KazTransOil JSC

Separate financial statements

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

Building a better working world

CONTENTS

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Independent auditor's report

To the Shareholders and Board of Directors of KazTransOil JSC

Opinion

We have audited the separate financial statements of KazTransOil JSC (hereinafter, the "Company"), which comprise the separate statement of financial position as at 31 December 2023, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information.

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

Basis for opinion

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

Key audit matters

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

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

Key audit matter	*How our audit addressed the key audit matter*
Fair value of property, plant and equipment	
Property, plant and equipment makes up a significant portion of total assets of the Company as at 31 December 2023. In accordance with the accounting policy of the Company, property, plant and equipment is measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. At each reporting date management of the Company assesses how significantly the fair value of its property, plant and equipment differs from the carrying value. Due to high level of subjectivity in respect of assumptions underlying the assessment of the fair value of property, plant and equipment, we believe that this matter is of the most significance in our audit. The fair value of the Company's assets was appraised using income approach under the economic impairment test for specialised oil transportation assets and the market approach for non-specialised assets. Significant assumptions used in calculating the fair value included future transportation volumes, tariffs, discount rate and long-term growth rate. Information about property, plant and equipment is disclosed in Note 5 to the separate financial statements; a description of the accounting policy and key judgements and estimates is included in Notes 3 and 4 to the separate financial statements.	We obtained from the management of the Company its assessment of the possible changes in fair value of property, plant and equipment. For assets revalued using income approach and assets to which an economic impairment was applied, we compared input data used by the management with the Company's most recent business plans. We assessed underlying assumptions and compared them with historical data. We compared data used in discount rate and long-term growth rate calculations with available external information and checked mathematical accuracy of these calculations. We checked mathematical accuracy of the calculations of the present value of expected future cash flows. For the assets, revalued using market approach we compared inputs with available market data for similar items. We checked mathematical accuracy of the fair value calculations. We analyzed the disclosures made in the financial statements about the revaluation of property, plant and equipment.

Other information included in the Company's Annual report 2023

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

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

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

Responsibilities of management and audit committee for the separate financial statements

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

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

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

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

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

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

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

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

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

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

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

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

Ernst & Young LLP

Adil Syzdykov
Auditor

Auditor qualification certificate
No. МФ-0000172 dated 23 December 2013

Rustamzhan Sattarov
General Director
Ernst & Young LLP

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

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1 March 2024

SEPARATE STATEMENT OF FINANCIAL POSITION

In thousands of Tenge	Notes	31 December 2023	31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	5	**825,994,253**	819,577,150
Right-of-use assets	6	**6,722,767**	905,618
Intangible assets	7	**966,587**	1,147,720
Investments in subsidiaries	8	**83,288,946**	82,171,788
Investments in joint ventures	9	**12,504,945**	12,504,945
Advances to suppliers for property, plant and equipment	10	**1,291,771**	73,601
Bank deposits	16	**718,088**	945,452
Other long-term accounts receivable	12	**721,048**	883,284
		932,208,405	918,209,558
Current assets			
Inventories	11	**7,413,054**	7,216,578
Trade and other accounts receivable	12	**4,487,576**	5,278,831
Advances to suppliers	13	**302,623**	162,887
Prepayment for income tax		**420,860**	1,661,338
VAT recoverable and other prepaid taxes	14	**1,854,527**	64,688
Other current assets	15	**26,179,481**	6,581,164
Cash and cash equivalents	17	**51,938,072**	72,637,270
		92,596,193	93,602,756
Total assets		**1,024,804,598**	1,011,812,314

The accounting policy and explanatory notes on pages 7 through 50 form an integral part of these separate financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION (continued)

In thousands of Tenge	Notes	31 December 2023	31 December 2022
Equity and liabilities			
Equity			
Share capital	18	**61,937,567**	61,937,567
Treasury shares repurchased from shareholders		**(9,549)**	(9,549)
Asset revaluation reserve	18	**319,936,940**	354,930,137
Other capital reserves	18	**1,246,570**	(185,584)
Retained earnings		**391,024,909**	357,093,401
Total equity		**774,136,437**	773,765,972
Non-current liabilities			
Employee benefit obligations	19	**18,030,139**	18,082,503
Deferred tax liabilities	33	**99,166,081**	107,055,139
Provision for asset retirement and land recultivation obligation	24	**45,648,971**	40,664,979
Lease liabilities	21	**5,097,201**	190,245
Contract liabilities to customers		**27,462**	29,452
		167,969,854	166,022,318
Current liabilities			
Current part of employee benefit obligations	19	**1,181,930**	1,042,632
Trade and other accounts payable	20	**20,738,174**	17,823,372
Lease liabilities	21	**2,416,764**	938,352
Contract liabilities to customers	22	**27,469,613**	22,523,294
Other taxes payable	23	**1,129,974**	2,429,937
Other current liabilities	25	**29,761,852**	27,266,437
		82,698,307	72,024,024
Total liabilities		**250,668,161**	238,046,342
Total equity and liabilities		**1,024,804,598**	1,011,812,314
Book value per ordinary share (in Tenge)	18	**2,010**	2,009

Signed and approved for issue on 1 March 2024.

General Director (Chairman of the Management Board) *Kurmanbayev T.N.*

Chief Accountant *Akhmedina A.S.*

The accounting policy and explanatory notes on pages 7 through 50 form an integral part of these separate financial statements.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

In thousands of Tenge	Notes	For the year ended 31 December 2023	2022
Revenue	26	**240,988,235**	212,136,196
Cost of sales	27	**(206,030,190)**	(179,084,114)
Gross profit		**34,958,045**	33,052,082
General and administrative expenses	28	**(12,332,165)**	(11,860,002)
Other operating income	29	**1,542,027**	1,636,182
Other operating expenses	30	**(1,022,098)**	(807,184)
Impairment of property, plant and equipment, net	5	**(4,730,780)**	(12,621,560)
Impairment of investments in a subsidiary	8	**(782,842)**	(3,842,224)
Operating profit		**17,632,187**	5,557,294
Net foreign exchange gain		**791,480**	2,494,528
Dividend income	8, 9	**4,740,951**	7,636,855
Finance income	31	**9,181,922**	3,632,919
Finance costs	32	**(7,008,037)**	(4,776,859)
Profit before income tax		**25,338,503**	14,544,737
Income tax expense	33	**(7,296,603)**	(6,175,462)
Net profit for the year		**18,041,900**	8,369,275
Other comprehensive (loss)/income			
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods			
Revaluation and impairment of property, plant and equipment, net	5	**(3,184,948)**	147,106,004
Income tax effect	33	**636,990**	(29,421,200)
		(2,547,958)	117,684,804
(Charge)/reversal of provision for asset retirement and land recultivation obligation	24	**(1,943,919)**	6,810,783
Income tax effect	33	**388,784**	(1,362,157)
		(1,555,135)	5,448,626
Actuarial income from employee benefit obligations	19	**1,472,627**	4,238,724
Income tax effect	33	**(40,473)**	(116,499)
		1,432,154	4,122,225
Total other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods, net		**(2,670,939)**	127,255,655
Total other comprehensive (loss)/income for the year, net of tax		**(2,670,939)**	127,255,655
Total comprehensive income for the year, net of tax		**15,370,961**	135,624,930
Basic and diluted earnings per share (in Tenge)	18	**47**	22

Signed and approved for issue on 1 March 2024.

General Director (Chairman of the Management Board) *Kaimanbayev T.N.*

Chief Accountant *Akhmedina A.S.*

The accounting policy and explanatory notes on pages 7 through 50 form an integral part of these separate financial statements

SEPARATE STATEMENT OF CASH FLOWS

In thousands of Tenge	Notes	For the year ended 31 December 2023	2022
Cash flows from operating activities			
Profit before income tax		**25,338,503**	14,544,737
Adjustment to reconcile profit before tax to net cash flows			
Depreciation and amortization	27, 28	**61,339,659**	46,730,075
Finance income	31	**(9,181,922)**	(3,632,919)
Finance costs	32	**7,008,037**	4,776,859
Impairment of property, plant and equipment, net	5	**4,730,780**	12,621,560
Dividends income	8, 9	**(4,740,951)**	(7,636,855)
Reversal and revision of estimates on provision on asset retirement and land recultivation obligation, net	29	**(987,121)**	(853,813)
Net foreign exchange gain		**(791,480)**	(2,494,528)
Impairment of investment in subsidiary	8	**782,842**	3,842,224
Employee benefit obligations, current services costs	27, 28	**702,937**	716,251
Write-off of inventory value to net realisable value	30	**661,271**	394,769
Write-off of VAT recoverable	28	**228,373**	131,312
Actuarial loss	30	**96,799**	4,163
Loss on disposal of property, plant and equipment, net	30	**70,388**	194,841
Charge/(reversal) of expected credit losses, net	28	**53,209**	(139,147)
Others		**(39,503)**	62,341
Operating cash flows before working capital changes		**85,271,821**	69,261,870
(Increase)/decrease in operating assets			
Inventories		**(258,276)**	130,078
Trade and other accounts receivable		**1,072,881**	(702,741)
Advances to suppliers		**(270,254)**	181,412
VAT recoverable and other prepaid taxes		**(266,525)**	(131,310)
Other current assets		**243,548**	18,630
Increase/(decrease) in operating liabilities			
Trade and other accounts payable		**712,198**	3,035,170
Contract liabilities to customers		**4,944,329**	3,706,705
Other taxes payable		**(3,051,650)**	2,860,736
Other current and non-current liabilities and employee benefit obligations		**1,291,877**	1,874,285
Cash flows from operating activities		**89,689,949**	80,234,835
Income taxes paid		**(11,841,045)**	(10,616,908)
Interest received		**7,892,060**	2,765,523
Net cash flows from operating activities		**85,740,964**	72,383,450

The accounting policy and explanatory notes on pages 7 through 50 form an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS (continued)

In thousands of Tenge	Notes	For the year ended 31 December 2023	2022
Cash flows from investing activities			
Purchase of Notes of the National Bank		**(117,517,479)**	–
Proceeds from redemption of Notes of the National Bank		**97,517,479**	–
Purchase of property, plant and equipment and intangible assets		**(72,441,350)**	(33,139,720)
Dividends received from joint ventures	9	**3,960,351**	7,636,855
Contributions to charter capital of a subsidiary	8	**(1,900,000)**	(6,100,000)
Dividends received from subsidiary	8	**794,790**	–
Proceeds from disposal of property, plant and equipment and non-current assets held for sale		**570,961**	69,632
Withdrawal of bank deposits		**222,975**	9,212,398
Proceeds from bonds redemption		**104,147**	42,452
Net cash flows used in investing activities		**(88,688,126)**	(22,278,383)
Cash flows from financing activities			
Dividends paid	18	**(15,000,496)**	(10,000,331)
Payment of lease liabilities	21	**(2,377,279)**	(2,044,847)
Net cash flows used in financing activities		**(17,377,775)**	(12,045,178)
Net change in cash and cash equivalents		**(20,324,937)**	38,059,889
Net foreign exchange difference		**(380,346)**	973,589
Change in allowance for expected credit losses		**6,085**	(1,863)
Cash and cash equivalents at the beginning of the year		**72,637,270**	33,605,655
Cash and cash equivalents at the end of the year		**51,938,072**	72,637,270

Signed and approved for issue on 1 March 2024.

