicated loan (Unicredit Tiriac Bank, ING Bank, BCR, Raiffeisen Bank) used to finance its working capital for the total amount of 191.48 million US dollars (equivalent to 88,258 million tenge).

In 2022, KMGI received a long-term syndicated loan (BCR, Raiffeisen Bank, OTP, Alpha, Garanti) to finance the construction of the cogeneration power plant for 42 million euro (equivalent to 20,196 million tenge) at the rate of 6M Euribor + 3.00% per annum and maturity of 7 years.

28. BORROWINGS (continued)

In 2022, KMGI received a loan from NATIXIS to finance working capital for 39 million USD (equivalent to 18,097 million tenge) at the rate of COF (4.65%) + 2.00% per annum and maturity in 2023.

In 2022, KMGI received a long-term loan from OTP Bank JSC to finance the extension and development of gas stations for 25 million USD (equivalent to 11,404 million tenge) at the rates of Robor 3M + 1.10% per annum and maturity of 8 years.

In 2022, KMGI received a long-term loan from Cargill bank to finance working capital for 25 million USD (equivalent to 23,047 million tenge) at the rates of SOFR 3M+2.98% per annum and maturity till the year 2024.

In 2022, Atyrau refinery made partial repayment of the loans from DBK for 60 million US dollars (equivalent to 27,550 million tenge), including accrued interest.

In 2022, KMGI received a loan from Credit Agricole to finance working capital for 17 million USD (equivalent to 7,833 million tenge) at the rates of COF (4.60%) + 2.00% per annum and maturity till the year 2024.

28. BORROWINGS (continued)

Changes in liabilities arising from financing activities:

In millions of tenge	**2023** Short-term loans	Long-term loans	Bonds	Total	**2022 (restated)** Short-term loans	Long-term loans	Bonds	Total
On January 1	**173,053**	**699,611**	**3,281,722**	**4,154,386**	162,772	892,376	2,706,199	3,761,347
Received in cash	**138,787**	**176,517**	**70,000**	**385,304**	87,401	146,681	751,632	985,714
Return of insurance premium in cash	**–**	**–**	**–**	**–**	–	7,370	–	7,370
Repayment of principal in cash	**(95,296)**	**(329,830)**	**(241,106)**	**(666,232)**	(86,481)	(136,755)	(1,091)	(224,327)
Repayment of principal and interest by reserved cash	**–**	**–**	**–**	**–**	–	(259,459)	–	(259,459)
Interest accrued	**17,198**	**68,901**	**185,686**	**271,785**	9,861	80,772	168,536	259,169
Commission for the early redemption of the loan *(Note 17)*					–	4,498	–	4,498
Interest paid*	**(17,030)**	**(63,606)**	**(173,836)**	**(254,472)**	(9,779)	(65,873)	(156,377)	(232,029)
Discount *(Note 27)*	**–**	**–**	**(30,824)**	**(30,824)**	–	(2,896)	(380,477)	(383,373)
Foreign currency translation	**(2,297)**	**(2,526)**	**(46,152)**	**(50,975)**	8,233	7,673	187,440	203,346
Foreign exchange loss	**42**	**(53,380)**	**(1,520)**	**(54,858)**	1,046	27,842	5,863	34,751
Derecognition of loan *(Note 17)*	**–**	**(4,377)**	**–**	**(4,377)**	–	–	–	–
Other	**–**	**5,050**	**2,307**	**7,357**	–	(2,618)	(3)	(2,621)
On December 31	**214,457**	**496,360**	**3,046,277**	**3,757,094**	173,053	699,611	3,281,722	4,154,386
Current portion	**214,457**	**125,152**	**51,749**	**391,358**	173,053	147,355	49,081	369,489
Non-current portion	**–**	**371,208**	**2,994,528**	**3,365,736**	–	552,256	3,232,641	3,784,897

* *The repayment of the interest is classified in the consolidated statement of cash flows as operating cash flows.*

In January 2022, Atyrau refinery made early full repayment of the loan from Eximbank for 604 million US dollars (equivalent to 259,459 million tenge), including accrued interest. For the repayment the cash reserved in November 2021 was used.

Covenants

The Group is required to comply with the financial and non-financial covenants under the terms of loan agreements. As of December 31, 2023 and 2022, the Group complied with all financial and non-financial covenants.

28. BORROWINGS (continued)

Hedge of net investment in the foreign operations

As at December 31, 2023, certain borrowings denominated in foreign currency were designated as hedge instrument for the net investment in the foreign operations. These borrowings are being used to hedge the Group's exposure to the US dollar foreign exchange risk on these investments. In 2023, a gain of 46,152 million tenge (2022: loss of 187,440 million tenge) on the translation of these borrowings were transferred to other comprehensive income and offset against translation gains of the net investments in foreign operations.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the US Dollars borrowings. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the fixed rate borrowings. As at December 31, 2023 and 2022, there was no ineffective portion of the hedge.

29. LEASE LIABILITIES

Future minimum lease payments under leases together with the present value of the net minimum lease payments comprised the following:

	Minimum lease payments		**Present value of minimum lease payments**	
In millions of tenge	**December 31, 2023**	December 31, 2022	**December 31, 2023**	December 31, 2022
Within one year	**19,767**	16,629	**17,400**	15,682
Two to five years inclusive	**49,777**	23,368	**26,128**	16,770
After five years	**89,424**	61,176	**61,752**	49,102
	158,968	101,173	**105,280**	81,554
Less: amounts representing finance costs	**(53,688)**	(19,619)	**–**	–
Present value of minimum lease payments	**105,280**	81,554	**105,280**	81,554
Less: amounts due for settlement within 12 months	**(19,767)**	(16,629)	**(17,400)**	(15,682)
Amounts due for settlement after 12 months	**139,201**	84,544	**87,880**	65,872

As at December 31, 2023, interest calculation was based on effective interest rates ranging from 2.95% to 20.65% (December 31, 2022: from 2.95% to 19.00%).

