

APPROVED

By decision of the General Meeting of Shareholders
Of LLP "Kazakhstan-China Pipeline"
(Minutes
dated "___" _____ 20__ No. _____)

Kazakhstan-China Pipeline LLP

Financial statements

in accordance with the Order # 404 of the Minister of
Finance of the Republic of Kazakhstan

dated 28 June 2017

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

Contents

INDEPENDENT AUDITOR'S REPORT

SPECIAL PURPOSE FINANCIAL STATEMENTS

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Independent Auditor's Report

To the Participants and Management of Kazakhstan-China Pipeline LLP:

Our opinion

In our opinion, the special purpose financial statements of Kazakhstan-China Pipeline LLP (the "Company") for the year ended 31 December 2022, are prepared, in all material respects, in accordance with the Order #404 of the Minister of Finance of the Republic of Kazakhstan dated 28 June 2017.

What we have audited

The Company's special purpose financial statements comprise:

- form #1-B – balance sheet as at 31 December 2022;
- form #2-SPL – statement of profit and loss for the year then ended;
- form #3-CF-DM – statement of cash flows (direct method) for the year then ended;
- form #5-CE – statement of changes in equity for the year then ended;
- the notes to the special purpose financial statements, which include significant accounting policies and other explanatory information.

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 special purpose financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the special purpose financial statements in the Republic of Kazakhstan. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Republic of Kazakhstan that are relevant to our audit of the special purpose financial statements.

Emphasis of Matter - Basis of preparation of the special purpose financial statements

We draw attention to Note 2 to the special purpose financial statements, which describes the basis of preparation of the special purpose financial statements. The special purpose financial statements are intended solely for the purpose of fulfilment of the obligation resulted from the Law on accounting and financial reporting of the Republic of Kazakhstan and its publication in the Kazakhstani depository for financial statements. As a result, the special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect to this matter.



Independent Auditor's report (continued)

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Other matter

The Company has prepared its financial statements for the year ended 31 December 2022 in accordance with International Financial Reporting Standards, on which we have issued a separate independent auditor's report addressed to the Participants and Management of the Company and dated 6 February 2023.

Responsibilities of management for the special purpose financial statements

Management is responsible for the preparation of these special purpose financial statements in accordance with the Order #404 of the Minister of Finance of the Republic of Kazakhstan dated 28 June 2017, and for such internal control as management determines is necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose 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.

Auditor's responsibilities for the audit of the special purpose financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 special purpose financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose 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 special purpose 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.



Independent Auditor's report (continued)

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We communicate with management 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.

On behalf of PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Approved by:



Dana Inkarbekova
Managing Director
PricewaterhouseCoopers LLP
(General State License of the Ministry of
Finance of the Republic of Kazakhstan
#0000005 dated 21 October 1999)

Signed by:



Jamilya Tleulyeva
Auditor in charge
(Qualified Auditor's Certificate
МФ-0000596 dated 24 May 2018)

7 February 2023

Almaty, Kazakhstan

The company: Kazakhstan-China Pipeline LLP
Information about reorganization : no
Activity: Construction and operation of the pipeline
Legal form: Limited Liability Partnership
Reporting form: Separate
Ownership form: Private
Average annual number of employees: 197 people
Business entity: large
Legal address: 109 V Abai ave., Almaty

Balance Sheet
as at 31 December 2022

In thousands of tenge

Line item	Note	At the end of reporting period	At the beginning of reporting period
Assets			
Current assets			
Cash and cash equivalents	010	17,871,484	58,398,390
Current financial assets carried at amortised cost	011	-	-
Current financial assets at fair value through other comprehensive income	012	-	-
Current financial assets at fair value through profit or loss	013	-	-
Current financial derivatives	014	-	-
Other current financial assets	015	21,856,337	20,261,584
Short-term trade and other receivables	016	76,048	40,989
Short-term lease receivable	017	-	-
Current assets from contracts with customers	018	-	-
Current income tax	019	50,923	401,187
Inventories	020	1,026,984	789,598
Biological assets	021	-	-
Other current assets	022	1,221,372	783,303
Total current assets (sum of 010 to 022 rows)	100	42,103,148	80,675,051
Assets (or disposal groups) held for sale	101	-	-
Non-current assets			
Non-current financial assets carried at amortised cost	110	-	-
Non-current financial assets at fair value through other comprehensive income	111	-	-
Non-current financial assets at fair value through profit or loss	112	-	-
Non-current financial derivatives	113	-	-
Investments accounted for at historical cost	114	-	-
Investments accounted for using the equity method	115	-	-
Other non-current financial assets	116	-	-
Long-term trade and other receivables	117	-	-
Long-term lease receivable	118	-	-
Non-current assets from contracts with customers	119	-	-
Investment property	120	-	-
Property, plant and equipment	121	211,652,908	200,610,761
Right-of-use assets	122	69,977	744,457
Biological assets	123	-	-
Exploration and evaluation assets	124	-	-
Intangible assets	125	87,160	65,678
Deferred tax assets	126	-	-
Other non-current assets	127	2,791	1,049,510
Total non-current assets (sum of 110 to 127 rows)	200	211,812,836	202,470,406
Total assets (row 100 + row 101 + row 200)		253,915,984	283,145,457