General Director (Chairman of the Management Board) *Kushmanbayev T.N.*

Chief Accountant *Akhmedina A.S.*

The accounting policy and explanatory notes on pages 7 through 50 form an integral part of these separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

In thousands of Tenge	Share capital	Treasury shares repurchased from shareholders	Asset revaluation reserve	Other capital reserves	Retained earnings	Total
As at 31 December 2021	61,937,567	(9,549)	244,149,477	(4,307,809)	346,371,687	648,141,373
Net profit for the year	–	–	–	–	8,369,275	8,369,275
Other comprehensive income	–	–	123,133,430	4,122,225	–	127,255,655
Total comprehensive income for the year	–	–	123,133,430	4,122,225	8,369,275	135,624,930
Amortization of revaluation reserve for property, plant and equipment	–	–	(12,352,770)	–	12,352,770	–
Dividends *(Note 18)*	–	–	–	–	(10,000,331)	(10,000,331)
As at 31 December 2022	61,937,567	(9,549)	354,930,137	(185,584)	357,093,401	773,765,972
Net profit for the year	–	–	–	–	**18,041,900**	**18,041,900**
Other comprehensive loss	–	–	**(4,103,093)**	**1,432,154**	–	**(2,670,939)**
Total comprehensive income for the year	–	–	**(4,103,093)**	**1,432,154**	**18,041,900**	**15,370,961**
Amortization of revaluation reserve for property, plant and equipment	–	–	**(30,890,104)**	–	**30,890,104**	–
Dividends *(Note 18)*	–	–	–	–	**(15,000,496)**	**(15,000,496)**
As at 31 December 2023	**61,937,567**	**(9,549)**	**319,936,940**	**1,246,570**	**391,024,909**	**774,136,437**

Signed and approved for issue on 1 March 2024.

General Director (Chairman of the Management Board) ____________________ *Kabyldin Kairmanbayev T.N.*

Chief Accountant ____________________ *Akhmedina A.S.*

The accounting policy and explanatory notes on pages 7 through 50 form an integral part of these separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL

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

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

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

As at 31 December 2023 10% of shares of the Company are owned by minority shareholders who acquired them within the "People's IPO" program. The major shareholder of the Company, who owns the controlling interest of the Company (90%) is National Company "KazMunayGas" JSC (hereinafter KMG or Parent Company). As at 31 December 2023 67.42% of KMG shares belong to the Government of the Republic of Kazakhstan represented by Sovereign Wealth Fund "Samruk-Kazyna" JSC (hereinafter − Samruk-Kazyna), 20% of KMG shares belong to the Ministry of Finance of the Republic of Kazakhstan, 9.58% of KMG shares belong to the Republic State Institution «National Bank of the Republic of Kazakhstan» and 3% are in free circulation of the Astana International Exchange (AIX) and Kazakhstan Stock Exchange (hereinafter − KASE). The Government of the Republic of Kazakhstan is the sole shareholder of Samruk-Kazyna.

As at 31 December 2023 and 2022 the Company had ownership interest in the following companies:

	Place of incorporation	Principal activities	Ownership **31 December 2023**	 31 December 2022
"MunaiTas" NWPC LLP (hereinafter − MunaiTas)	Kazakhstan	Oil transportation	**51%**	51%
"Kazakhstan-China Pipeline" LLP (hereinafter − KCP)	Kazakhstan	Oil transportation	**50%**	50%
"Batumi Oil Terminal" (hereinafter − BOT)*	Georgia	Forwarding, transshipment and storage of oil and oil products and operating of Batumi Sea Port	**100%**	100%
"Petrotrans Limited" (hereinafter − PTL)	United Arab Emirates	Forwarding of oil and oil products	**100%**	100%
"Main Waterline" LLP (hereinafter − Main Waterline)	Kazakhstan	Water transportation	**100%**	100%

* *BOT has the exclusive right to manage 100% of the shares of "Batumi Sea Port" LLC (hereinafter − BSP).*

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

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

The Company is the national operator of the Republic of Kazakhstan on the main oil pipeline. The Company operates network of main oil pipelines of 5,338 km.

The Company provides services for the transportation of oil through main oil pipelines, a transport expedition of Kazakhstani oil through pipelines of other states, services for the operation and maintenance of oil pipelines of other organizations, including joint venture of the Company. The Company's joint ventures MunaiTas and KCP own Kenkiyak-Atyrau, Kenkiyak-Kumkol, and Atasu-Alashankou pipelines mainly used for transportation of Kazakhstani crude oil, and also for transit of Russian oil to China.

1. GENERAL (continued)

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

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

Starting from 1 January to 30 June 2023, the approved tariff for pumping oil to the domestic market is 4,355.57 Tenge per ton for 1,000 kilometers without VAT. Starting from 1 July 2023, tariff for the specified service was put into effect in the amount of 4,849.39 Tenge per ton for 1,000 km without VAT (from 1 January 2022 to 31 August 2022: 3,728.82 Tenge per ton for 1,000 kilometers without VAT; from 1 September 2022 to 30 November 2022: 4,328.04 Tenge per ton for 1,000 kilometers without VAT; from 1 December 2022 to 31 December 2022: 4,355.57 Tenge per ton for 1,000 kilometers without VAT).

Tariff for pumping oil on export from the Republic of Kazakhstan from 1 March 2020 to 31 May 2022 was 7,358.76 Tenge per ton for 1,000 kilometers without VAT, starting from 1 June 2022 to 30 June 2023 - 8,830.51 Tenge per ton for 1,000 km without VAT. Starting from 1 July 2023, the tariff for the specified service was put into effect in the amount of 10,150.00 Tenge per ton for 1,000 km without VAT.

Tariff for pumping oil for transit through Kazakhstani part of main oil pipeline “Tuymazy − Omsk − Novosibirsk-2” starting from 1 April 2018 is 4,292.40 Tenge per ton for 1,000 kilometers without VAT. From 27 June 2023, the tariff for the specified service was put into effect in the amount of 11.28 US Dollars per ton for 1,000 km without VAT.

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

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

These separate financial statements for the year ended 31 December 2023 were approved for issue by Internal Audit Committee of the Company’s Board of Directors and signed by the General Director (Chairman of the Management Board) and the Chief Accountant on 1 March 2024.

2. BASIS OF PREPARATION

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

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

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

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

In preparing the separate financial statements, the Company's management considered the current economic and geopolitical situation in the world, taking into account the presence of a number of uncertainties, including the war in Ukraine *(Note 35)*. The separate financial statements were prepared in accordance with a going concern basis.

The separate financial statements was issued in addition to the consolidated financial statements of the Company and its subsidiaries. The consolidated financial statements was approved by internal audit committee of the Company’s Board of Directors and signed by the Acting General Director (Chairman of the Management Board) and the Chief Accountant of the Company on 1 March 2024.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Investment in a subsidiary

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

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

3.2 Interest in joint ventures

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

3.3 Foreign currency translation

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

Transactions and balances

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

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

All exchange differences arising from repayment and recalculation of monetary items, are included in the separate statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Exchange rates

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

Weighted average currency exchange rates for the year ended 31 December 2023 and 2022 are as follows:

	For the year ended 31 December	
Tenge	**2023**	2022
US Dollars	**456.21**	460.93
Russian Rubles	**5.41**	6.92
Euro	**493.22**	485.29

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

Tenge	**2023**	2022
US Dollars	**454.56**	462.65
Russian Rubles	**5.06**	6.43
Euro	**502.24**	492.86

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Current versus non-current classification of assets and liabilities

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- A Company doesn`t have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

3.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Fair value measurement (continued)

For assets and liabilities that are recognised in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

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

3.6 Property, plant and equipment

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

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

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

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

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

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

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Further detailed information about the asset retirement and land recultivation obligation disclosed in *Notes 4, 24*.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Property, plant and equipment (continued)

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

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

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

3.7 Intangible assets

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

The useful lives of intangible assets are assessed as finite.

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

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

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

3.8 Impairment of non-financial assets

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

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less selling costs, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Impairment of non-financial assets (continued)

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

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

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

3.9 Financial assets

Initial recognition and measurement

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

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

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15 *Revenue from Contracts with Customers*.

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

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

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

The Company's financial assets include cash and short-term bank deposits, trade and other receivables, investments in bonds, Notes of the National Bank, reverse repo transactions).

Subsequent measurement

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortised cost (debt instruments)

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

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade and other accounts receivables and funds in credit institutions (bank deposits, cash and cash equivalents), Notes of the National Bank, reverse repo transactions.

Derecognition

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.10 Impairment of financial assets

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

- Disclosures for significant assumptions *(Note 4)*;
- Trade and other accounts receivable *(Note 12)*;
- Bank deposits *(Note 16)*;
- Cash and cash equivalents, reverse repo transactions *(Note 17);*
- Notes of the National Bank *(Note 15)*

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Impairment of financial assets (continued)

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

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

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

The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Also it is considered a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

3.11 Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

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

Financial liabilities at amortised cost

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

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

Derecognition

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

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

3.12 Offsetting of financial instruments

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Inventories

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

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

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

Cost of inventories is determined by using of FIFO basis.

3.14 Cash and cash equivalents

Cash and cash equivalents in the separate statement of financial position comprise cash at banks and on hand, short-term deposits and other short-term highly liquid investments (reverse repo transactions) with a maturity of three months or less.

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

3.15 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss excluding any reimbursement.

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

The estimated future costs on asset retirement and land recultivation obligation are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset *(Notes 4, 24)*.

3.16 Employee benefits

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

The expected costs of the benefits associated with one-off retirement payments are accrued over the period of employment using the same accounting methodology as used for defined benefit post-employment plans with defined payments on the end of labor activity. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising because of differences between the previous actuarial assumptions and what has actually occurred. Other movements are recognised in the current period, including current service cost, any past services cost and the effect of any curtailments or settlements.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Employee benefits (continued)

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

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

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

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

Employee benefits except for one-time severance payments, post-employment benefits are considered as other long-term employee benefits. The expected cost of these benefits is accrued over the period of employment using the same accounting methodology as used for the defined benefit plan.