Changes in lease liabilities for the year ended December 31, 2023 and 2022:

In millions of tenge	**2023**	2022
On January 1	**81,554**	74,421
Additions of leases	**55,740**	14,219
Interest accrued *(Note 17)*	**7,420**	4,188
Repayment of principal	**(26,933)**	(19,709)
Interest paid	**(1,936)**	(1,389)
Foreign exchange loss	**1,964**	(1,629)
Foreign currency translation	**(1,442)**	3,089
Modification	**3,938**	11,120
Early termination	**(15,025)**	(4,404)
Other	**–**	1,648
On December 31	**105,280**	81,554

30. PROVISIONS

In millions of tenge	Asset retirement obli-gations	Provision for environ-mental obligation	Provision for taxes	Other	Total
As at December 31, 2021 (restated)	209,460	63,186	10,362	6,736	289,744
Foreign currency translation	9,164	3,286	238	325	13,013
Change in estimate	(117,668)	4,755	–	(408)	(113,321)
Unwinding of discount *(Notes 17)*	12,087	5,722	–	138	17,947
Provision for the year	15,987	9,998	1,785	43,220	70,990
Recovered	(61)	–	(1,070)	(608)	(1,739)
Use of provision	(97)	(5,594)	(392)	(1,006)	(7,089)
As at December 31, 2022 (restated)	128,872	81,353	10,923	48,397	269,545
Foreign currency translation	**(1,506)**	**(1,062)**	**(44)**	**(333)**	**(2,945)**
Change in estimate	**10,019**	**(1,198)**	**–**	**142**	**8,963**
Unwinding of discount *(Note 17)*	**10,556**	**2,719**	**–**	**123**	**13,398**
Provision for the year	**57,996**	**416**	**482**	**31,608**	**90,502**
Business combination *(Note 6)*	**4,346**	**–**	**–**	**–**	**4,346**
Recovered	**(356)**	**–**	**(4,319)**	**(28,364)**	**(33,039)**
Use of provision	**(1,222)**	**(5,167)**	**(68)**	**(4,518)**	**(10,975)**
As at December 31, 2023	**208,705**	**77,061**	**6,974**	**47,055**	**339,795**

Detailed description of significant provisions, including critical estimates and judgments used, is included in *Note 4*.

Current portion and long-term portion are segregated as follows:

In millions of tenge	Asset retirement obliga-tions	Provision for environ-mental obligation	Provision for taxes	Other	Total
Current portion	**2,847**	**3,751**	**6,974**	**20,004**	**33,576**
Long-term portion	**205,858**	**73,310**	**–**	**27,051**	**306,219**
As at December 31, 2023	**208,705**	**77,061**	**6,974**	**47,055**	**339,795**
Current portion	1,739	6,082	10,923	40,035	58,779
Long-term portion	127,133	75,271	–	8,361	210,765
As at December 31, 2022 (restated)	128,872	81,353	10,923	48,396	269,544

Other provisions

Asset retirement obligations and other provisions accrued for the year ended December 31, 2023, mainly include provisions disclosed in *Note 36.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. TRADE ACCOUNTS PAYABLE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES

In millions of tenge	**December 31, 2023**	December 31, 2022 (restated)
Trade accounts payable	**663,930**	565,092
Other financial liabilities		
Due to employees	**72,970**	67,073
Other trade payables	**42,562**	32,048
Derivative financial instruments	**114**	1,598
Payables to Samruk-Kazyna for exercising the Option (*Notes 7 and 34*)	**–**	164,937
Other	**49,050**	33,244
	164,696	298,900
Current portion	**145,953**	283,820
Non-current portion	**18,743**	15,080
	164,696	298,900
Other non-financial liabilities		
Contract liabilities	**153,962**	117,817
Other	**15,328**	16,950
	169,290	134,767
Current portion	**131,513**	93,219
Non-current portion	**37,777**	41,548
	169,290	134,767

As of December 31, 2023, and 2022, trade accounts payable were denominated in the following currencies:

In millions of tenge	**December 31, 2023**	December 31, 2022 (restated)
US dollars	**444,674**	322,797
Tenge	**153,016**	127,848
Romanian Leu	**51,244**	72,676
Euro	**8,157**	34,638
Other currency	**6,839**	7,133
Total	**663,930**	565,092

As at December 31, 2023 and 2022, trade accounts payable and other financial liabilities were not interest bearing.

Derivative financial instruments

The Group uses different commodity derivatives as a part of price risk management in trading of crude oil and petroleum products.

Statement of financial position:

	December 31, 2023	December 31, 2022
Derivative financial asset (in other financial assets)	**–**	681
Derivative financial liability (in other financial liabilities)	**(114)**	(1,598)
Derivative financial liability, net	**(114)**	(917)

31. TRADE ACCOUNTS PAYABLE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES (continued)

Derivative financial instruments (continued)

Statement of comprehensive income:

	2023	2022
Realized losses from derivatives on petroleum products in production expenses *(Note 12)*	**(69)**	121,539

A movement in derivatives assets/(liabilities) is shown below:

	2023	2022
On January 1	**(917)**	8,838
Effective hedge in OCI	**849**	(11,872)
Inventory	**(60)**	1,524
Translation difference	**14**	593
On December 31	**(114)**	(917)

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.

The Group has the following hedge transactions that qualify for fair value hedge:

Transaction	Hedged item	Risk hedged	Hedging instrument
Commodity purchase / sell at fixed price	Base operating stock (BOS) – meaning crude oil, feedstock, diesel, gasoline and jet Priced operational stock above or below BOS	Commodity price risk	Swap, Future, Purchase put / call option
Foreign exchange risk related to monetary item	Monetary item not in the functional currency of the Group	Change in foreign exchange rate	Swap, currency forward
Foreign exchange risk related to a firm commitment	Firm commitment not denominated in the functional currency of the Group	Change in foreign exchange rate	Swap, currency forward
Fair value risk related to fixed interest rates	Receivable or liability at fixed interest rate	Interest related fair value risk	Swap

The Group has the following hedge transactions that qualify for cash flow hedge:

Transaction	Hedged item	Risk hedged	Hedging instrument
Forecasted commodity purchase / sell	Forecasted refinery margin basket and forecasted Dated Brent differential	Commodity price risk	Swap, Future, Purchased put / call option
EUA certificates	Forecasted EUA certificates purchase	EUA certificate price risk	Futures

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. OTHER TAXES PAYABLE

In millions of tenge	**December 31, 2023**	December 31, 2022 (restated)
Rent tax on crude oil export	**37,557**	38,445
Mineral Extraction Tax	**30,485**	35,277
VAT	**23,233**	49,969
Individual income tax	**9,424**	8,002
Social tax	**7,620**	7,094
Withholding tax from non-residents	**1,957**	1,875
Excise tax	**1,537**	2,175
Other	**4,687**	5,660
	116,500	148,497

33. INCOME TAX EXPENSES

As at December 31, 2023 income taxes prepaid of 33,051 million tenge (2022: 36,167 million tenge) are mainly represented by corporate income tax. As at December 31, 2023 income taxes payable of 28,285 million tenge (2022: 66,648 million tenge) are mainly represented by corporate income tax.