Balance Sheet
as at 31 December 2022

In thousands of tenge

Line item	Note	At the end of reporting period	At the beginning of reporting period
Liabilities and equity			
Current liabilities			
Current financial liabilities carried at amortised cost	210	33,900,576	44,617,184
Current financial liabilities at fair value through profit or loss	211	-	-
Current financial derivatives	212	-	-
Other current financial liabilities	213	-	-
Short-term trade and other payables	214	2,175,643	1,773,487
Current contingencies	215	37,513	36,471
Current income tax liabilities	216	27,805	25,792
Employee benefits	217	672,330	451,442
Short-term lease payable	218	37,424	695,573
Current liabilities from contracts with customers	219	8,313,639	7,794,287
Government grants	220	-	-
Dividend payable	221	-	-
Other current liabilities	222	1,250,073	1,543,310
Total current liabilities (sum of 210 to 222 rows)	300	46,415,003	56,937,546
Liabilities of the disposal group held for sale	301	-	-
IV. Non-current liabilities			
Non-current financial liabilities carried at amortised cost	310	32,197,304	94,393,053
Non-current financial liabilities at fair value through profit or loss	311	-	-
Non-current financial derivatives	312	-	-
Other non-current financial liabilities	313	-	-
Long-term trade and other payables	314	-	-
Non-current contingencies	315	11,282,742	12,122,659
Deferred tax liabilities	316	29,825,210	26,134,686
Employee benefits	317	20,264	18,209
Long-term lease payable	318	53,056	716,921
Non-current liabilities from contracts with customers	319	-	-
Government grants	320	-	-
Other long term liabilities	321	-	-
Total non-current liabilities (sum of 310 to 321 rows)	400	73,378,576	133,385,528
Equity			
Charter (share) capital	410	13,000,000	13,000,000
Share premium	411	-	-
Treasury stock	412	-	-
Components of other comprehensive income	413	60,349,752	42,686,550
Retained earnings (accumulated deficit)	414	60,772,653	37,135,833
Other capital	415	-	-
Total equity attributable to parent company owners (sum of 410 to 415 rows)	420	134,122,405	92,822,383
Non-controlling interest	421	-	-
Total equity (row 420 + row 421)	500	134,122,405	92,822,383
Total liabilities and equity (row 300 + row 301 + row 400 + row 500)		253,915,984	283,145,457

Acting General Director



Pan Tao

Acting deputy General Director - Chief Accountant

Kochergova A.V.