These obligations are valued by independent qualified actuaries on an annual basis. Further detailed information is disclosed in *Notes 4, 19.*

3.17 Revenue and other income recognition

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

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

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

Rendering of transportation services

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

Rendering of pipeline operation and maintenance services

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

Rendering of other services

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

Interest income

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

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Revenue and other income recognition (continued)

Dividends

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

Fees for undelivered oil volumes

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

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

Variable consideration

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

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

Principal versus agent considerations

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

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

Advances received from customers

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

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

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

In accordance with the requirements for the separate financial statements, the Company has detailed information on revenue recognized under contracts with customers in categories reflecting how economic factors influence the nature, size, timing and uncertainty of revenue and cash flows. Disclosure of detailed revenue is discussed in *Note 26.*

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in Republic of Kazakhstan, where the Company operates and generates taxable income.

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

Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or in equity.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Taxes (continued)

Value added tax (VAT)

Tax authorities allow VAT repayments on sales and acquisitions to be made on a net basis. VAT recoverable represents VAT on acquisitions in the domestic market, less VAT on sales in the domestic market. Export sales are zero rated.

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

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

Receivables and payables are stated including VAT.

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

3.19 Changes in accounting policies and disclosures

The applied accounting policy is in line with the accounting policy applied in the previous reporting year, with the exception of the acceptance of the following new IFRS effective from 1 January 2023.

New standards, interpretations and amendments to existing standards and interpretations

Some standards and amendments are applied for the first time in 2023. The nature and the impact of each new standard or amendment are described below:

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, 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.

This standard had no impact on the Company's separate financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

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

This standard had no impact on the Company's separate 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 Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's separate financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Changes in accounting policies and disclosures (continued)

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

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 Company's separate financial statements.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

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

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

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

These amendments had no impact on the Company's separate financial statements, as the Company's annual revenue does not exceed 750 million euros, and therefore the Pillar II model rules do not apply to the Company.

Standards issued but not yet effective

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

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of *IFRS 16*. Earlier application is permitted and that fact must be disclosed.

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

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

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Changes in accounting policies and disclosures (continued)

Standards issued but not yet effective (continued)

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

- Financial risk management and policies *(Note 36)*;
- Sensitivity analyses disclosures *(Note 36)*.

Estimates and assumptions

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

Fair value measurement of the property, plant and equipment

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Fair value measurement of the property, plant and equipment (continued)

As part of the valuation of the fair value, the appraiser performed a test for adequate profitability using the income approach to determine the amount of economic depreciation of the Company's specialized items of property, plant and equipment. The recoverable amount of the property, plant and equipment of the Company is determined by assessing value in use. The value in use of assets is defined as the value of the business, adjusted for the fair value of net working capital. Cash flow forecasting was based on the budgets and business plans of the Company approved by the management of the Company for 2022 and for the period 2023-2027, respectively. The cash flows in the post-forecast period are determined on the basis of extrapolation of forecast data using long-term growth rate. The following basic assumptions were applied in determining the value in use: discount rate (WACC) of 17.07% and long-term growth rate of 4%.

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

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

As at 31 December 2023, the Company conducted a fair value analysis and determined that the carrying value of property, plant and equipment related to Level 2 in the fair value hierarchy (unquoted observable inputs) is approximately equal to their fair value. At the same time, due to the presence of signs of impairment (decrease in the projected volume of oil cargo turnover, changes in the discount rate (WACC), the Company updated the analysis of the recoverable value of property, plant and equipment by assessing the value in use. The following basic assumptions were applied in determining the value in use: a discount rate (WACC) of 17.43% and a long-term growth rate of 4%.

Based on the results of the analysis, the Company determined that the book value of its property, plant and equipment related to Level 3 in the fair value hierarchy (unobservable inputs) exceeded their recoverable amount. Thus, the Company recognized an impairment on these property, plant and equipment in the total amount of 12,179,036 thousand Tenge, including 7,638,849 thousand Tenge was recognized through the revaluation reserve and 4,540,187 thousand Tenge through profit and loss *(Note 5)*.

In addition, during 2023 the Company recognized an impairment on individual property, plant and equipment in the total amount of 979,515 thousand Tenge, including through a revaluation reserve of 788,922 thousand Tenge and through profit and loss in the amount of 190,593 thousand Tenge *(Note 5)*, as the carrying amount of these property, plant and equipment exceeded their recoverable amount.

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

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

In millions of Tenge	(Decrease)/ Increase in rate	Oil transportation CGU
Discount rate (WACC)	-0.5%	24,027
	+0.5%	(22,264)
Long-term growth rate	-0.5%	(16,059)
	+0.5%	17,301

Revaluation of technological oil

Technological oil is revalued at each reporting date, due to the fact that fluctuations are quite frequent and significant. Technological oil of the Company was revalued on each reporting date of interim periods and on 31 December 2023 and 2022.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Revaluation of technological oil (continued)

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

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

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

Taking into account all these factors as at 31 December 2023 the fair value of the Company's technological oil was determined based on the price of 84,524 Tenge per ton (as at 31 December 2022: 84,050 Tenge per ton). Other comprehensive income from the effect of the change in fair value of the technological oil during 2023 was equal to 1,262,334 thousand Tenge (during 2022: 19,423,763 thousand Tenge).

In addition, during 2023 other comprehensive income from the revaluation of technological oil surplus in the amount 3,980,489 thousand Tenge (during 2022: 3,229,453 thousand Tenge), as well as a loss from the write-off of oil shortage in the amount of 7,717 thousand tenge (for 2022: 282,934 thousand tenge). During 2023 as a result of revaluation the net other comprehensive income was equal to 5,242,823 thousand Tenge (during 2022: other comprehensive income for 22,653,216 thousand Tenge) *(Note 5)*.

The volume of oil in the pipeline as at 31 December 2023 amounted to 2,710 thousand tons (31 December 2022: 2,663 thousand tons). According to the results of stock count of oil held at the end of 2023 the surpluses in the amount of 47,093 tons were recognized (for 2022: 38,423 tons).

Impairment of investments in subsidiaries and jointly controlled entities

Due to the presence of impairment indicators as at 31 December 2023, the Company recognised an impairment of its investment in Main Waterline in the amount of the excess of the carrying amount of the investment over its recoverable amount, which amounted to 782,842 thousand Tenge (as at 31 December 2022: 3,842,224 Tenge) *(Note 8)*.

As at 31 December 2023 and 2022 there weren't impairment indicators of investments in BOT, PTL, KKT and MunaiTas.

Useful lives of items of property, plant and equipment

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Asset retirement and land recultivation obligation (continued)

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

As a percentage	**2023**	2022
Discount rate	**8.77%**	10.46%
Inflation rate	**4.75%**	6.23%
Period of fulfillment of obligations	**11 years**	12 years

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

As at 31 December 2023 the carrying amount of the asset retirement and land recultivation obligation was 45,648,971 thousand Tenge (as at 31 December 2022: 40,664,979 thousand Tenge) *(Note 24)* and includes the corresponding provisions for oil pipelines, oil pumping stations (OPS) and landfills.

Provisions for oil pipelines

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

This provisions are estimated based on the value of the work to decommission and rehabilitate calculated by the Company in accordance with the technical regulations of the Republic of Kazakhstan.

Provisions for OPS

In accordance with the amendments made to the Environmental Code of the Republic of Kazakhstan, after the termination of the operation of facilities that have a negative impact on the environment, the operators (owners) of facilities are obliged to ensure the elimination of the consequences of the operation of facilities in accordance with the requirements of the legislation of the Republic of Kazakhstan. As part of the elimination of the consequences of the operation of facilities that have a negative impact on the environment, work should be carried out to bring land plots into a condition that ensures the safety and (or) human health, environmental protection and suitable for their further use for their intended purpose, in accordance with the procedure provided for by the land legislation of the Republic of Kazakhstan. According to the Environmental Code of the Republic of Kazakhstan, the objects of the Company belong to category II, which have a moderate negative impact on the environment. Accordingly, in 2022, the Company created a reserve for decommissioning and recultivation of the OPS lands.

Provisions for landfills

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

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Provisions for landfills (continued)

Sensitivity analysis of asset retirement and land recultivation obligation for the change in significant assumptions as at 31 December 2023 is as follows:

In thousands of Tenge	**(Decrease)/ increase in rate**	**Increase/ (decrease) in liability**
Discount rate	**-0,5%**	**2,358,603**
	+0,5%	**(2,232,013)**
Inflation rate	**-0,5%**	**(2,325,923)**
	+0,5%	**2,439,635**

Reserves for the impairment of advances to suppliers

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

As at 31 December 2023 and 2022 these reserves have been created for the amount of 53,258 thousand Tenge *(Notes 10)*.

Allowances for financial assets

The Company recognises allowances for expected credit losses for trade accounts receivable and funds in credit institutions (cash and cash equivalents, bank deposits), reverse repo transactions and Notes of the National Bank.

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

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

The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Also it is considered a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

As at 31 December 2023 and 2022 allowance for expected credit losses was created in the amount of 726,338 thousand Tenge and 885,399 thousand Tenge, respectively *(Notes 12, 16, 17)*. Changes in the economy, industry and specific characteristics may affect the reserves recorded in separate financial statements.

Tax provision

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

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Deferred tax assets

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

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The amount of recognized deferred tax assets as at 31 December 2023 was 13,679,181 thousand Tenge (as at 31 December 2022: 11,192,413 thousand Tenge) *(Note 33)*, net off with the amount of deferred tax liabilities. As at 31 December 2023 and 2022 the Company did not have unrecognized deferred tax assets.

Employee benefits

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

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

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

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

Principal actuarial assumptions used for valuation of employee benefit obligations as at 31 December 2023 and 2022 were as follows:

	2023	2022
Discount rate	**10.93%**	10.46%
Future financial aid increase	**7.15%**	7.50%
Future salary increase	**5.63%**	5.74%
Mortality rate	**5.44%**	5.81%

As at 31 December 2023 the average period of post-retirement benefit obligations were 17.98 years (as at 31 December 2022: 18.7 years).