Income tax expense comprised the following for the years ended December 31, 2023 and 2022:

In millions of tenge	**2023**	2022 (restated)
Current income tax		
Corporate income tax	**117,003**	204,159
Withholding tax on dividends and interest income	**86,287**	49,120
Excess profit tax	**691**	1,673
Deferred income tax		
Corporate income tax	**110,134**	123,855
Excess profit tax	**(10,391)**	239
Withholding tax on dividends	**(33,376)**	113,331
Income tax expenses	**270,348**	492,377

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

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

In millions of tenge	**2023**	2022 (restated)
Profit before income tax	**1,194,809**	1,798,937
Statutory tax rate	**20%**	20%
Income tax expense on accounting profit	**238,962**	359,787
Share in profit of joint ventures and associates	**(55,703)**	(87,797)
Other non-deductible expenses and non-taxable income	**45,869**	112,247
Effect of different corporate income tax rates	**74,959**	92,045
Excess profit tax	**(9,700)**	1,912
Change in unrecognized deferred tax assets	**(24,039)**	14,183
Income tax expenses	**270,348**	492,377
Income tax expenses	**270,348**	492,377
	270,348	492,377

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. INCOME TAX EXPENSES (continued)

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

	2023					2022 (restated)				
In millions of tenge	**Corporate income tax**	**Excess profit tax**	**Withholding tax**	**Total**	**Recognized in profit and loss**	Corporate income tax	Excess profit tax	Withholding tax	Total	Recognized in profit and loss
Deferred tax assets										
Property, plant and equipment	**23,019**	**–**	**–**	**23,019**	**(934)**	23,953	–	–	23,953	1,190
Tax loss carryforward	**683,285**	**–**	**–**	**683,285**	**(2,191)**	685,476	–	–	685,476	3,017
Employee benefits related accruals	**7,628**	**–**	**–**	**7,628**	**1,004**	6,624	–	–	6,624	1,648
Impairment of financial assets	**8,105**	**–**	**–**	**8,105**	**8,104**	1	–	–	1	–
Environmental liability	**3,031**	**–**	**–**	**3,031**	**(728)**	3,759	–	–	3,759	670
Other	**105,081**	**10,334**	**–**	**115,415**	**68,187**	85,114	–	–	85,114	(2,231)
Less: unrecognized deferred tax assets	**(551,341)**	**–**	**–**	**(551,341)**	**24,039**	(575,380)	–	–	(575,380)	(14,183)
Less: deferred tax assets offset with deferred tax liabilities	**(223,313)**	**–**	**–**	**(223,313)**	**(35,364)**	(187,949)	–	–	(187,949)	30,581
Deferred tax assets	**55,495**	**10,334**	**–**	**65,829**	**62,117**	41,598	–	–	41,598	20,692
Deferred tax liabilities										
Property, plant and equipment	**773,061**	**540**	**–**	**773,601**	**205,420**	567,641	597	–	568,238	114,788
Undistributed earnings of joint ventures and associates	**–**	**–**	**571,270**	**571,270**	**(33,376)**	–	–	615,747	615,747	113,331
Other	**5,209**	**–**	**–**	**5,209**	**(8,196)**	2,974	–	–	2,974	(583)
Less: deferred tax assets offset with deferred tax liabilities	**(223,313)**	**–**	**–**	**(223,313)**	**(35,364)**	(187,949)	–	–	(187,949)	30,581
Deferred tax liabilities	**554,957**	**540**	**571,270**	**1,126,767**	**128,484**	382,666	597	615,747	999,010	258,117
Net deferred tax liability	**499,462**	**(9,794)**	**571,270**	**1,060,938**		341,068	597	615,747	957,412	–
Deferred tax expense					**66,367**					237,425

33. INCOME TAX EXPENSES (continued)

Deferred corporate income tax and excess profit tax are determined with reference to individual subsoil use contracts. Deferred corporate income tax is also determined for activities outside of the scope of subsoil use contracts. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax asset arising mainly from tax losses carry forward amounted to 551,341 million tenge as at December 31, 2023 (2022: 575,380 million tenge).

Tax losses carry forward as at December 31, 2023 and 2022 in the RK expire for tax purposes after ten years from the date they are incurred.

The movements in the deferred tax liability/(asset) were as follows:

	2023				2022 (restated)			
In millions of tenge	**Corporate income tax**	**Excess profit tax**	**Withholding tax**	**Total**	Corporate income tax	Excess profit tax	Withholding tax	Total
Net deferred tax liability as at January 1	**341,068**	**597**	**615,747**	**957,412**	203,789	358	465,891	670,038
Foreign currency translation	**(7,263)**	**–**	**(11,101)**	**(18,364)**	13,308	–	36,525	49,833
Tax expense/(income) during the year recognized in profit and loss	**110,134**	**(10,391)**	**(33,376)**	**66,367**	123,855	239	113,331	237,425
Tax expense during the year recognized in other comprehensive income	**327**	**–**	**–**	**327**	116	–	–	116
Business combination *(Note 6)*	**55,196**	**–**	**–**	**55,196**	–	–	–	–
Net deferred tax liability as at December 31	**499,462**	**(9,794)**	**571,270**	**1,060,938**	341,068	597	615,747	957,412

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. RELATED PARTY DISCLOSURES

Terms and conditions of transactions with related parties

Related party transactions were made on terms agreed between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties. Outstanding balances at the year-end are mainly unsecured and interest free and settlement occurs in cash, except as indicated below. The Group recognizes allowances for ECL on amounts owed by related parties.

Transactions balances

The following table provides the balances of transactions with related parties as at December 31, 2023 and 2022:

In millions of tenge	December 31,	Due from related parties	Due to related parties	Cash and deposits placed with related parties	Borrowings payable to related parties
Samruk-Kazyna entities	**2023**	**93,745**	**4,392**	**5,911**	**453,333**
	2022	38,476	168,368	–	413,691
Associates	**2023**	**8,681**	**2,962**	**–**	**–**
	2022	16,348	3,431	–	–
Other state-controlled parties	**2023**	**46,897**	**1,419**	**–**	**80,992**
	2022	72,003	666	–	121,177
Joint ventures	**2023**	**173,119**	**235,725**	**–**	**–**
	2022	167,284	187,172	–	–

Due from/to related parties

Samruk-Kazyna entities

As at December, 31, 2023 due from related parties were mainly represented by the bonds receivable from the Samruk-Kazyna of 20,963 million tenge, net of expected credit losses (December 31, 2022: 19,599 million tenge) and trade receivables for crude oil by JSC "NC Kazakhstan Temir Zholy" for 30,677 million tenge.

As at December 31, 2023, the Company sold its 25% interest in Butadien LLP, a joint venture, with a carrying value of 8,621 million tenge *(Note 22)* to Samruk-Kazyna for a consideration of 8,531 million tenge. As a result, the Company lost its joint control over Butadien LLP.

As at December 31, 2023, payable due to Samruk-Kazyna for the exercised Option was fully repaid for 364 million US dollars (equivalent to 163,770 million tenge) *(Notes 7 and 31)*.

As at December 31, 2022 the financial aid provided to Samruk-Kazyna has been fully repaid by setting of against the payable for the acquisition of 49.50% ownership interest in KPI for 91,175 million tenge *(Note 7)*, payable for the acquisition of 49.9% ownership interest in Silleno for 816 million tenge and the part of the payable for exercising the Option for 424,587 million tenge *(Note 7)*.

Other state-controlled parties

During 2023, the Group purchased short-term notes of NB RK in the total amount of 451,598 million tenge with an interest rate of 15.96%, as well as short-term notes of NB RK acquired in 2022 and 2023 in the amount of 425,263 million tenge were redeemed.

During 2022, the Group short-term notes of NB RK in the total amount of 87,000 million tenge, out of which notes in the amount of 17,000 million tenge were redeemed.