Statement of Profit and Loss
for the year then ended 31 December 2022

In thousands of tenge

Line item	Note	For the reporting period	For the previous period
Revenue			
Cost of sales	010	86,318,840	74,018,547
Gross profit (row 010 – row 011)	011	(36,842,375)	(32,855,766)
Selling expenses	012	49,476,465	41,162,781
Administrative expenses	013	-	-
Total operating profit (+/- rows 012 to 014)	014	(4,241,832)	(3,910,643)
Finance income	020	45,234,633	37,252,138
Finance costs	021	416,870	225,835
Share of profit of associates and joint ventures accounted for using the equity method	022	(15,727,168)	(9,382,394)
Other income	023	-	-
Other costs	024	7,201,065	1,087,747
Profit before income tax (+/- rows 020 to 025)	025	-	-
Income tax expense (-)	100	37,125,400	29,183,326
Profit (loss) after tax from continuing operations (item 100 + item 101)	101	(7,674,036)	(5,966,876)
Profit after tax from discontinued operations	200	29,451,364	23,216,450
Profit for the year (item 200 + item 201) attributable to:	201	-	-
Parent company	300	29,451,364	23,216,450
Non-controlling interest		-	-
Other comprehensive expense, total (row 420 and 440):		-	-
Including:	400	21,848,658	(610,824)
Revaluation of debt financial instruments carried at fair value through other comprehensive income	410	-	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	411	-	-
Effect of income tax rate changes on deferred tax	412	-	-
Hedging of cash flows	413	-	-
Exchange difference on investments in foreign entities	414	-	-
Hedging of net investments in foreign operations	415	-	-
Other components of other comprehensive expense	416	4,323,246	(761,651)
Adjustment on reclassification within profit	417	-	-
Tax effect of the components of other comprehensive income	418	(864,649)	152,330
Total other comprehensive income reclassified to income or expenses in subsequent periods (less income tax) (sum of rows 410 to 418)			
Revaluation of property, plant and equipment and intangible assets	420	3,458,597	(609,321)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	431	22,987,858	-
Actuarial loss on pension obligations	432	-	-
Tax effect of the components of other comprehensive income	433	(282)	(1,879)
Revaluation of debt financial instruments carried at fair value through other comprehensive income	434	(4,597,515)	376
Total other comprehensive income not reclassified to income or expenses in subsequent periods (less income tax) (sum of rows 431 to 435)	435	-	-
	440	18,390,061	(1,503)

**Statement of Profit and Loss
for the year then ended 31 December 2022**

In thousands of tenge

Line item	Note	For the reporting period	For the previous period
Total comprehensive income (row 300 + item 400)	500	51,300,022	22,605,626
Total comprehensive income attributable to:			
owners of parent company			
non-controlling interest		-	-
Earnings per share	600	-	-
including:			
Basic earnings per share:			
from continuing operations		-	-
from discontinued operations		-	-
Diluted earnings per share:			
from continuing operations		-	-
from discontinued operations		-	-

Acting General Director



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Pan Tao

Acting deputy General Director - Chief Accountant

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Kochergova A.V.

Statement of Cash Flows (direct method)
for the year then ended 31 December 2022

In thousands of tenge

Line item	Note	For the reporting period	For the previous period
I. Cash flows from operating activities			
1. Total cash inflow (sum of 011 to 016 rows)	010	90,831,454	78,800,185
Including:			
Sale of goods and services	011	81,830,558	70,470,699
Other revenue	012	-	-
Advances received from customers	013	8,313,640	7,794,288
Proceeds from insurance contracts	014	-	-
Interest received	015	339,677	170,168
Other proceeds	016	347,579	365,030
2. Total cash outflow (sum of 021 to 027 rows)	020	(41,035,986)	(29,763,381)
Including:			
Payments to suppliers for goods and services	021	(21,201,856)	(18,082,291)
Advances given to suppliers of goods and services	022	(44,747)	(3,471)
Salary payments	023	(2,169,893)	(1,755,661)
Interest payments	024	(3,693,038)	(4,320,826)
Payments under insurance contracts	025	(433,840)	(303,933)
Income tax and other payments to the budget	026	(12,708,398)	(4,618,061)
Other payments	027	(784,214)	(679,138)
3. Net cash flows received from operating activities (row 010 – row 020)	030	49,795,468	49,036,804
II. Cash flows from investing activities			
1. Total cash inflow (sum of 041 to 052 rows)	040	20,277,231	19,756,770
Including:			
Proceeds from the sale of property, plant and equipment	041	-	-
Proceeds from the sale of intangible assets	042	-	-
Proceeds from the sale of other non-current assets	043	-	23,838
Proceeds from the sale of debt instruments of other organisations (except for subsidiaries) and interests in joint ventures	044	-	-
Proceeds from the sale of debt instruments of other organisations	045	-	-
Compensation for the loss of control over subsidiaries	046	-	-
Withdrawal of cash deposits	047	20,277,231	19,732,932
Proceeds from the sale of other financial assets	048	-	-
Futures and forward contracts, options and swaps	049	-	-
Dividends received	050	-	-
Interest received	051	-	-
Other proceeds	052	-	-
2. Total cash outflow (sum of 061 to 073 rows)	060	(21,295,699)	(22,087,212)
Including:			
Purchases of property, plant and equipment	061	(1,083,577)	(2,116,947)
Acquisition of intangible assets	062	(14,900)	(14,800)
Acquisition of other non-current assets	063	-	-
Acquisition of debt instruments of other organisations (except for subsidiaries) and interests in joint ventures	064	-	-
Acquisition of debt instruments of other organisations	065	-	-
Acquisition of control over subsidiaries	066	-	-
Cash deposits	067	(20,197,122)	(19,955,465)
Interest paid	068	-	-
Acquisition of other financial assets	069	-	-
Loans	070	-	-
Futures and forward contracts, options and swaps	071	-	-
Investments in associates and subsidiaries	072	-	-
Other payments	073	-	-
3. Net cash flows used in investing activities (row 040 – row 060)	080	(1,018,368)	(2,330,442)