Sensitivity analysis of employee benefit obligations for the change in significant estimates as at 31 December 2023 is as follows:

In thousands of Tenge	**(Decrease)/ increase in rate**	**(Decrease)/ increase in obligation**
Discount rate	**-0,5%**	**1,187,706**
	+0,5%	**(1,086,147)**
Future financial aid increase	**-1%**	**(2,191,723)**
	+1%	**2,384,923**
Future salary increase	**-1%**	**(204,534)**
	+1%	**237,923**
Life duration	**-1 year**	**(197,601)**
	+1 year	**196,760**

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 31 December 2022 and 2023 are as follows:

In thousands of Tenge	Land	Pipelines	Transportation assets	Buildings and constructions	Machinery, transfer devices and equipment	Technological oil	Other	Construction in progress	Total
Gross carrying amount as at 1 January 2022	5,480,298	276,715,066	19,418,897	85,158,240	161,604,080	201,418,200	10,923,086	27,941,159	788,659,026
Additions	–	3,466	2,073,803	304,038	1,202,081	–	261,298	34,895,146	38,739,832
Additions on asset retirement and land recultivation obligation *(Note 24)*	–	346,567	–	13,612,707	–	–	–	–	13,959,274
Changes in estimates on asset retirement and land recultivation obligation *(Note 24)*	–	–	–	(3,359,391)	–	–	–	–	(3,359,391)
Disposals	(33,338)	(1,609,403)	(181,040)	(192,218)	(919,694)	(282,934)	(527,538)	(229,616)	(3,975,781)
Revaluation (reserve for revaluation of asset) *(Note 4)*	4,443,733	38,821,474	7,228,396	19,203,286	47,157,230	22,653,216	7,567,332	247,580	147,322,247
Impairment and revaluation through profit or loss due to revaluation *(Note 4)*	53,212	236,171	(819,269)	(4,235,463)	(5,367,665)	–	13,142	(2,478,291)	(12,598,163)
Substraction of accumulated depreciation and impairment due to revaluation	–	(47,981,888)	(7,434,999)	(20,861,746)	(66,306,187)	–	(7,256,757)	(180,880)	(150,022,457)
Transfers from non-current assets held for sale	73,519	–	102,667	672,938	31,483	–	604	–	881,211
Transfers to inventory	–	(14,191)	–	–	–	–	–	(14,457)	(28,648)
Transfers from construction-in-progress	412	21,976,435	82,529	3,863,552	9,951,937	–	71,427	(35,946,292)	–
Transfers and reclassifications	–	230,913	(85,550)	–	(164,563)	–	19,200	–	–
Gross carrying amount as at 31 December 2022	10,017,836	288,724,610	20,385,434	94,165,943	147,188,702	223,788,482	11,071,794	24,234,349	819,577,150
Additions	**4,760**	**4,898**	**3,103,114**	**711,631**	**1,804,735**	**–**	**675,787**	**68,742,021**	**75,046,946**
Additions of estimates on asset retirement and land recultivation obligation *(Note 24)*	**–**	**36,142**	**–**	**–**	**–**	**–**	**–**	**–**	**36,142**
Disposals	**(80,983)**	**(298,912)**	**(8,520)**	**(1,233,742)**	**(129,139)**	**(7,717)**	**(204,101)**	**(12,429)**	**(1,975,543)**
Revaluation (reserve for revaluation of asset) *(Note 4)*	**–**	**–**	**–**	**–**	**–**	**5,242,823**	**–**	**–**	**5,242,823**
Transfers to inventory	**–**	**(1,268,199)**	**(92,658)**	**(3,903)**	**(78,495)**	**–**	**(907)**	**(125,100)**	**(1,569,262)**
Transfers from construction-in-progress	**663**	**3,886,503**	**1,412**	**8,104,278**	**12,880,896**	**–**	**532,078**	**(25,405,830)**	**–**
Transfers and reclassifications	**–**	**(1,197,382)**	**(80,749)**	**(38,990)**	**(393,107)**	**–**	**(1,291)**	**1,711,519**	**–**
Gross carrying amount as at 31 December 2023	**9,942,276**	**289,887,660**	**23,308,033**	**101,705,217**	**161,273,592**	**229,023,588**	**12,073,360**	**69,144,530**	**896,358,256**

5. PROPERTY, PLANT AND EQUIPMENT (continued)

In thousands of Tenge	Land	Pipelines	Transportation assets	Buildings and constructions	Machinery, transfer devices and equipment	Technological oil	Other	Construction in progress	Total
Accumulated depreciation and impairment as at 1 January 2022	–	(32,702,207)	(5,324,112)	(13,782,867)	(49,159,136)	–	(6,158,013)	(410,496)	(107,536,831)
Depreciation charge	–	(15,888,620)	(2,220,815)	(6,976,940)	(17,929,608)	–	(1,625,248)	–	(44,641,231)
Disposals	–	626,175	181,010	129,244	781,229	226,758	527,108	229,616	2,701,140
Impairment (through profit and loss)	–	(12,882)	–	–	–	(10,515)	–	–	(23,397)
Impairment (reserve for revaluation of asset)	–	–	–	–	–	(216,243)	–	–	(216,243)
Substraction of accumulated depreciation and impairment due to revaluation	–	47,981,888	7,434,999	20,861,746	66,306,187	–	7,256,757	180,880	150,022,457
Transfers to inventory	–	2,304	–	–	–	–	–	–	2,304
Transfers from non-current assets held for sale	–	–	(71,087)	(231,183)	(5,325)	–	(604)	–	(308,199)
Transfers and reclassifications	–	(6,658)	5	–	6,653	–	–	–	–
Accumulated depreciation and impairment as at 31 December 2022	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Depreciation charge	–	**(21,324,798)**	**(4,546,069)**	**(5,965,447)**	**(23,381,300)**	**–**	**(3,855,824)**	–	**(59,073,438)**
Disposals	**15,852**	**260,986**	**8,416**	**329,147**	**103,819**	**5,786**	**203,279**	–	**927,285**
Impairment (through profit and loss)	**–**	**(2,218,829)**	**(4,049)**	**(458,202)**	**(557,030)**	**–**	**(5,484)**	**(1,487,186)**	**(4,730,780)**
Impairment (reserve for revaluation of asset)	**(15,852)**	**(4,428,420)**	**(1,257)**	**(1,652,428)**	**(2,136,247)**	**(5,786)**	**(124,201)**	**(63,580)**	**(8,427,771)**
Transfers to inventory	**–**	**802,227**	**75,210**	**1,468**	**60,966**	–	**830**	–	**940,701**
Accumulated depreciation and impairment as at 31 December 2023	**–**	**(26,908,834)**	**(4,467,749)**	**(7,745,462)**	**(25,909,792)**	**–**	**(3,781,400)**	**(1,550,766)**	**(70,364,003)**

5. PROPERTY, PLANT AND EQUIPMENT (continued)

In thousands of Tenge	Land	Pipelines	Transportation assets	Buildings and constructions	Machinery, transfer devices and equipment	Technological oil	Other	Construction in progress	Total
As at 31 December 2023									
Gross carrying amount	**9,942,276**	**289,887,660**	**23,308,033**	**101,705,217**	**161,273,592**	**229,023,588**	**12,073,360**	**69,144,530**	**896,358,256**
Accumulated depreciation and impairment	**–**	**(26,908,834)**	**(4,467,749)**	**(7,745,462)**	**(25,909,792)**	**–**	**(3,781,400)**	**(1,550,766)**	**(70,364,003)**
Net book value	**9,942,276**	**262,978,826**	**18,840,284**	**93,959,755**	**135,363,800**	**229,023,588**	**8,291,960**	**67,593,764**	**825,994,253**
As at 31 December 2022									
Gross carrying amount	10,017,836	288,724,610	20,385,434	94,165,943	147,188,702	223,788,482	11,071,794	24,234,349	819,577,150
Accumulated depreciation and impairment	–	–	–	–	–	–	–	–	–
Net book value	10,017,836	288,724,610	20,385,434	94,165,943	147,188,702	223,788,482	11,071,794	24,234,349	819,577,150

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

In thousands of Tenge	Land	Pipelines	Transportation assets	Buildings and constructions	Machinery, transfer devices and equipment	Technological oil	Other	Construction in progress	Total
As at 31 December 2023	**1,022,371**	**184,615,872**	**14,643,425**	**68,278,695**	**92,768,269**	**30,270,422**	**3,356,828**	**69,153,999**	**464,109,881**
As at 31 December 2022	1,044,966	188,301,144	13,564,038	63,406,928	89,512,630	30,270,513	3,157,599	26,189,702	415,447,520

5. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2023 and 2022 construction in progress mainly includes the following production projects:

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

As at 31 December 2023:

- The gross carrying amount and corresponding accumulated depreciation of fully depreciated property, plant and equipment still in use were 1,977 Tenge (as at 31 December 2022: zero Tenge);
- Construction in progress included materials and spare parts in the amount of 1,763,907 thousand Tenge (as at 31 December 2022: 2,157,965 thousand Tenge), which were acquired for construction works.

Depreciation of property, plant, and equipment for the year ended 31 December 2023, capitalized in the cost of construction in progress amounted to 22,037 thousand Tenge (for the year ended 31 December 2022: 21,500 thousand Tenge).

6. RIGHT-OF-USE ASSETS

Right-of-use assets as at 31 December 2022 and 2023 are as follows:

	Right of use assets				
In thousands of Tenge	**Land**	**Transportation assets**	**Buildings and constructions**	**Machinery, equipment and transfer devices**	**Total**
Net book value as at 1 January 2022	73,230	748,021	180,450	109,771	1,111,472
Additions *(Note 21)*	2,249	–	–	114,695	116,944
Disposals	(2,873)	–	–	–	(2,873)
Modification *(Note 21)*	–	994,358	265,523	–	1,259,881
Amortization charge	(3,534)	(1,379,309)	(132,400)	(64,563)	(1,579,806)
Net book value as at 31 December 2022	69,072	363,070	313,573	159,903	905,618
Additions *(Note 21)*	**684**	**7,514,228**	**130,734**	**–**	**7,645,646**
Disposals	**–**	**–**	**(135,330)**	**(114,694)**	**(250,024)**
Modification *(Note 21)*	**–**	**283,158**	**72,159**	**4,210**	**359,527**
Amortization charge	**(2,260)**	**(1,739,267)**	**(154,516)**	**(41,957)**	**(1,938,000)**
Net book value as at 31 December 2023	**67,496**	**6,421,189**	**226,620**	**7,462**	**6,722,767**

Additions on transportation assets for 2023 are related to the conclusion of long-term lease agreements.