Joint ventures

As at December 31, 2023 due from joint ventures were mainly represented by the loans given to PKOP of 25,975 million tenge (December 31, 2022: 53,889 million tenge), UGL of 54,980 million tenge (December 31, 2022: 63,622 million tenge) *(Note 25)*.

34. RELATED PARTY DISCLOSURES (continued)

Due from/to related parties (continued)

Joint ventures (continued)

As at December 31, 2023 due to joint ventures were mainly represented by accounts payable for crude oil to TCO for 181,831 million tenge (December 31, 2022: 153,610 million tenge).

Borrowings payable to related parties

Samruk-Kazyna entities

In 2023, Samruk-Kazyna purchased the Company placed bonds for 70,000 million tenge. The difference between the fair value and nominal amount of bonds of 30,824 million tenge was recognized as transactions with Samruk-Kazyna in the consolidated statement of changes in equity *(Note 27)*.

In September 2022, Samruk-Kazyna purchased the Company placed bonds for 751,631 million tenge. The difference between the fair value and nominal amount of bonds of 380,477 million tenge was recognized as transactions with Samruk-Kazyna in the consolidated statement of changes in equity *(Notes 27 and 28)*.

Other state-controlled parties

As at December 31, 2023 the borrowings payable to related parties are represented by loans received from DBK by Atyrau refinery and Pavlodar refinery of 80,992 million tenge (December 31, 2022: 121,177 million tenge) *(Note 28).*

Transactions turnover

The following table provides the total amount of transactions, which have been entered into with related parties during 2023 and 2022:

In millions of tenge		Sales to related parties	Purchases from related parties	Interest earned from related parties	Interest incurred to related parties
Samruk-Kazyna entities	**2023**	**158,392**	**33,705**	**4,058**	**39,795**
	2022	50,371	11,768	44,760	15,618
Associates	**2023**	**12,742**	**81,497**	**194**	**–**
	2021	18,705	67,615	235	–
Other state-controlled parties	**2023**	**346**	**31,349**	**5,421**	**12,475**
	2022	9,631	18,228	577	15,501
Joint ventures	**2023**	**439,502**	**1,709,923**	**17,540**	**–**
	2022	305,922	2,119,070	12,469	4

Sales to related parties / purchases from related parties

Joint ventures

In 2023, sales to joint ventures were mainly represented by transportation and cargo servicing provided to TCO for 22,613 million tenge (2022: 20,204 million tenge), transportation charges and oil servicing provided to MMG for 67,755 million tenge and for 137,855 million tenge, respectively (2022: 58,141 million tenge and 116,223 million tenge, respectively).

In 2023, purchases from joint ventures were mainly attributable to purchases of crude oil from TCO to perform the oil delivery customer contract for 1,602,095 million tenge (2022: 1,976,760 million tenge).

34. RELATED PARTY DISCLOSURES (continued)

Key management employee compensation

Total compensation to key management personnel (members of the Boards of directors and Management boards of the Group) included in general and administrative expenses in the accompanying consolidated statement of the comprehensive income was equal to 7,769 million tenge and 7,375 million tenge for the years ended December 31, 2023 and 2022, respectively. Compensation to key management personnel mainly consists of contractual salary and performance bonus based on operating results.

35. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly consist of borrowings, loans given, financial guarantees, cash and cash equivalents, bank deposits as well as accounts receivable and accounts payable. The Group is exposed to interest rate risk, foreign currency risk and credit risk. The Group further monitors the market risk and liquidity risk arising from all financial instruments.

Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in interest rate, currency, and securities, all of which are exposed to general and specific market movements. The Group manages market risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and establishing appropriate margin and collateral requirements. The sensitivity analyses in the following sections relate to the position as of December 31, 2023 and 2022.

Foreign currency risk

As a result of significant borrowings and accounts payable denominated in the US dollars and rubles, the Group's consolidated statement of financial position can be affected significantly by movement in the US dollar and ruble/ tenge exchange rates. The Group also has transactional currency exposures. Such exposure arises from revenues in the US dollars and rubles. The Group has a policy on managing its foreign currency risk in US dollar by matching US dollar and ruble denominated financial assets with US dollar and ruble denominated financial liabilities. The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before income tax (due to changes in the cash flows of monetary assets and liabilities). The sensitivity of possible changes in exchange rates for other currencies are not considered due to its insignificance to the consolidated financial results of Group's operations.

In millions of tenge	**Increase/ (decrease) in tenge to US dollar exchange rate**	**Effect on profit before tax**
2023	**+14%**	**(224,731)**
	(14%)	**224,731**
2022	+21%	(404,338)
	(21%)	404,338

In millions of tenge	**Increase/ (decrease) in tenge to RUB exchange rate**	**Effect on profit before tax**
2023	**+29%**	**(38)**
	(29%)	**38**
2022	+22%	(54,044)
	(22%)	54,044

35. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term borrowings with floating interest rates. The Group's policy is to manage its interest rate cost using a mix of fixed and variable rate borrowings.

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

In millions of tenge	**Increase/ decrease in basis points**	**Effect on profit before tax**
2023	**+3.97**	**(19,982)**
SOFR	**−3.97**	**19,982**
2022		
LIBOR	+2.45	(12,989)
	−2.45	12,989

Credit risk

The Group trades only with recognized, creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in *Note 24*. There are no significant concentrations of credit risk within the Group.

With respect to credit risks arising on other financial assets of the Group, which comprise cash and cash equivalents, bank deposits, loans and receivables from related parties and other financial assets, the Group's exposure to credit risks arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The table below shows the risk profile of the Group's cash and cash equivalents, short-term and long-term deposits held in banks as at December 31, 2023 and 2022 using the Fitch credit ratings, or in their absence, using their equivalent rates in S&P and Moody's:

	As at December 31	
	2023	2022
AA- to A+	**19%**	15%
A to A-	**58%**	41%
BBB+ to BBB-	**18%**	41%
BB+ to BB-	**5%**	2%
B+ to B-	**–**	1%

Liquidity risk

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

Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any commitments as they arise.

The table below summarizes the maturity profile of the Group's financial liabilities as at December 31, 2023 and 2022 based on contractual undiscounted payments.

35. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

In millions of tenge	Due less than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due after 5 years*	Total
As at December 31, 2023						
Borrowings*	**38,896**	**1,329**	**503,846**	**1,413,755**	**4,738,778**	**6,696,604**
Trade accounts payable	**122,306**	**340,634**	**200,991**	**–**	**–**	**663,931**
Financial guarantees**	**–**	**64**	**–**	**46,555**	**–**	**46,619**
Lease liabilities	**3,478**	**2,035**	**11,886**	**27,833**	**60,617**	**105,849**
Other financial liabilities	**71,323**	**24,605**	**69,792**	**25,441**	**414**	**191,575**
	236,003	**368,667**	**786,515**	**1,513,584**	**4,799,809**	**7,704,578**
As at December 31, 2022 (restated)						
Borrowings*	45,216	2,028	508,484	1,868,769	4,988,819	7,413,316
Trade accounts payable	105,697	297,295	162,100	–	–	565,092
Lease liabilities	2,890	1,720	12,410	39,080	26,216	82,316
Other financial liabilities	56,278	19,598	366,088	18,544	–	460,508
	210,081	**320,641**	**1,049,082**	**1,926,393**	**5,015,035**	**8,521,232**

* *The Group excludes from the maturity profile table the borrowings payable to project partners under the carry-in financing agreements, due to the uncertainty of maturity of these loans. As of December 31, 2023, the borrowings due to partners were 57,656 million tenge (December 31, 2022: 23,768 million tenge).*

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

Capital management

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

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

For the purpose of the Group's capital management, the capital structure of the Group consists of borrowings disclosed in *Note 28* less cash *(Note 26)* and short-term deposits *(Note 21)* and equity, comprising share capital, additional paid-in capital, other reserves and retained earnings as disclosed in *Note 27*.

The Group's management regularly reviews the capital structure. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Also to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to borrowings that define capital structure requirements. There have been no breaches of the financial covenants of any borrowing in the years ended December 31, 2023 and 2022 *(Note 28)*.

In millions of tenge	**December 31, 2023**	December 31, 2022 (restated)
Borrowings	**3,757,094**	4,154,386
less: cash, cash equivalents and short-term bank deposits	**2,111,776**	2,000,552
Net debt	**1,645,318**	2,153,834
Equity	**10,394,397**	9,867,426
Capital and net debt	**12,039,715**	12,021,260

No changes were made in the overall strategy, objectives, policies or processes for managing capital during the years ended December 31, 2023 and 2022.

35. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Fair values of financial instruments

The carrying amount of the Group financial instruments as at December 31, 2023 and 2022 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

	December 31, 2023					December 31, 2022 (restated)				
			Fair value by level of assessment					Fair value by level of assessment		
In millions of tenge	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**	Carrying amount	Fair value	Level 1	Level 2	Level 3
Bonds receivable from Samruk-Kazyna	**20,963**	**16,797**	**–**	**16,797**	**–**	19,595	20,138	–	20,138	–
NB RK notes	**43,708**	**43,708**	**–**	**43,708**	**–**	70,192	70,192	–	70,192	–
Loans and receivables due from related parties at fair value through profit and loss	**99,901**	**99,901**	**–**	**–**	**99,901**	130,690	130,690	–	–	130,690
Loans given to related parties at amortized cost, lease receivables from joint venture	**48,299**	**48,502**	**–**	**–**	**48,502**	29,254	29,242	–	–	29,242
Fixed interest rate borrowings	**3,253,754**	**3,051,997**	**2,452,370**	**599,627**	**–**	3,595,474	3,166,699	2,476,894	689,805	–
Floating interest rate borrowings	**503,340**	**503,340**	**–**	**503,340**	**–**	558,912	558,912	–	558,912	–

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

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

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

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

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

35. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Fair values of financial instruments (continued)

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

	Valuation technique	Significant unobservable inputs	Range as of December 31, 2023	Range as of December 31, 2022
Loans given to related parties at amortized cost, lease receivables from joint venture	Discounted cash flow method	Interest and discount rate	**7.30-18.5%**	6.4-18.9%
Financial guarantee issued			**7.8%**	–

36. CONTINGENT LIABILITIES AND COMMITMENTS

Operating environment

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

Commodity price risk

The Group generates most of its revenue from the sale of commodities, primarily crude oil and oil products. Historically, the prices of these products have been volatile and have fluctuated widely in response to changes in supply and demand, market uncertainty, the performance of the global or regional economies and cyclicality in industries. Prices may also be affected by the Government actions, including the imposition of tariffs and import duties, speculative trades, an increase in capacity or oversupply of the Group's products in its main markets. These external factors and the volatility of the commodity markets make it difficult to estimate future prices. A substantial or extended decline in commodity prices would materially and adversely affect the Group's business and the consolidated financial results and cash flows of operations. The Group mainly does not hedge its exposure to the risk of fluctuations in the price of its products.

Taxation

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

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

Transfer pricing control

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

36. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Comprehensive tax audit at oil refineries of the Group

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

Atyrau refinery, Pavlodar refinery and Shymkent refinery did not agree with the assessment and appealed to the Ministry of Finance of RK. Shymkent refinery partially appealed one of the notifications regarding the amount of additional taxes and penalties for 3.694 million tenge. However, on February 15, 2024, the Civil Chamber of the Supreme Court canceled the decision in favor of Shymkent refinery made on November 15, 2021 by the Civil Chamber of the Shymkent City Court. Shymkent refinery continues to work to appeal the decision.

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

Legal issues and claims

The civil litigation at KMGI

Faber Invest & Trade Inc. (further Faber), the non-controlling shareholder of KMGI subsidiaries, resumed several previous civil filings in 2020, one of which challenged the increase in the Rompetrol Rafinare Constanta, the KMGI subsidiary, share capital in 2003-2005. The hearings have been held periodically, but no final decisions were made. On July 13, 2021, the court rejected the complaint of Faber. However, Faber appealed against this decision. Based on the results of the hearing in December 2021, the court granted the complaint and returned the case for reconsideration.

Most of Faber's lawsuits were dismissed by the Supreme Court in May and September 2022, including an appeal filed by Faber challenging Faber's corporate documents approving the bond issue and paying off historical budget debts filed after the statute of limitations, hence the first judgment in favor of Rompetrol Rafinare Constanta became final. Faber filed the same lawsuit for the third time, but now in the court of Constanta. In January 2023, hearings were held on the claims filed by Faber. Faber withdrew its claims in two cases, and the court postponed the decision. The next hearing in the Faber case is scheduled for March 2023.

The Group believes that its position regarding Faber's new application will be resolved in a similar manner to other similar proceedings resolved in favor of the Group. Accordingly, the Group did not recognize a provision in this case as of December 31, 2023.

Civil legal dispute between the National Mineral Resources Agency (NAMR) and Oilfield Exploration Business Solutions S.A (OEBS), subsidiary of KMGI, at the Focsani field

On December 17, 2019 OEBS has been noticed by the NAMR that a Request for Arbitration would have been filed in to ICC Paris for an alleged breach by OEBS of the Concession Agreement as regards the exploration block near Focsani. Starting from that period, OEBS was in dispute with NAMR. On July 29, 2022 the Court decided to oblige OEBS to pay 10.1 million U.S. dollars from a total NAMR claim of 20 million U.S. dollars. In 2022, the Group recognized a provision in the amount of 10.1 million dollars (equivalent to 4,673 million tenge (*Note 30*). As at December 31, 2023, the Group had not made any payments to NAMR, and the Group believes that no changes to the assessment of provision are required.