**Statement of Cash Flows (direct method)
for the year then ended 31 December 2022**

In thousands of tenge

Line item	Note	For the reporting period	For the previous period
Cash flows from financing activities			
1. Total cash inflow (sum of 091 to 094 rows)	090	-	-
Including:			
Issuance of shares and other financial instruments	091	-	-
Bank borrowings	092	-	-
Received remunerations	093	-	-
Other proceeds	094	-	-
2. Total cash outflow (sum of 101 to 105 rows)	100	(94,191,908)	(38,267,827)
Including:			
Repayment of borrowings	101	(83,571,700)	(33,928,000)
Payment of remuneration	102	-	-
Dividends paid	103	(10,000,000)	(3,600,000)
Payments for share owners of the organization	104	-	-
Other payments	105	(620,208)	(739,827)
3. Net cash flows used in financing activities (row 090 - row 100)	110	(94,191,908)	(38,267,827)
4. Effect of foreign exchange rates on cash and cash equivalents	120	4,887,902	773,771
5. Effect of changes in carrying amount of cash and cash equivalents	130	-	-
6. Increase +/- decrease in cash (row 030 +/- row 080 +/- row 110 +/- row 120 +/- row 130)	140	(40,526,906)	9,212,306
Cash and cash equivalents at the beginning of the reporting period	150	58,398,390	49,186,084
Cash and cash equivalents at the end of the reporting period	160	17,871,484	58,398,390

Acting General Director



Pan Tao

Acting deputy General Director - Chief Accountant

Kochergova A.V.

Statement of Changes in Equity
for the year then ended 31 December 2022

Components name	Note	Equity of Parent Company						Non-controlling interest	Total equity
		Share capital	Share premium	Treasury stocks	Components of other comprehensive income	Retained earnings	Other capital		
Balance as at 1 January of previous year	010	13,000,000	-	-	-	-	-	73,816,757	
Changes in accounting policy	011	-	-	-	-	-	-	-	
Revised balance (row 010 +/- row 011)	100	13,000,000	-	-	47,278,028	-	-	-	
Total comprehensive loss (row 210 + row 220)	200	-	-	-	(4,591,478)	13,538,729	-	73,816,757	
Loss for the year	210	-	-	-	-	27,197,104	-	22,605,626	
Total other comprehensive income (sum of 221 to 229)	220	-	-	-	(4,591,478)	23,216,450	-	23,216,450	
Including:									
Revaluation of debt financial instruments carried at fair value through other comprehensive income (less tax effect)	221	-	-	-	-	3,980,654	-	(610,824)	
Revaluation of equity financial instruments carried at fair value through other comprehensive income (less tax effect)	222	-	-	-	-	-	-	-	
Revaluation of property, plant and equipment and intangible assets (less tax effect)	223	-	-	-	-	-	-	-	
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	224	-	-	-	(4,589,975)	3,980,654	-	(609,321)	
Actuarial profit (loss) on pension obligations	225	-	-	-	-	-	-	-	
Effect of income tax rate changes on deferred tax	226	-	-	-	(1,503)	-	-	(1,503)	