7. INTANGIBLE ASSETS

Intangible assets as at 31 December 2022 and 2023 are as follows:

In thousands of Tenge	Licenses	Software	Capital expenditures in progress and other	Total
Net book value as at 1 January 2022	382,748	674,387	170,313	1,227,448
Additions	191,313	27,148	232,349	450,810
Transfers from capital expenditures in progress	55,849	149,120	(204,969)	–
Amortization charge	(229,522)	(297,310)	(3,706)	(530,538)
Disposals	(54,788)	(199,081)	–	(253,869)
Accumulated depreciation on disposal	54,788	199,081	–	253,869
Net book value as at 31 December 2022	**400,388**	**553,345**	**193,987**	**1,147,720**
Additions	**8,206**	**15,726**	**149,195**	**173,127**
Transfers from capital expenditures in progress	**38,858**	**105,950**	**(144,808)**	**–**
Amortization charge	**(160,048)**	**(186,505)**	**(3,705)**	**(350,258)**
Disposals	**(21,702)**	**(103,005)**	**(3)**	**(124,710)**
Accumulated depreciation on disposal	**17,701**	**103,005**	**2**	**120,708**
Net book value as at 31 December 2023	**283,403**	**488,516**	**194,668**	**966,587**
As at 31 December 2023				
At cost	**1,366,596**	**4,805,331**	**232,888**	**6,404,815**
Accumulated amortization and impairment	**(1,083,193)**	**(4,316,815)**	**(38,220)**	**(5,438,228)**
Net book value	**283,403**	**488,516**	**194,668**	**966,587**
As at 31 December 2022				
At cost	1,341,234	4,786,660	228,504	6,356,398
Accumulated amortization and impairment	(940,846)	(4,233,315)	(34,517)	(5,208,678)
Net book value	400,388	553,345	193,987	1,147,720

8. INVESTMENTS IN SUBSIDIARIES

As at 31 December 2023 and 2022 investments in subsidiaries are as follows:

In thousands of Tenge	31 December 2023	31 December 2022
Main Waterline	**71,285,514**	70,168,356
BOT	**9,182,546**	9,182,546
PTL	**2,820,886**	2,820,886
Total	**83,288,946**	82,171,788

As at 31 December 2023 and 2022 the movement of investments in subsidiaries are as follows:

In thousands of Tenge	2023	2022
As at 1 January	**82,171,788**	79,914,012
Contribution to the charter capital of the Main Waterline *(Note 34)*	**1,900,000**	6,100,000
Impairment of investments *(Note 4)*	**(782,842)**	(3,842,224)
As at 31 December	**83,288,946**	82,171,788

During 2023, PTL paid dividends to the Company based on the 2022 results in the amount of 794,790 thousand Tenge *(Note 34),* including the exchange rate difference in the amount of 14,190 thousand Tenge.

9. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures as at 31 December 2023 and 2022 include investments in KCP in the amount of 6,500,000 thousand Tenge and in MunaiTas in the amount of 6,044,945 thousand Tenge.

During 2023, KCP and MunaiTas paid dividends to the Company based on the 2022 results in the amount of 2,500,000 thousand Tenge and 1,460,351 thousand Tenge, respectively (2022: 5,000,000 thousand Tenge and 2,636,855 thousand Tenge *(Note 34)*.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

10. ADVANCES TO SUPPLIERS FOR PROPERTY, PLANT AND EQUIPMENT

Advances to suppliers for property, plant and equipment as at 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**31 December 2023**	31 December 2022
Advances to third parties for property, plant and equipment and construction services	**1,345,029**	126,859
Less: allowance for impairment	**(53,258)**	(53,258)
Total	**1,291,771**	73,601

11. INVENTORIES

Inventories as at 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**31 December 2023**	31 December 2022
Spare parts	**2,915,006**	3,237,962
Goods	**1,599,757**	1,970,023
Fuel	**1,298,750**	752,761
Overalls	**859,947**	469,693
Construction materials	**431,647**	487,280
Chemical reagents	**126,936**	148,482
Other	**181,011**	150,377
Total	**7,413,054**	7,216,578

12. TRADE AND OTHER ACCOUNTS RECEIVABLE

Other long-term accounts receivable

Other long-term accounts receivable as at 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**31 December 2023**	31 December 2022
Other accounts receivable from third parties	**848,669**	961,102
Less: allowance for expected credit losses	**(127,621)**	(77,818)
Total	**721,048**	883,284

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

In thousands of Tenge	**2023**	2022
As at 1 January	**77,818**	146,516
Charge/(reversal) for the year, net *(Note 28)*	**49,803**	(68,698)
As at 31 December	**127,621**	77,818

Current trade and other accounts receivable

Current trade and other accounts receivable as at 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**31 December 2023**	31 December 2022
Trade accounts receivable from related parties *(Note 34)*	**2,742,726**	4,166,384
Trade accounts receivable from third parties	**1,814,483**	1,185,502
Other accounts receivable from third parties	**506,829**	705,492
Other accounts receivable from related parties *(Note 34)*	**–**	509
Less: allowance for expected credit losses	**(576,462)**	(779,056)
Total	**4,487,576**	5,278,831

12. TRADE AND OTHER ACCOUNTS RECEIVABLE (continued)

Current trade and other accounts receivable (continued)

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

In thousands of Tenge	**2023**	2022
As at 1 January	**779,056**	880,873
Charge/(reversal) for the year, net *(Note 28)*	**3,406**	(70,449)
Write-off of accounts receivable	**(206,000)**	(31,368)
As at 31 December	**576,462**	779,056

Trade and other accounts receivable as at 31 December 2023 and 2022 are denominated in the following currencies:

In thousands of Tenge	**31 December 2023**	31 December 2022
Tenge	**3,605,367**	5,276,207
Russian Rubles	**882,209**	2,624
Total	**4,487,576**	5,278,831

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

		Trade and other accounts receivable				
		Past due payments				
In thousands of Tenge	**Unexpired**	**Less than 30 days**	**Less than 30 days**	**Less than 30 days**	**Less than 30 days**	**Less than 30 days**
31 December 2023						
Expected credit loss rate	**3.11%**	**0.19%**	**–**	**–**	**96.40%**	
Estimated total gross carrying amount at default	**5,353,945**	**534**	**344**	**80**	**557,804**	**5,912,707**
Expected credit losses	**(166,372)**	**(1)**	**–**	**–**	**(537,710)**	**(704,083)**
Total	**5,187,573**	**533**	**344**	**80**	**20,094**	**5,208,624**

		Trade and other accounts receivable				
		Past due payments				
In thousands of Tenge	**Unexpired**	**Less than 30 days**	**Unexpired**	**Less than 30 days**	**Unexpired**	**Less than 30 days**
31 December 2022						
Expected credit loss rate	1.54%	0.04%	–	–	99.95%	
Estimated total gross carrying amount at default	6,254,898	2,529	511	21	761,030	7,018,989
Expected credit losses	(96,227)	(1)	–	–	(760,646)	(856,874)
Total	**6,158,671**	**2,528**	**511**	**21**	**384**	**6,162,115**

13. ADVANCES TO SUPPLIERS

Advances to suppliers as at 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**31 December 2023**	31 December 2022
Advances to third parties	**302,237**	162,508
Advances to related parties *(Note 34)*	**1,024**	1,017
	303,261	163,525
Less: impairment	**(638)**	(638)
Total	**302,623**	162,887

14. VAT RECOVERABLE AND OTHER PREPAID TAXES

VAT recoverable and other prepaid taxes as at 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**31 December 2023**	31 December 2022
VAT recoverable	**1,480,802**	12,002
Property tax	**336,741**	16,841
Withholding tax	**28,152**	27,129
Other taxes prepaid	**8,832**	8,716
Total	**1,854,527**	64,688

15. OTHER CURRENT ASSETS

Other current assets as at 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**31 December 2023**	31 December 2022
Other current financial assets		
Notes of the National Bank	**20,040,556**	–
Investments in bonds	**646,608**	809,649
Due from employees	**13,684**	10,165
Other	**2,111**	991
	20,702,959	820,805
Other current non-financial assets		
Due for oil transportation coordination services	**5,224,762**	5,299,968
Prepaid insurance	**229,031**	223,958
Deferred expenses from third parties	**–**	213,704
Other	**22,729**	22,729
	5,476,522	5,760,359
Total	**26,179,481**	6,581,164

Notes of the National Bank

During 2023, the Company invested available cash in financial instruments such as Notes of the National Bank of the Republic of Kazakhstan with an average yield of 16.20% per annum. Finance income recognized by the Company during the specified period amounted to 1,246,532 thousand Tenge *(Note 31)*. At the same time, the Company recognized a provision for expected credit losses for the period in the amount of 283 thousand Tenge.

As at 31 December 2023, the Notes of the National Bank are represented by financial instruments with a yield of 14.9% and a maturity of 14 days.

16. BANK DEPOSITS

Bank deposits as at 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**31 December 2023**	31 December 2022
Long-term bank deposits − Tenge	**719,698**	947,247
Less: allowance for expected credit losses	**(1,610)**	(1,795)
Total	**718,088**	945,452

As at 31 December 2023 and 2022 long-term bank deposits comprised restricted bank deposits with interest from 2% to 3.5% per annum maturing in 2028 and in 2030, arranged for the purpose of preferential lending rates for the Company's employees for the purchase of residential property.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**31 December 2023**	31 December 2022
Time deposits with banks − Tenge	**25,551,159**	68,015,091
Time deposits with banks − US Dollar	**6,290,971**	–
Current accounts with banks − Tenge	**35,830**	165,033
Current accounts with banks – Russian Rubles	**28,266**	32,308
Current accounts with banks − US Dollar	**–**	4,439,439
Reverse repo transactions	**20,040,806**	–
Other current accounts with banks	**11,685**	11,873
Cash in hand	**–**	256
Less: allowance for expected credit losses	**(20,645)**	(26,730)
Total	**51,938,072**	72,637,270

As at 31 December 2023:

- Time deposits with maturity less than 3 months in Tenge interests ranged from 15.35% to 15.8% per annum (as at 31 December 2022: from 15.5% to 16.05% per annum);
- Time deposits with maturity less than 3 months placed in US Dollars interests ranged from 2.5% to 3% per annum;
- Current accounts placed in Tenge interests ranged from 7% to 13% per annum (as at 31 December 2022: from 6.75% to 7% per annum);
- Interests for current accounts placed in US Dollars ranged from 0.25% per annum (as at 31 December 2022: from 0.25% per annum).

Reverse repo transactions

In order to manage free liquidity, at the end of the reporting period the Company placed funds in such financial instruments as autorepo (secured by government securities of the Republic of Kazakhstan), with a yield from 16.12% and a maturity of 3-7 days.

18. EQUITY

Share capital

As at 31 December 2023 and 2022 the Company's share capital comprised of 384,635,600 common shares authorized, issued and fully paid in the amount of 62,503,284 thousand Tenge, except for 1 share, which was authorized but not issued and not paid.

As at 31 December 2023 and 2022 the share capital was equal to 61,937,567 thousand Tenge, net of consulting costs related to the issuance of shares in the amount of 565,717 thousand Tenge.