Competition investigation in Moldova

Since the beginning of 2021, Rompetrol Moldova (further RPM), a subsidiary of KMGI operating in Moldova, is involved in an investigation and related court proceedings initiated by the Competition Council of Moldova (further CCM) alleging RPM agreed with other industry players on retail prices for petroleum products. RPM is challenging the competition report prepared by the CCM investigation division that forms the basis for the allegations in accordance with applicable regulations. A few attempts to dismiss the said report were unsuccessful with the latest ruling rejecting RPM's request to dismiss the report issued by the local court on May 26, 2022. RPM has filed an appeal and a first hearing is scheduled for March 21, 2023. In 2022, the Group recognized a provision in the amount of 12 million dollars (equivalent to 5,552 million tenge) *(Note 30)*. During 2023, RPM filed in an appeal and the first hearing was scheduled for October 4, 2023, however, the court rejected the appeal. The second appeal was filed in on January 24, 2024. A hearing date has not been scheduled. As at December 31, 2023 the Group believes that no changes to the assessment of provision are required.

36. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

The case of arbitration between KazRosGas LLP, a joint venture of the company, (further KRG) and Karachaganak Petroleum Operating B.V. (further KPO)

On August 23, 2022, the Secretariat of the International Chamber of Commerce in Paris submitted to KRG a Notice of Initiation of Arbitration Proceedings by KPO, which is the operator under the Final Production Sharing Agreement for the contract area of the Karachaganak oil and gas condensate field dated January 27, 1997, with amendments and additions (further FPSA). KPO intends to increase the gas sale price under the existing Karachaganak Gas Purchase and Sale Agreement. If the gas price is agreed later than October 1, 2022, KRG and KPO shall recalculate the gas price for the period from October 1, 2022 to the date of the price agreement.

In October 2022, a working group was established to develop a negotiating position of the Kazakh side on the peaceful settlement of the dispute over the arbitration process between the KRG and KPO, chaired by the First Vice Minister of Energy of RK. The working group also includes representatives of the Ministry of Energy of RK, JSC "NC "QazaqGaz", KMG and KRG.

In August 2023, the Tribunal approved the Procedural Timetable for the Arbitration (further Arbitration Timetable), according to which the final hearing is scheduled for the week of November 18, 2024, and the deadline for the Tribunal to make decision is until the end of March 2025.

On September 29, 2023, KPO sent a detailed claim to the Tribunal and this claim was provided to KRG. According to the Arbitration Timetable, the KRG provides a response to the claim by December 22, 2023. Following the meeting on December 22, 2023, the KRG's response to the KPO claim was prepared and sent to Arbitration. In January, 2024, a meeting was held between the Ministry of Energy of the Republic of Kazakhstan, KPO, KMG and the KRG for the purpose of a peaceful settlement. The agreement has not been yet reached. Still, the Group believes that the risk of loss is not probable as of December 31, 2023.

The case of an administrative offense of the Pavlodar refinery initiated by the Department of Agency for protection and development of competition of RK (hereafter – Antimonopoly agency) of the Pavlodar region

In 2022 the Prosecutor's Office of the Pavlodar region together with the Antimonopoly agency conducted an inspection of the Pavlodar refinery operations for compliance with the legislation of the RK in the field of oil and petroleum products turnover, labor, tax and antimonopoly legislation for 2020-2021. On March 16, 2022 Antimonopoly agency issued the Conclusion which stated that Pavlodar refinery set monopolistically high tariff for oil refining services. On July 25, 2022, Antimonopoly agency of the Pavlodar region initiated an administrative offence and issued a Protocol to the Specialized Court for Administrative Offenses of Pavlodar city for setting by the Pavlodar refinery monopolistically high tariff for oil refining services in 2021 and to confiscate revenue for 2021 of 21,961 million tenge and impose fine of 6,226 million tenge.

On June 9, 2023, Specialized Court for Administrative Offenses of Pavlodar city issued a resolution to terminate administrative proceedings. On June 30, 2023, Decree on the consumption of administrative proceedings and the cancellation of the protocol entered into legal force. As a result, in June 2023, Pavlodar refinery recovered a provision accrued in 2022 in the amount of 28,187 million tenge and recognized in other operating income *(Note 30).*

Environmental issues

In 2021, a new Environmental Code came into force, which increases the responsibility of industrial enterprises for environmental pollution, and also provides for the introduction of a waste management hierarchy and the construction of waste energy recycling plants. According to the Environmental Code, facilities belonging to category I after the cessation of operation of facilities that have a negative impact on the environment must eliminate the consequences of the operation of such facilities and provide the authorized body in the field of environmental protection with financial security for obligations related to the elimination of the consequences of the activity within three years, starting July 1, 2021. In accordance with the Environmental Code of the Republic of Kazakhstan, the Company has legal obligations to dismantle and liquidate fixed assets and restore land plots. As of December 31, 2023, the Group's largest oil refineries: Atyrau and Pavlodar Oil Refineries recognized a provision in the amount of 39,271 million tenge *(Note 30)*, which is equal to the present value of future cash outflows associated with the dismantling of the plant and land reclamation. For tax purposes, the Company did not take into an account these expected expenses as part of deferred taxes, since it does not expect taxable profit after the liquidation of assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Environmental audits

The Atyrau Region Department of Ecology of the Environmental Regulation and Supervision Committee at the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan (hereinafter referred to as the "Department of Ecology") undertook an inspection of the onshore facilities of North Caspian Operating Company N.V., which is the operator under the Production Sharing Agreement for the North Caspian Sea (hereinafter referred to as the "Operator"). Based on the results of the inspection, the Operator was issued an order to rectify violations. One of the specific issues highlighted pertains to the overstocking of sulfur in the amount of 1,020 thousand tons.

The Operator did not agree with the inspection results and hence, filed an administrative lawsuit to dispute the aforementioned order. On June 14, 2023, the Specialized Inter-District Administrative Court of Astana made a ruling in favour of the Operator in relation to the disputed sulfur storage. On February 27, 2024 the SIAC of Astana considered the appeal from the Department of Ecology and ruled against the Operator. This ruling will be appealed in the Supreme Court. Should the Operator be held accountable as per the administrative ruling, the fine amount will be determined in line with the Administrative Code of the Republic of Kazakhstan. As at December 31, 2023 no provisions pertaining to this inspection have been recognized by the Group.

Cost recovery audits

Kashagan has a share of 16.88% in the North Caspian Production Sharing Agreement dated November 18, 1997, as amended (further PSA).

KMG Karachaganak LLP, subsidiary of the Company, has a share of 10% in the Final Production Sharing Agreement in respect of the contract area of the Karachaganak oil and gas condensate field dated January 27, 1997, as amended (further FPSA).

Under the base principles of the PSA and FPSA, the RK transferred to the participants of these agreements (further Contractors) the exclusive rights to conduct activities in the subsurface areas, but did not transfer neither ownership rights, nor lease rights to these areas. Thus, all extracted and processed oil (i.e. the hydrocarbons produced) are the property of the RK.

Subsoil use operations are carried out on the basis of reimbursement of certain expenditures and the RK reimburses such expenditures to Contractors not in cash but in the form of the portion of oil production, thereby allowing Contractors to recover their expenditures (further Recoverable Costs) and earn profit.