Statement of Changes in Equity
for the year then ended 31 December 2022

In thousands of tenge

Components name	Note	Equity of Parent Company						Total equity
		Share capital	Share premium	Treasury stocks	Components of other comprehensive income	Retained earnings	Other capital	
Hedging of cash flows (less tax effect)	227	-	-	-	-	-	-	-
Hedging of net investments in foreign operations	228	-	-	-	-	-	-	-
Exchange difference on investments in foreign entities	229	-	-	-	-	-	-	-
Transactions with owners, total (sum of items 310 to 318):	300	-	-	-	-	(3,600,000)	-	(3,600,000)
Including:								
Share-based remuneration	310	-	-	-	-	-	-	-
Including:								
Cost of employee services		-	-	-	-	-	-	-
Issue of shares under share-based remuneration scheme		-	-	-	-	-	-	-
Tax benefit from share-based remuneration scheme		-	-	-	-	-	-	-
Contributions from owners	311	-	-	-	-	-	-	-
Issue of own equity instruments (shares)	312	-	-	-	-	-	-	-
Issue of debt instruments related to business combination	313	-	-	-	-	-	-	-
Debt component of convertible instruments: (less tax effect)	314	-	-	-	-	-	-	-
Dividends paid	315	-	-	-	-	-	-	-
Other payments to owners	316	-	-	-	-	(3,600,000)	-	(3,600,000)
Other transactions with owners	317	-	-	-	-	-	-	-
Changes in the interest in subsidiaries not resulting in a loss of control	318	-	-	-	-	-	-	-
Other transactions	319	-	-	-	-	-	-	-
Balance at 1 January of reporting period (row 100 + row 200 + row 300 + row 319)	400	13,000,000	-	-	42,686,550	37,135,833	-	92,822,383
Change in accounting policy	401	-	-	-	-	-	-	-
Revised balance (row 400 +/- row 401)	500	13,000,000	-	-	42,686,550	37,135,833	-	92,822,383

Statement of Changes in Equity
for the year then ended 31 December 2022

in thousands of tenge

Components name	Note	Equity of Parent Company						Non-controlling interest	Total equity
		Share capital	Share premium	Treasury stocks	Components of other comprehensive income	Retained earnings	Other capital		
Total comprehensive income (row 610 + row 620)	600	-	-	-	17,663,202	33,636,820	-	51,300,022	
Income for the year	610	-	-	-	-	29,451,364	-	29,451,364	
Total other comprehensive expense (sum of 621 to 629 rows)	620	-	-	-	17,663,202	4,185,456	-	21,848,658	
Including:									
Revaluation of debt financial instruments carried at fair value through other comprehensive income (less tax effect)	621	-	-	-	-	-	-	-	
Revaluation of equity financial instruments carried at fair value through other comprehensive income (less tax effect)	622	-	-	-	-	-	-	-	
Revaluation of property, plant and equipment and intangible assets (less tax effect)	623	-	-	-	17,663,428	4,185,456	-	21,848,884	
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	624	-	-	-	-	-	-	-	
Actuarial profit loss on pension obligations	625	-	-	-	-	-	-	-	
Effect of income tax rate changes on deferred tax	626	-	-	-	(226)	-	-	(226)	
Hedging of cash flows (less tax effect)	627	-	-	-	-	-	-	-	
Hedging of net investments in foreign operations	628	-	-	-	-	-	-	-	
Exchange difference on investments in foreign entities	629	-	-	-	-	-	-	-	

**Statement of Changes in Equity
for the year then ended 31 December 2022**

In thousands of tenge

Components name	Note	Equity of Parent Company						Non-controlling interest	Total equity
		Share capital	Share premium	Treasury stocks	Components of other comprehensive income	Retained earnings	Other capital		
Transactions with owners (sum of 710 to 718 rows)	700	-	-	-	-	(10,000,000)	-	(10,000,000)	
Including:									
Share-based remuneration	710	-	-	-	-	-	-	-	
Including:									
Cost of employee services		-	-	-	-	-	-	-	
Issue of shares under share-based remuneration scheme		-	-	-	-	-	-	-	
Tax benefit from share-based remuneration scheme		-	-	-	-	-	-	-	
Contributions from owners	711	-	-	-	-	-	-	-	
Issue of own equity instruments (shares)	712	-	-	-	-	-	-	-	
Issue of debt instruments related to business combination	713	-	-	-	-	-	-	-	
Debt component of convertible instruments (less tax effect)	714	-	-	-	-	-	-	-	
Dividends paid	715	-	-	-	-	-	-	-	
Other payments to owners	716	-	-	-	-	(10,000,000)	-	(10,000,000)	
Other transactions with owners	717	-	-	-	-	-	-	-	
Other owner transactions		-	-	-	-	-	-	-	
Changes in the interest in subsidiaries not resulting in a loss of control	718	-	-	-	-	-	-	-	
Other transactions	719	-	-	-	-	-	-	-	
Balance at 31 December of reporting period (row 500 + row 600 + row 700 + row 719)	800	13,000,000	-	-	60,349,752	60,772,653	-	134,122,405	

Acting General Director



Pan Tao



Acting Deputy General Director / Chief Accountant

Kochergova A.V.