Asset revaluation reserve

As at 31 December 2023, asset revaluation reserve of the Company amounted to 319,936,940 thousand Tenge (as at 31 December 2022: 354,930,137 thousand Tenge). Change in this reserve is related to revaluation and impairment of property plant and equipment for the period and the corresponding recognition of other comprehensive loss in the amount of 3,184,948 thousand Tenge (in 2022: other comprehensive income in the amount of 147,106,004 thousand Tenge) *(Note 5)*, loss from revision of asset retirement and land recultivation obligation in the amount of 1,943,919 thousand Tenge (in 2022: income from the revision of the reserve in the amount of 6,810,783 thousand Tenge) *(Note 24)*, net of deferred income tax in the amount of 1,025,774 thousand Tenge (in 2022: 30,783,357 thousand Tenge) *(Note 33)*, as well as depreciation of the revaluation reserve of property plant and equipment in the amount 30,890,104 thousand Tenge (in 2022: 12,352,770 thousand Tenge).

18. EQUITY (continued)

Other capital reserves

As at 31 December 2023 other capital reserves represent an accumulated income amounted to 1,246,570 thousand Tenge (31 December 2022: accumulated loss amounted to 185,584 thousand Tenge). Change in this reserve is due to recognition of actuarial income from revaluation of the Company's employee benefit obligations under defined benefit plans in the amount of 1,472,627 thousand Tenge *(Note 19)*, income tax effect of which amounted to 40,473 thousand Tenge *(Note 33)*. For the same period of 2022 actuarial income from revaluation of the Company's employee benefit obligations under defined benefit plans amounted to 4,238,724 thousand Tenge *(Note 19)*, income tax effect of which amounted to 116,499 thousand Tenge *(Note 33)*.

Dividends

During 2023 the Company accrued dividends payable based on the decision of the general meeting of shareholders dated 24 May 2023 in the amount of 15,000,496 thousand Tenge based on the results of 2022 (calculated as 39 Tenge per 1 share), from which 13,500,710 thousand Tenge will be paid to KMG *(Note 34)* and 1,499,786 thousand Tenge to minority shareholders.

During 2022 the Company accrued dividends payable based on the decision of the general meeting of shareholders dated 19 May 2022 in the amount of 10,000,331 thousand Tenge based on the results of 2021 (calculated as 26 Tenge per 1 share), from which 9,000,473 thousand Tenge will be paid to KMG *(Note 34)* and 999,858 thousand Tenge to minority shareholders.

Earning per share

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

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

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

In thousands of Tenge	**2023**	2022
Net profit for the period attributable to ordinary equity holders of the Company	**18,041,900**	8,369,275
Weighted average number of ordinary shares for the year for basic and diluted earnings per share	**384,628,099**	384,628,099
Basic and diluted earnings per share, in relation to profit for the year attributable to ordinary equity holders of the Company as the parent company (in Tenge)	**47**	22

Book value per ordinary share

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

In thousands of Tenge	**31 December 2023**	31 December 2022
Total assets	**1,024,804,598**	1,011,812,314
Less: intangible assets *(Note 7)*	**(966,587)**	(1,147,720)
Less: total liabilities	**(250,668,161)**	(238,046,342)
Net assets for calculation of book value per ordinary share	**773,169,850**	772,618,252
Number of ordinary shares	**384,628,099**	384,628,099
Book value per ordinary share (in Tenge)	**2,010**	2,009

19. EMPLOYEE BENEFIT OBLIGATIONS

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

Employee benefit obligations as at 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**31 December 2023**	31 December 2022
Non-current portion of employee benefit obligations	**18,030,139**	18,082,503
Current portion of employee benefit obligations	**1,181,930**	1,042,632
Total	**19,212,069**	19,125,135

Changes in the present value of employee benefit obligations for the years ended 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**2023**	2022
Employee benefit obligations as at 1 January	**19,125,135**	22,142,811
Interest cost *(Note 32)*	**1,938,827**	1,455,900
Current services cost *(Notes 27, 28)*	**702,937**	716,251
Actuarial loss through profit and loss *(Note 30)*	**96,799**	4,163
Actuarial income through other comprehensive income *(Note 18)*	**(1,472,627)**	(4,238,724)
Benefits paid	**(1,179,002)**	(955,266)
Employee benefit obligations as at 31 December	**19,212,069**	19,125,135

20. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable as at 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**31 December 2023**	31 December 2022
Accounts payable to third parties for goods and services	**17,535,818**	14,436,961
Accounts payable to related parties for goods and services *(Note 34)*	**1,301,243**	2,075,402
Other accounts payable to third parties	**1,901,113**	1,311,009
Total	**20,738,174**	17,823,372

Trade and other accounts payable included payables to related and third parties, related to property, plant and equipment and construction-in-progress in the amount of 10,894,355 thousand Tenge (as at 31 December 2022: 8,288,535 thousand Tenge).

Trade and other accounts payables as at 31 December 2023 and 2022 are in the following currencies:

In thousands of Tenge	**31 December 2023**	31 December 2022
Tenge	**20,703,228**	17,801,254
US Dollars	**28,698**	17,766
Russian Rubles	**6,248**	4,352
Total	**20,738,174**	17,823,372

21. LEASE LIABILITIES

Lease liabilities as at 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**31 December 2023**	31 December 2022
Current part of obligations	**5,097,201**	190,245
Non-current part of obligations	**2,416,764**	938,352
Total	**7,513,965**	1,128,597

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

21. LEASE LIABILITIES (continued)

Changes in the present value of obligations for the twelve months ended 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**2023**	2022
As at 1 January	**1,128,597**	1,660,914
Additions for the period *(Note 6)*	**7,645,646**	116,944
Payments for the period	**(2,377,279)**	(2,044,847)
Unwinding of discount on obligations *(Note 32)*	**1,012,608**	123,937
Modification *(Note 6)*	**359,527**	1,259,881
Disposals	**(255,134)**	(1,634)
Exchange rate difference	**–**	13,402
As at 31 December	**7,513,965**	1,128,597

The information below describes the cost of expenses related to lease reflected in the separate statement of comprehensive income for the years ended 31 December 2023 and 2022:

In thousands of Tenge	**For the year ended 31 December 2023**	For the year ended 31 December 2022
Right-of-use assets amortization *(Note 6)*	**1,938,000**	1,579,806
Unwinding of discount on obligations *(Note 32)*	**1,012,608**	123,937
Low-value assets lease expenses *(Note 27)*	**104,837**	18,019
Total	**3,055,445**	1,721,762

22. CONTRACT LIABILITIES TO CUSTOMERS

Contract liabilities to customers as at 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**31 December 2023**	31 December 2022
Advances received from related parties *(Note 34)*	**18,196,317**	14,645,886
Advances received from third parties	**9,271,270**	7,875,344
Other contract liabilities to customers	**2,026**	2,064
Total	**27,469,613**	22,523,294

Revenue recognized in respect of contracts with customers

During the current reporting period, the revenue in the amount of 20,931,656 thousand Tenge was recognized in respect of contract liabilities to customers as at the beginning of the reporting period (2022: 17,417,135 thousand Tenge).

23. OTHER TAXES PAYABLE

Other taxes payable as at 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**31 December 2023**	31 December 2022
Personal income tax	**612,898**	703,027
Social tax	**486,648**	584,789
VAT payable	**6,530**	1,110,644
Property tax	**591**	1,347
Other taxes	**23,307**	30,130
Total	**1,129,974**	2,429,937

24. PROVISIONS

Asset retirement and land recultivation obligation

Movement in provisions for the years ended 31 December 2022 and 2023 are as follow:

In thousands of Tenge	**Provision for oil pipelines and landfills**	**Provision for OPS**	**Total**
As at 1 January 2022	34,547,151	–	34,547,151
Charge for the period through asset *(Note 5)*	346,567	13,612,707	13,959,274
Charge for the period through profit and loss *(Note 29)*	–	1,135,708	1,135,708
Revision of estimates through asset *(Note 5)*	–	(3,359,391)	(3,359,391)
Revision of estimates through profit and loss *(Note 29)*	(1,648,210)	(280,274)	(1,928,484)
Revision of estimates through other comprehensive income	(6,810,783)	–	(6,810,783)
Reversed through profit and loss *(Note 29)*	(61,037)	–	(61,037)
Unwinding of discount *(Note 32)*	2,212,426	970,115	3,182,541
As at 31 December 2022	28,586,114	12,078,865	40,664,979
Charge for the period through asset *(Note 5)*	**36,142**	**–**	**36,142**
Revision of estimates through profit and loss *(Note 29)*	**(616,286)**	**(14,885)**	**(631,171)**
Revision of estimates through other comprehensive income	**1,532,201**	**411,718**	**1,943,919**
Reversed through profit and loss *(Note 29)*	**(355,950)**	**–**	**(355,950)**
Unwinding of discount *(Note 32)*	**2,805,524**	**1,185,528**	**3,991,052**
As at 31 December 2023	**31,987,745**	**13,661,226**	**45,648,971**

During 2022 in accordance with the amendments in the Environmental Code of the Republic of Kazakhstan, the Company recognized an obligation to decommission OPS in the amount of 14,748,415 thousand Tenge *(Note 4)*.

25. OTHER CURRENT LIABILITIES

Other current liabilities as at 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**31 December 2023**	31 December 2022
Other current non-financial liabilities		
Liabilities for oil transportation coordination services to related parties *(Note 34)*	**7,401,666**	8,039,904
Liabilities for oil transportation coordination services to third parties	**5,505,172**	4,215,483
Liabilities for pension contributions and social insurance	**1,138,251**	1,141,365
Other short-term reserves	**16**	16
	14,045,105	13,396,768
Other current financial liabilities		
Provisions for vacations and other employee benefits	**10,625,084**	9,204,852
Employee salary	**4,489,387**	3,898,617
Payables for oil transportation coordination services to third parties	**376,867**	486,449
Other charges	**225,409**	279,751
	15,716,747	13,869,669
Total	**29,761,852**	27,266,437

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

26. REVENUE

Revenue for the years ended 31 December 2023 and 2022 is as follows:

In thousands of Tenge	**2023**	2022
Crude oil transportation	**210,709,921**	184,915,654
Pipeline operation and maintenance services	**27,477,354**	24,873,920
Fees for undelivered oil volumes	**1,782,665**	1,789,534
Oil transportation coordination services	**852,449**	475,794
Oil storage services	**136,985**	52,700
Other	**28,861**	28,594
Total revenue from contracts with customers	**240,988,235**	212,136,196
Geographical regions*		
Kazakhstan	**210,651,556**	184,877,898
Russia	**28,362,398**	27,258,298
Uzbekistan	**1,974,281**	–
Total revenue from contracts with customers	**240,988,235**	212,136,196
Timing of revenue recognition		
At a point in time	**213,510,881**	187,262,276
Over time	**27,477,354**	24,873,920
Total revenue under contracts with customers	**240,988,235**	212,136,196

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

For the year ended 31 December 2023 revenue from the five major customers amounted to 57,442,513 thousand Tenge, 32,323,325 thousand Tenge, 14,381,836 thousand Tenge, 11,380,991 thousand Tenge and 9,001,453 thousand Tenge (for 2022: 49,329,056 thousand Tenge, 29,342,243 thousand Tenge, 12,664,538 thousand Tenge, 10,206,161 thousand Tenge and 4,822,807 thousand Tenge, respectively).