PSA and FPSA provides for a procedure of expense reimbursement and determine the list of expenses that are not Recoverable Costs.

PSA LLP conducts audits of Recoverable Costs as an organization authorized to act on behalf of the RK within the framework of the PSA and FPSA (further the Authorized Body).

The RK and the Contractors under the PSA and FPSA (except for Kashagan and KMG Karachaganak LLP) have a number of disputes concerning the application of certain PSA and FPSA provisions, which are subject to arbitration and expert determination under the PSA and FPSA. The Contractors consider that they have acted in accordance with the PSA and FPSA, the RK laws and applicable standards and best practices. As of December 31, 2023, the Republic of Kazakhstan and the Contractors have appointed their arbitrators.

Kazakhstan local market obligation

The Government requires oil companies in the RK to supply a portion of the products to meet the Kazakhstan domestic energy requirement on an annual basis, mainly to maintain oil products supply balance on the local market and to support agricultural producers during the spring and autumn sowing and harvest campaigns.

Kazakhstan local market oil prices are significantly lower than export prices and even lower than the normal domestic market prices determined in an arm-length transaction. If the Government does require additional crude oil to be delivered over and above the quantities currently supplied by the Group, such supplies will take precedence over market sales and will generate substantially less revenue (not less than cost of production) than crude oil sold on the export market, which may materially and adversely affect the Group's business, prospects, consolidated financial position and performance.

In 2023, in accordance with its obligations, the Group delivered to the Kazakhstan market 7,619 thousand tons of crude oil, including its share in the joint ventures and associates in the total volume of 2,639 thousand tons (2022: 7,951 thousand tons, including its share in the joint ventures and associates of 3,044 thousand tons).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Commitments under subsoil use contracts

As at December 31, 2023, the Group had the following commitment (net of VAT) related to minimal working program in accordance with terms of licenses, production sharing agreements and subsoil use contracts, signed with the Government, including its share in joint ventures and associate:

In millions of tenge	Capital expenditures, including joint ventures and associates	Capital expenditures of joint ventures and associates	Operational expenditures, including joint ventures and associates	Operational expenditures of joint ventures and associates
Year				
2024	**342,291**	**25,633**	**76,014**	**69,296**
2025	**262,118**	**7,690**	**22,549**	**11,650**
2026	**285,609**	**10,933**	**20,392**	**12,330**
2027	**352,313**	**6,344**	**18,876**	**13,026**
2028-2049	**340,207**	**7,316**	**41,345**	**13,567**
Total	**1,582,538**	**57,916**	**179,176**	**119,870**

As at December 31, 2022 commitments (net of VAT) under subsoil use contracts included:

In millions of tenge	Capital expenditures, including joint ventures and associates	Capital expenditures of joint ventures and associates	Operational expenditures, including joint ventures and associates	Operational expenditures of joint ventures and associates
Year				
2023	314,158	15,136	80,598	76,125
2024	223,085	7,513	14,328	9,804
2025	306,900	7,930	14,803	10,206
2026	339,652	8,434	14,927	10,368
2027-2048	230,333	9,766	31,573	11,225
Total	**1,414,128**	**48,779**	**156,229**	**117,728**

Oil supply commitments

As of December 31, 2023, Kashagan had commitments under the oil supply agreements in the total amount of 3.0 million tons (December 31, 2022: 4.5 million tons). The monetary equivalent is determined based on the market prices at the moment of realization.

Other contractual commitments

As at December 31, 2023, the Group, had other capital commitments related to acquisition and construction of long-lived assets of approximately 166,049 million tenge, net of VAT, including its share in joint ventures commitments of 15,465 (as at December 31, 2022: 240,794 million tenge, net of VAT, including its share in joint ventures commitments of 13,346 million tenge).

As at December 31, 2023, the Group had commitments in the total amount of 93,919 million tenge (as at December 31, 2022: 152,824 million tenge) under the investment programs approved by the joint order of Ministry of Energy of RK and *Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of RK* to facilitate production units.

Non-financial guarantees

As of December 31, 2023 and 2022, the Group has outstanding performance guarantees issued in favour of third parties whereas it provides guarantee should its joint venture or associate fail to perform their obligations under the natural gas purchase-sale, transportation and other agreements.

As of December 31, 2023 and 2022, the management of the Group believes that there were no expected cases of non-performance from the guaranteed parties and, accordingly, no obligations related to the above stated non-financial contingencies were recognized.

37. SEGMENT REPORTING

The Group's operating segments have their own structure and management according to the type of the produced goods and services provided. Moreover, all segments are strategic directions of the business which offer different types of the goods and services in different markets. The functions have been defined as the operating segments of the Group because they are segments a) that engages in business activities from which revenues are generated and expenses incurred; b) whose operating results are regularly reviewed by the Group's chief operating decision makers to make decisions.

The Group's activity consists of three main operating segments: exploration and production of oil and gas, oil transportation, and refining and trading of crude oil and refined products. The Group presents the Company's activities separately in Corporate segment, since the Company performs not only the functions of the parent company, but also carries out operational activities. The remaining operating segments have been aggregated and presented as other operating segment due to their insignificance.

Disaggregation of revenue by types of goods and services is presented in *Note 9* to the consolidated financial statements.

As at December 31, 2023 and 2022 disaggregated revenue mainly represents sales and services made to the external parties by the following operating segments:

	December 31, 2023					
In millions of tenge	**Exploration and production of oil and gas**	**Oil transportation**	**Refining and trading of crude oil and refined products**	**Corporate**	**Other**	**Total**
Sales of crude oil and gas	**887,301**	**–**	**3,740,824**	**–**	**–**	**4,628,125**
Sales of refined products	**4,948**	**–**	**2,008,452**	**823,828**	**11,693**	**2,848,921**
Refining of oil and oil products	**–**	**–**	**248,058**	**–**	**–**	**248,058**
Oil transportation services	**–**	**218,890**	**1,892**	**5,172**	**188**	**226,142**
Other revenue	**17,519**	**48,112**	**145,676**	**1,668**	**155,322**	**368,297**
Total	**909,768**	**267,002**	**6,144,902**	**830,668**	**167,203**	**8,319,543**

	December 31, 2022 (restated)					
In millions of tenge	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Total
Sales of crude oil and gas	668,270	–	3,925,701	–	–	4,593,971
Sales of refined products	4,334	–	2,577,156	775,804	12,566	3,369,860
Refining of oil and oil products	–	–	204,390	–	–	204,390
Oil transportation services	–	184,042	1,493	1,810	188	187,533
Other revenue	25,318	46,324	122,484	1,451	141,750	337,327
Total	697,922	230,366	6,831,224	779,065	154,504	8,693,081

Segment performance is evaluated based on revenues, net profit and adjusted EBITDA, which are measure on the same basis as in the consolidated financial statements.