1 Company and Its Operations

Kazakhstan-China Pipeline LLP (hereinafter – the “Company”) was established as a limited liability partnership on 6 July 2004 in accordance with the legislation of the Republic of Kazakhstan. The Company is owned by two founders: China National Oil and Gas Exploration and Development Company (hereinafter – “CNODC”), the subsidiary of China National Petroleum Corporation (hereinafter – “CNPC”), and KazTransOil Joint Stock Company (hereinafter – “KazTransOil”), the subsidiary of “National Company “KazMunayGas” Joint Stock Company (hereinafter – “KazMunayGas”); share of each founder in the charter capital of the Company equals 50%. The Company is jointly controlled by KazTransOil and CNODC on an equal basis. KazTransOil is owned by the Government of the Republic of Kazakhstan through Samruk-Kazyna National Welfare Fund JSC (hereinafter – Samruk-Kazyna) holding company (90%) and the National Bank of the Republic of Kazakhstan (10%), and CNODC is fully owned by the Government of the People's Republic of China through CNPC state-owned company.

On 17 May 2004, the Government of the People's Republic of China and the Government of the Republic of Kazakhstan signed the Framework Agreement on Development of Overall Cooperation in oil and gas sector. In addition, on 17 May 2004, CNPC and KazMunayGas entered into the Agreement for main construction principles of 965.1 km long Atasu-Alashankou oil pipeline. On 20 December 2006, CNPC and KazMunayGas entered into the Agreement for main construction principles of the second phase of Kazakhstan-China oil pipeline, as well as Additional agreement No. 1 thereto dated 18 August 2007.

On 17 November 2005, the Company received a patent for investment, construction, operation and repair of Atasu-Alashankou oil pipeline in China valid until 16 November 2025. Therefore, the Company registered its branch in China.

The Company constructed Atasu-Alashankou oil pipeline with capacity of 7 million tons per year and put it into operation on 28 July 2006. In 2008 the Company put into operation additional equipment for increase in capacity of the oil pipeline up to 10 million tons per year.

Technological oil for pipeline filling in the amount of 401,449 metric tons was provided by the PetroChina International Kazakhstan LLP (hereinafter – “PetroChina”). Technological oil belongs to the PetroChina.

On 8 May 2008, the Company received an approval for performing installation and construction works for Kenkiyak-Kumkol oil pipeline issued by the Committee for Construction and Housing and Utilities Infrastructure of the Ministry of Industry and Trade of the Republic of Kazakhstan, and signed contracts with OGCC KazStroyService and China Petroleum Pipeline Engineering Kazakhstan LLP for project development, delivery of materials and construction of 794,263 km long Kenkiyak-Kumkol oil pipeline with rated annual capacity of first stage of second phase around 10 million tons.

On 1 July 2009, construction of the line section of the oil pipeline Kenkiyak-Kumkol was completed.

On 7 October 2009, the Company put into operation the first commissioning and start-up complex of Kenkiyak-Kumkol oil pipeline with rated capacity at the first phase of 10 million tons per year.

Technological oil for pipeline filling is provided by Shippers in accordance with the Technical Agreement in an amount proportional to their share in the total traffic. Technological oil is in safe custody, ownership remains with the Shippers. Technological oil is returned upon termination of obligations under the Oil Transportation Agreement, or upon transfer of technological oil volumes to the pipeline by the third parties, or upon transfer of ownership of technological oil to the third parties, or upon completion of operation of Kenkiyak-Kumkol oil pipeline.

On 10 December 2010, the Company completed commissioning of facilities of first stage of second phase of Kenkiyak-Kumkol oil pipeline construction.

In 2011 and 2013 the Company put into operation additional equipment for increase in capacity of Atasu-Alashankou oil pipeline up to 20 million tons per year.

During 2013 and 2014, the Company performed construction works to connect pump station (hereinafter – “NPS”) No. 8 to the 35 kV open distribution unit of 500 kV Agadyr substation, including the construction, installation, commissioning activities and start-up operation of the equipment with the capacity of 40,000 kVA.