27. COST OF SALES

Cost of sales for the years ended 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**2023**	2022
Personnel costs	**88,533,758**	81,317,345
Depreciation and amortization	**60,154,273**	45,606,023
Taxes other than corporate income tax	**10,444,731**	9,473,946
Security services	**12,204,378**	9,039,308
Repair and maintenance	**9,076,085**	8,014,321
Materials and fuel	**7,081,174**	6,888,602
Electric energy	**6,636,645**	6,067,398
Food and accommodation	**2,533,683**	2,180,994
Gas expense	**1,483,632**	1,851,949
Environmental protection	**918,032**	1,448,011
Business trip expenses	**905,943**	878,961
Insurance	**831,431**	757,583
Work security, safety	**833,821**	789,658
Outstaffing services	**686,021**	556,238
Post-employment benefits *(Note 19)*	**664,055**	673,276
Works and services of production nature	**638,849**	701,829
Diagnostics of production assets	**518,213**	608,679
Social sphere expenses	**356,448**	243,328
Communication services	**339,799**	321,122
Air services	**140,319**	642,193
Leases of low-value assets *(Note 21)*	**104,837**	18,019
Other	**944,063**	1,005,331
Total	**206,030,190**	179,084,114

The increase in personnel costs in the reporting period is mainly due to the indexation of production employees of the Company.

The increase in depreciation and amortization and also taxes are mainly due to the revaluation of property, plant and equipment conducted in the end of 2022.

28. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**2023**	2022
Personnel costs	**8,071,229**	7,967,752
Depreciation and amortization	**1,185,386**	1,124,052
Repair and maintenance	**490,832**	294,763
Office maintenance	**353,063**	392,249
Social sphere expenses	**284,117**	365,192
Outstaffing services	**258,826**	259,042
Taxes other than income tax	**253,770**	211,504
Write-off of VAT recoverable	**228,373**	131,312
Auditing, consulting and professional services	**155,914**	184,119
Business trip expenses	**148,511**	161,020
Information services	**136,719**	142,885
Communication services	**79,464**	89,425
Charge/(reversal) of allowance for expected credit losses, net *(Note 12)*	**53,209**	(139,147)
Bank costs	**40,888**	59,699
Post-employment benefits *(Note 19)*	**38,882**	42,975
Other	**552,982**	573,160
Total	**12,332,165**	11,860,002

29. OTHER OPERATING INCOME

Other operating income for the years ended 31 December 2023 and 2022 is as follows:

In thousands of Tenge	**2023**	2022
Income from revision and reversal of provision on asset retirement and land recultivation obligation, net *(Note 24)*	**987,121**	853,813
Income from fines and penalties	**521,011**	696,155
Insurance payments	**17,261**	–
Other income	**16,634**	86,214
Total	**1,542,027**	1,636,182

30. OTHER OPERATING EXPENSES

Other operating expenses for the years ended 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**2023**	2022
Write-off of inventory value to net realisable value	**661,271**	394,769
Expenses for liquidation of production facilities	**183,739**	208,649
Actuarial loss *(Note 19)*	**96,799**	4,163
Loss from disposal of property, plant and equipment, net	**70,388**	194,841
Other expenses	**9,901**	4,762
Total	**1,022,098**	807,184

31. FINANCE INCOME

Finance income for the years ended 31 December 2023 and 2022 is as follows:

In thousands of Tenge	**2023**	2022
Interest income on bank deposits, current accounts and reverse repo transactions	**7,762,796**	3,343,695
Income from Notes of the National Bank *(Note 15)*	**1,246,532**	–
Unwinding of discount on long-term receivables	**171,811**	185,447
Reversal of allowance for expected credit losses on cash and cash equivalents and bank deposits, net	**783**	5,383
Income from revision of the fair value of bonds	**–**	98,394
Total	**9,181,922**	3,632,919

32. FINANCE COSTS

Finance costs for the years ended 31 December 2023 and 2022 are as follows:

In thousands of Tenge	**2023**	2022
Unwinding of discount on asset retirement and land recultivation obligation *(Note 24)*	**3,991,052**	3,182,541
Employee benefits: net interest expense *(Note 19)*	**1,938,827**	1,455,900
Amortisation of discount on lease liabilities *(Note 21)*	**1,012,608**	123,937
Loss from revision of the fair value of bonds	**58,893**	–
Other finance costs	**6,657**	14,481
Total	**7,008,037**	4,776,859

33. INCOME TAX EXPENSE

Income tax expense for the years ended 31 December 2023 and 2022 is as follows:

In thousands of Tenge	**2023**	2022
Current income tax expense	**13,893,877**	11,005,876
Deferred income tax benefits	**(6,903,757)**	(4,969,463)
Prior years adjustments	**306,483**	139,049
Income tax expense	**7,296,603**	6,175,462

A reconciliation of income tax expense on accounting profit, multiplied by income tax rate and current income tax expense for the years ended 31 December 2023 and 2022 is as follows:

In thousands of Tenge	**2023**	2022
Profit before income tax	**25,338,503**	14,544,737
Statutory rate	**20%**	20%
Income tax expense on accounting profit	**5,067,701**	2,908,947
Prior years adjustments	**306,483**	139,049
Impairment of investment in subsidiary	**156,568**	768,445
Income of controlled foreign companies	**960,360**	1,901,739
Non-deductible expense on long-term employee benefit obligations	**472,445**	375,448
Gain on surplus of technological oil	**842,396**	786,355
Non-deductible expenses on disposal of property,plant and equipment	**68,135**	221,367
Dividends received	**(948,190)**	(1,527,371)
Revision of estimates on taxable temporary differences related to property, plant and equipment	**(4,324)**	117,182
Other non-deductible expenses	**375,029**	484,301
Income tax expense reported in the separate statement of comprehensive income	**7,296,603**	6,175,462

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

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

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

The Company's management has analysed and determined that the following companies fall under the definition of CFC: BOT, PTL and BSP. In this respect, the Company, as the parent company of the Group, has included in its taxable income for 2023 the profits of separate companies BSP and BOT, PTL. The taxable income of the Company for 2022 has included the profit of separate companies BSP and BOT, PTL's figure were not included in the Company's taxable income as PTL recognized a net loss in its separate financial statements for 2022.

33. INCOME TAX EXPENSE (continued)

Deferred income tax balances, calculated by applying the statutory income tax rates in effect at the respective separate statement of financial position dates to the temporary differences between the tax basis of assets and liabilities and the amounts reported in the separate financial statements are comprised of the following at 31 December 2023 and 2022:

In thousands of Tenge	**31 December 2023**	**Charged to profit and loss**	**Charged to other capital reserves**	**Other**	31 December 2022	Charged to profit and loss	Charged to other capital reserves	Other	1 January 2022
Deferred tax assets									
Employee benefits and other employee compensation and related costs	**2,653,049**	**326,909**	**(40,473)**	**–**	2,366,613	244,671	(116,499)	–	2,238,441
Provision for assets retirement and land recultivation obligation and other provisions	**9,129,798**	**608,014**	**388,784**	**–**	8,133,000	465,747	(1,362,157)	2,119,977	6,909,433
Allowance for expected credit losses	**145,324**	**(31,755)**	**–**	**–**	177,079	(5,340)	–	–	182,419
Reserve for impairment of advances to suppliers	**10,780**	**–**	**–**	**–**	10,780	(29,302)	–	–	40,082
Provision for obsolete and slow-moving inventories	**2,179**	**939**	**–**	**–**	1,240	206	–	–	1,034
Taxes payable	**150,975**	**(15,742)**	**–**		166,717	28,569	–	–	138,148
Lease liabilities	**1,458,351**	**(392,473)**	**–**	**1,665,148**	185,676	(381,316)	–	274,790	292,202
Discount on long-term accounts receivable	**116,946**	**(34,362)**	**–**	**–**	151,308	(37,089)	–	–	188,397
Revaluation of investments in bonds	**11,779**	**11,779**	**–**	**–**	–	(19,679)	–	–	19,679
Less: deferred tax assets net off deferred tax liabilities	**(13,679,181)**	**–**	**–**	**(2,486,768)**	(11,192,413)	–	–	(1,182,578)	(10,009,835)
Deferred tax assets	**–**	**473,309**	**348,311**	**(821,620)**	–	266,467	(1,478,656)	1,212,189	–
Deferred tax liabilities									
Right-of-use assets	**(1,344,554)**	**501,718**	**–**	**(1,665,148)**	(181,124)	315,960	–	(274,790)	(222,294)
Property, plant and equipment	**(111,500,708)**	**5,928,730**	**636,990**	**–**	(118,066,428)	4,387,036	(29,421,200)	(2,119,977)	(90,912,287)
Add: deferred tax assets net off deferred tax liabilities	**13,679,181**	**–**	**–**	**2,486,768**	11,192,413	–	–	1,182,578	10,009,835
Deferred tax liabilities	**(99,166,081)**	**6,430,448**	**636,990**	**821,620**	(107,055,139)	4,702,996	(29,421,200)	(1,212,189)	(81,124,746)
Net deferred income tax liabilities	**(99,166,081)**	**6,903,757**	**985,301**	**–**	(107,055,139)	4,969,463	(30,899,856)	–	(81,124,746)

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

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

34. RELATED PARTY TRANSACTIONS

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

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

The following tables provide the total amount of transactions, which have been entered into with related parties during 2023 and 2022 and the related balances as at 31 December 2023 and 2022.