EBITDA is a supplemental non-IFRS financial measure used by management to evaluate segments performance, and is defined as earnings before depreciation, depletion and amortization, impairment of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale, exploration expenses, impairments of joint ventures and associates, finance income and expense, income tax expenses.

EBITDA, % is calculated as EBITDA of each reporting segment divided by the total EBITDA.

Eliminations and adjustments represent the exclusion of intra-group turnovers. Inter-segment transactions were made on terms agreed to between the segments that may not necessarily comply with market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

Geographic information

The Group's property, plant and equipment *(Note 18)* are located in the following countries:

In millions of tenge	**2023**	2022 (restated)
Kazakhstan	**6,627,783**	6,320,568
Other countries	**553,423**	673,433
	7,181,206	6,994,001

37. SEGMENT REPORTING (continued)

The following represents information about profit and loss for 2023 and assets and liabilities as at December 31, 2023 of operating segments of the Group:

In millions of tenge	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	909,768	267,002	6,144,902	830,668	167,203	–	8,319,543
Revenues from sales to other segments	1,415,539	165,242	180,601	81,526	145,221	(1,988,129)	–
Total revenue	**2,325,307**	**432,244**	**6,325,503**	**912,194**	**312,424**	**(1,988,129)**	**8,319,543**
Cost of purchased oil, gas, petroleum products and other materials	(47,394)	(19,317)	(5,434,580)	(544,457)	(44,376)	1,468,243	(4,621,881)
Production expenses	(534,569)	(252,477)	(395,067)	(212,249)	(244,880)	419,520	(1,219,722)
Taxes other than income tax	(424,909)	(19,181)	(17,673)	(122,151)	(10,166)	–	(594,080)
Transportation and selling expenses	(191,482)	(10,514)	(99,055)	(10,505)	–	66,031	(245,525)
General and administrative expenses	(43,104)	(17,453)	(56,193)	(50,932)	(24,992)	14,882	(177,792)
Share in profit of joint ventures and associates, net	356,257	85,161	70,926	–	21,833	–	534,177
EBITDA	**1,440,106**	**198,463**	**393,861**	**(28,100)**	**9,843**	**(19,453)**	**1,994,720**
EBITDA, %	**72%**	**10%**	**20%**	**(1%)**	**–**	**(1%)**	
Depreciation, depletion and amortization	(415,759)	(39,611)	(132,971)	(3,549)	(9,314)	–	(601,204)
Finance income	16,904	10,701	38,305	120,971	16,157	(55,793)	147,245
Finance costs	(28,780)	(8,774)	(116,256)	(193,272)	(6,952)	31,961	(322,073)
Impairment of property, plant and equipment, intangible assets and exploration expenses	(130,502)	(1,658)	(100,809)	–	2,389	–	(230,580)
Income tax expenses	(154,885)	(9,307)	(36,969)	(67,780)	(1,407)	–	(270,348)
Profit/(loss) for the year from continuing operations	**218,275**	**35,510**	**79,165**	**662,071**	**(11,719)**	**(58,841)**	**924,461**
Other segment information							
Investments in joint ventures and associates	4,056,464	536,576	129,442	–	98,945	–	4,821,427
Capital expenditures	389,846	193,008	153,989	44,097	22,597	–	803,537
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(14,486)	(7,365)	(50,362)	(35,150)	(10,850)	–	(118,213)
Assets of the segment	**11,568,853**	**1,475,597**	**3,093,384**	**1,863,189**	**428,372**	**(1,486,683)**	**16,942,712**
Liabilities of the segment	**1,627,121**	**370,240**	**1,844,841**	**4,549,994**	**136,991**	**(1,980,872)**	**6,548,315**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. SEGMENT REPORTING (continued)

The following represents information about profit and loss for 2022 and assets and liabilities as at December 31, 2022 of operating segments of the Group:

In millions of tenge	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers*	697,922	230,366	6,831,224	779,065	154,504	–	8,693,081
Revenues from sales to other segments*	1,569,854	151,266	154,147	82,486	125,585	(2,083,338)	–
Total revenue*	2,267,776	381,632	6,985,371	861,551	280,089	(2,083,338)	8,693,081
Cost of purchased oil, gas, petroleum products and other materials*	(39,249)	(18,645)	(6,007,073)	(471,008)	(38,972)	1,614,771	(4,960,176)
Production expenses*	(470,203)	(211,538)	(433,634)	(189,323)	(218,212)	378,669	(1,144,241)
Taxes other than income tax*	(534,565)	(17,376)	(15,358)	(100,782)	(9,840)	–	(677,921)
Transportation and selling expenses*	(166,841)	(15,212)	(78,555)	(9,415)	–	64,671	(205,352)
General and administrative expenses*	(32,854)	(17,123)	(51,531)	(30,453)	(30,682)	2,164	(160,479)
Share in profit of joint ventures and associates, net*	819,011	136,499	57,587	–	(21,787)	–	991,310
EBITDA*	1,843,075	238,237	456,807	60,570	(39,404)	(23,063)	2,536,222
EBITDA, %*	73%	9%	18%	3%	(2%)	(1%)	
Depreciation, depletion and amortization*	(308,695)	(44,760)	(141,362)	(2,820)	(9,263)	–	(506,900)
Finance income*	556,187	4,212	19,747	137,177	16,776	(613,496)	120,603
Finance costs*	(28,673)	(6,908)	(127,869)	(717,341)	(5,972)	578,708	(308,055)
Impairment of property, plant and equipment, intangible assets and exploration expenses*	(11,653)	472	(9,682)	–	946	–	(19,917)
Income tax expenses*	(307,826)	(53,133)	(80,692)	(49,215)	(1,511)	–	(492,377)
Profit/(loss) for the year from continuing operations*	1,474,001	42,027	30,477	(168,543)	(39,315)	(32,087)	1,306,560
Other segment information							
Investments in joint ventures and associates	4,179,880	582,862	102,569	–	82,092	–	4,947,403
Capital expenditures*	321,014	68,276	111,714	17,678	16,283	–	534,965
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(6,197)	(10,966)	(47,786)	(28,912)	(9,066)	–	(102,927)
Assets of the segment	11,637,703	1,373,621	3,004,932	1,445,989	386,151	(1,191,506)	16,656,890
Liabilities of the segment	1,427,150	311,632	1,988,310	4,584,712	120,799	(1,643,139)	6,789,464

* *Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2021 and reflect adjustments made, refer to Note 7.*

38. SUBSEQUENT EVENTS

Loss of control over the subsidiary

On February 21, 2024, KMG signed a purchase and sale agreement with PJSC Tatneft, a third party, for a sale of 50% shares of Karaton Operating Ltd., a wholly owned subsidiary of KMG, for cash consideration of 18.2 million US dollars (equivalent to 8,255 million tenge on the date of disposal of the subsidiary). As a result, the Group lost control over the subsidiary and recognized investment in joint venture.

Dividends received

On March 12, 2024, the Company received dividends from TCO, the joint venture, of 85 million US dollars (equivalent to 38,191 million tenge).