On 2 March 2015, route roads in the Eastern Kazakhstan region of total distance of 50.06 km were put into operation.

The Company is treated as a monopolist, and therefore is subject to regulation by the Committee for Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter – the “CRNM”). The CRNM approves tariff rates for oil transportation based on reimbursement of costs incurred on assets used. On 31 December 2019, according to Order No. 74-ОД of the Chairman of the CRNM, the domestic market tariff for the period of 2020-2024 was approved in the amount of Tenge 4,359 per ton per 1,000 km (net of VAT) for 2022 (2021: Tenge 4,323 per ton).

1 Company and Its Operations (Continued)

On 5 May 2015, the Law of the Republic of Kazakhstan "On Introducing Amendments to Some Legislative Acts of the Republic of Kazakhstan on the Issues of Natural Monopolies and Regulated Markets" was issued, according to which services for transportation of oil and oil products through main pipelines for transit purposes through the Republic of Kazakhstan and export outside the Republic of Kazakhstan are not included in the scope of natural monopolies in the Republic of Kazakhstan. After the enactment, the Company has the right for independent approval of tariff rates for oil transportation for the above-mentioned purposes. On 28 December 2016, the Company approved a tariff for export purposes outside the Republic of Kazakhstan in the amount of Tenge 6,799 per ton per 1,000 km (net of VAT) for 2022 (2021: Tenge 6,799 per ton).

During 2022 and 2021 the Company transported 1,262 thousand tons of oil and 968 thousand tons of oil, respectively, through Atasu-Alashankou oil pipeline. Additionally, in 2022 and 2021, the Company transported 9,989 thousand tons of transit oil and 9,989 thousand tons of transit oil, respectively, based on the Agreement between the Governments of the Republic of Kazakhstan and the Russian Federation on cooperation in the field of Russian oil transportation through the territory of the Republic of Kazakhstan to People's Republic of China, which came into force on 1 January 2014. The tariff on oil transportation under this agreement is determined in accordance with the contract entered between the Company, KazTransOil and Rosneft Oil Company OJSC (hereinafter – Rosneft).

During 2022 and 2021, the Company transported 8,496 thousand tons of oil and 6,717 thousand tons of oil, respectively, through Kenkiyak-Kumkol oil pipeline.

The Company's registered office is located at the following address: 109B Abay Avenue, Almaty, 050008, Republic of Kazakhstan.

2 Basis of Preparation

These special purpose financial statements (hereinafter referred to as the "financial statements") of the Company have been prepared in accordance with the Order of the Ministry of Finance of the Republic of Kazakhstan No. 404 dated June 28, 2017. These financial statements have been prepared solely for the purpose of publication in Kazakhstan mass media and submission to the financial reporting depository of the Ministry of Finance of the Republic of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan.

These financial statements are presented in Tenge, and all monetary amounts are rounded to the nearest thousands, except where specifically indicated. The functional currency of the Company is Tenge.

3 Significant Accounting Policies

In preparing these financial statements, the Company applied the principles of accounting policies described in the financial statements for the year ended 31 December 2022 drawn up in accordance with International Financial Reporting Standards, dated February 6, 2023.

New standards

The adoption of amendments to the standards and interpretations, effective from 1 January 2022, did not have a material impact on the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The amendments to the standards, effective from 1 January 2023, are not expected to have a material impact on the Company. The Company is evaluating the potential impact of other new standards, amendments to standards and interpretations.

Foreign currency translation

Transactions and balances

Foreign currency transactions are initially recorded by the Company in its functional currency at the rates effective at the date of the transaction first qualified for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates effective at the reporting date.

Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities are included in the statement of comprehensive income.

3 Significant Accounting Policies (Continued)

Non-monetary items that are measured at 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 was determined. Gains or losses arising on translation of non-monetary items are treated in line with the recognition of gains or losses due to change in fair value (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Exchange rates

Weighted average exchange rates established by the Kazakhstan Stock Exchange (hereinafter – "KASE") are used as official exchange rates in the Republic of Kazakhstan.