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

In thousands of Tenge	**Notes**	**31 December 2023**	31 December 2022
Trade and other accounts receivable from related parties			
Trade accounts receivable from joint ventures		**1,811,110**	1,540,699
Trade accounts receivable from entities under common control of Samruk-Kazyna		**787,960**	2,496,916
Trade accounts receivable from entities under common control of KMG		**143,656**	128,769
Trade and other accounts receivable from related parties	12	**2,742,726**	4,166,384
Other accounts receivables from entities under common control of KMG and Samruk-Kazyna		**–**	509
Total other accounts receivable from related parties	12	**–**	509
Less: allowance for expected credit losses		**(6,005)**	(4,337)
Total		**2,736,721**	4,162,556

Advances provided to related parties are as follows:

In thousands of Tenge	**Notes**	**31 December 2023**	31 December 2022
Advances paid to related parties			
Advances paid to entities under common control of Samruk-Kazyna		**1,024**	1,017
Total advances paid to related parties	13	**1,024**	1,017

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

In thousands of Tenge	**Notes**	**31 December 2023**	31 December 2022
Trade accounts payable to related parties for goods and services			
Trade accounts payable to entities under common control of KMG		**1,072,295**	1,692,719
Trade accounts payable to entities under common control of Samruk-Kazyna		**223,734**	373,766
Trade accounts payable to joint ventures of the Company		**5,214**	8,917
Total trade accounts payable to related parties for goods and services	20	**1,301,243**	2,075,402

Contract liabilities to customers to related parties are as follows:

In thousands of Tenge	**Notes**	**31 December 2023**	**31 December 2022**
Contract liabilities to customers to related parties			
Advances received from entities under common control of KMG		**17,988,087**	14,445,342
Advances received from entities under common control of Samruk-Kazyna		**208,230**	200,544
Total contract liabilities to customers to related parties	22	**18,196,317**	14,645,886

34. RELATED PARTY TRANSACTIONS (continued)

Other current liabilities to related parties are as follows:

In thousands of Tenge	Notes	31 December 2023	31 December 2022
Liabilities for oil transportation coordination services to related parties			
Liabilities for oil transportation coordination services to entities under common control of KMG		**7,401,666**	8,039,904
Total liabilities for oil transportation coordination services to related parties	25	**7,401,666**	8,039,904
Employee benefits obligation of key management personnel			
Employee benefits obligation of key management personnel		**67,453**	68,028
Total employee benefits obligation of key management personnel		**67,453**	68,028
Total other current liabilities to related parties		**7,469,119**	8,107,932

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

	For the year ended 31 December	
In thousands of Tenge	**2023**	**2022**
Sales to related parties		
Revenue from main activities with entities under common control of KMG	**126,550,500**	107,940,274
Revenue from main activities with joint ventures of the Company	**15,944,023**	14,862,954
Revenue from main activities with entities under common control of Samruk-Kazyna	**10,109,171**	8,874,320
Revenue from main activities with subsidiary of the Company	**914,542**	814,952
Other income from subsidiaries of the Company	**47,494**	43,334
Other income from entities under common control of KMG	**15,192**	113,402
Other income from entities under common control of Samruk-Kazyna	**97,606**	110,700
Total	**153,678,528**	132,759,936

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

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

	For the year ended 31 December	
In thousands of Tenge	**2023**	2022
Purchases from related parties		
Purchases of services from entities under common control of KMG	**10,270,696**	7,686,142
Purchases of services from entities under common control of Samruk-Kazyna	**1,943,068**	2,862,359
Purchases of services from subsidiary	**80,428**	599,597
Purchases of inventory from entities under common control of KMG and Samruk-Kazyna	**605**	529
Purchases of services from joint ventures	**–**	103,924
Purchases of inventory from subsidiary	**–**	1,239,525
Purchases of property, plant and equipment from a subsidiary	**–**	659,131
Total	**12,294,797**	13,151,207

Cash flow to related parties are presented as follows:

		For the year ended 31 December	
In thousands of Tenge	**Notes**	**2023**	2022
Cash flows to related parties			
Dividends paid to the KMG	18	**(13,500,710)**	(9,000,473)
Contribution to the share capital of the subsidiary	8	**(1,900,000)**	(6,100,000)
Dividends received from joint ventures	9	**3,960,351**	7,636,855
Dividends received from subsidiary	8	**794,790**	–
Total		**(10,645,569)**	(7,463,618)

34. RELATED PARTY TRANSACTIONS (continued)

Total accrued compensation to key management personnel for the year ended 31 December 2023 amounts to 605,563 thousand Tenge (for the year ended 31 December 2022: 739,172 thousand Tenge). Payments to key personnel consist primarily of payroll costs and remuneration established by contracts and Company's internal regulations.

35. CONTINGENT LIABILITIES AND COMMITMENTS

Operating environment

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

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

The war in Ukraine

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

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

Risk monitoring of secondary sanctions

During the period ended 31 December 2023 and as of the specified reporting date, the Company complied with the requirements and restrictions established by the applicable sanctions imposed by the European Union, the United States of America and other countries against the Russian Federation (RF), as well as certain citizens and companies of the RF in connection with the hostilities that began on the territory of Ukraine in February 2022. The Company's management believes that the risk of secondary sanctions against the Company's companies is low.

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not usual, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe.

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

Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued as at 31 December 2022. As at 31 December 2022 the Management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Company's tax positions will be sustained, except as provided for or otherwise disclosed in the separate financial statements.

35. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Taxation (continued)

Transfer pricing control

Transfer pricing control in Kazakhstan has a very wide scope and applies to many transactions that directly or indirectly relate to international business regardless of whether the transaction participants are related or not. The transfer pricing legislation requires that all taxes applicable to a transaction should be calculated based on market price determined in accordance with the "arm's length" principle.

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

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

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

Environmental obligations

The enforcement of environmental regulation in Kazakhstan is evolving and subject to ongoing changes. Potential liabilities which may arise as a result of changes in legislation cannot be reasonably estimated. Under existing legislation management believes that there are no probable or possible liabilities which could have a material adverse effect on the Company's financial position or results of operations, except for those disclosed in the separate financial statements *(Notes 4, 24)*.

Insurance matters

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

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

Commitments to acquire property, plant and equipment

As at 31 December 2023 the Company had contractual commitment to acquire property, plant and equipment, and construction services for the amount of 44,094,253 thousand Tenge (as at 31 December 2022: 77,008,349 thousand Tenge). These contractual commitments are a part of the investment program.

Investment program commitments of the Company

In November 2020, by a joint order of the Ministry of Energy of the Republic of Kazakhstan and the CRNM, an investment program for the period 2021-2025 was approved, according to which the Company has an obligation to fulfill the investment program in the period from 2021 to 2025 for the total amount of 214.2 billion Tenge. As at 31 December 2023, the balance of obligation under the investment program to be fulfilled was 94 billion Tenge.

Challenging the Company's tariffs

By order of CRNM dated 26 November 2021, for the period from 1 January 2022 to 31 December 2022, a temporary compensating tariff in the amount of 3,728.82 Tenge per ton for 1,000 kilometers without VAT was approved for the Company's service for pumping oil to the domestic market (hereinafter - TCT). Based on the results of consideration of the Company's complaint, on 6 April 2022, the court of first instance made a decision to declare CRNM's order illegal and cancel it. Based on the results of consideration of the CRNM complaint, on 24 November 2022, the court of second instance decided to leave the CRNM complaint without satisfaction. The Company applied TCT from 1 January to 31 August 2022 and, in accordance with the order of CRNM dated 19 August 2022, ceased the use of TCT as of 1 September 2022.

Based on the results of consideration of the CRNM complaint, on 24 October 2023, the Supreme Court issued a ruling to cancel the decisions of the courts of first and second instance. On 15 December 2023, the Company filed a petition with the Supreme Court to review the Supreme Court's ruling dated 24 October 2023.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

Credit risk

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

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

The table below shows the balances of bank deposits, cash and cash equivalents at the reporting date using "Moody's", "Fitch" and "Standard & Poor's" credit ratings.

		Rating			
In thousands of Tenge	**Location**	**31 December 2023**	31 December 2022	**31 December 2023**	31 December 2022
Issuer/ banks					
"Kazakhstan Sustainability Fund" JSC, Ministry of Finance of the RK	Kazakhstan	**BBB**	–	**20,040,758**	–
"ForteBank" JSC	Kazakhstan	**BB/Stable**	BB-/Stable	**9,986,957**	25,061,488
«Eurasian Bank» JSC	Kazakhstan	**Ba3/Positive**	–	**8,880,420**	–
"Halyk Bank of Kazakhstan" JSC	Kazakhstan	**BBB-/Stable**	BBB-/Stable	**7,829,093**	30,473,836
«Kazpost» JSC	Kazakhstan	**BBB-/Stable**	–	**5,910,905**	–
Moskommercbank CB	Russia	**–**	–	**5,247**	4,159
«APB» JSC (Omsk)	Russia	**–**	–	**2,747**	–
"Altyn Bank" JSC (SB China Citic Bank Corporation Ltd)	Kazakhstan	**BBB/Stable**	BBB-/Stable	**33**	18,040,641
Rosbank PJSC	Russia	**–**	–	**–**	2,342
Total				**52,656,160**	73,582,466

Liquidity risk

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

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

In thousands of Tenge	On demand	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
As at 31 December 2023						
Trade and other accounts payables	**–**	**20,738,174**	**–**	**–**	**–**	**20,738,174**
Lease liabilities	**–**	**2,634,220**	**2,566,993**	**5,624,208**	**378,990**	**11,204,411**
Other liabilities	**–**	**376,867**	**–**	**–**	**–**	**376,867**
Total	**–**	**23,749,261**	**2,566,993**	**5,624,208**	**378,990**	**32,319,452**
As at 31 December 2022						
Trade and other accounts payables	–	17,823,372	–	–	–	17,823,372
Lease liabilities	–	982,343	104,238	100,301	383,611	1,570,493
Other liabilities	–	486,449	–	–	–	486,449
Total	**–**	**19,292,164**	**104,238**	**100,301**	**383,611**	**19,880,314**

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Currency risk

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

In thousands of Tenge	US Dollar	Russian Ruble	Total
As at 31 December 2023			
Assets	**6,291,329**	**910,117**	**7,201,446**
Liabilities	**28,698**	**383,116**	**411,814**
As at 31 December 2022			
Assets	4,439,439	34,932	4,474,371
Liabilities	17,766	490,802	508,568

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

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

In thousands of Tenge	Increase/ decrease in exchange rate	Effect on profit before tax
2023		
US Dollar	**+14.15%**	**886,162**
	-14.15%	**(886,162)**
Russian Ruble	**+28.54%**	**150,406**
	-28.54%	**(150,406)**
2022		
US Dollar	+21.00%	928,579
	-21.00%	(928,579)
Russian Ruble	+22.05%	(100,523)
	-22.05%	100,523

Capital management

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

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

As at 31 December 2023 and 2022 the Company does not have significant debts. In addition, the Company has sufficient cash, exceeding its debt as at the reporting date.

Fair value of financial instruments

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