Weighted average exchange rates for the years ended 31 December 2022 and 2021 were:

<i>Tenge</i>	2022	2021
US Dollars	460.93	426.06
Russian Roubles	6.92	5.78
Euro	485.29	503.96
Chinese Yuan	68.61	66.07

At 31 December 2022 and 2021 the exchange rates established at KASE were as follows:

<i>Tenge</i>	31 December 2022	31 December 2021
US Dollars	462.65	431.80
Russian Roubles	6.43	5.76
Euro	492.86	489.10
Chinese Yuan	66.73	68.00

4 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company's 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:

- potential and contingent liabilities (Note 17);
- financial risk management and policies (Note 18);
- sensitivity analysis disclosures (Note 18).

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 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.

Useful life of property, plant and equipment

Assessment of useful lives of property, plant and equipment is subject to judgement based on the management's experience of using similar assets. Future economic benefits from assets are mainly gained through their usage. Nevertheless, other factors such as technical and commercial obsolescence often lead to decrease of economic benefits to be derived from the assets. Management assesses the remaining useful life of the assets based on their current technical conditions and expected period during which these assets will bring such benefits to the Company.

4 Significant Accounting Judgements, Estimates and Assumptions (Continued)

Impairment of property, plant and equipment

The Company reviews the carrying value of its property, plant and equipment to identify impairment indicators of such assets. The carrying value of property, plant and equipment and other non-financial assets is tested for impairment in case any indicators identified that the carrying value of the assets may not be recoverable.

When conducting an impairment test, the recoverable amount is determined as the higher of an asset's value in use (i.e. the net present value of the discounted forecasted cash flows for the corresponding cash generative unit) and fair value net of the cost to sell (the amount that can be redeemed as a result of selling the asset or a cash generating unit in an arm's length transactions entered voluntarily by knowledgeable non-related parties, less the cost of disposal). Where there is no binding sale and purchase agreement or active market, fair value less costs to sell is based on the best information available to reflect the amount the Company could receive for the cash generating unit in an arm's length transaction.

A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or assets groups. For the purpose of the analysis of impairment indicators and in case impairment test is required, management concluded that all of the Company's property, plant and equipment is a separate cash generating unit.

The estimates used for impairment reviews are based on approved budgets, forecasted volumes of oil transported and forecasted tariffs, modified as appropriate to meet the requirements of IAS 36 "Impairment of Assets". Future cash flows are based on:

- forecasted volumes of the oil transported;
- forecasted tariff for the transportation of transit oil, export and domestic markets, and
- future costs of production, capital expenditures and operating expenses.

As at 31 December 2022, the Company had conducted an analysis and found no impairment indicators.

Revaluation of property, plant and equipment

The Company accounts for property, plant and equipment at revalued amount. In 2022, the Company engaged a consortium of independent professional appraisers, AAR – Advisory and Research LLP and Valuation and Expertise LLP, (hereinafter – the "appraiser") to revalue its property, plant and equipment as at 1 October 2022. The appraiser has a professional qualification and relevant experience.

Input data for determining the fair value of property, plant and equipment is to Level 3 in the fair value hierarchy (unobservable inputs).

Firstly, valuation method was based on the valuation of the depreciable replacement cost (hereinafter – "cost approach"). Cost approach is used if the valuation object is new or is under construction, or if it relates to objects with a limited market (specialised assets), for which it is not possible to obtain information on selling prices (in the absence of an active market).

The majority of the Company's property is specialised, as its alternative use for other types of activity is impossible. The transactions with assets similar to evaluated ones are absent.

In using the cost method, certain key elements were taken into account, such as:

- understanding specifics of the asset, its function and environment;
- review and analysis to determine the remaining useful life (to evaluate physical depreciation) and economic useful life of the asset;
- knowledge of the requirements of financial and economic activities (to evaluate functional or technical obsolescence);
- knowledge of property, plant and equipment by access to available market data; knowledge of construction technologies and materials (to evaluate the cost of a current equivalent asset); and
- sufficient knowledge to determine the impact of economic/external obsolescence on the cost.

As part of the valuation, the appraiser conducted a test for adequate profitability using the income approach in the analysis of economic depreciation of specialised items of property, plant and equipment of the Company, as a result of which the value in use was determined at Tenge 222,414,036 thousand.

4 Significant Accounting Judgements, Estimates and Assumptions (Continued)

During the testing of adequate profitability, the following assumptions were used:

Rate	16.51%
Remaining useful life of the primary asset "Atasu-Alashankou pipeline"	14 years
Remaining useful life of the primary asset "Kenkiyak-Kumkol pipeline"	17 years

Amortised replacement cost was lower than the obtained value in use, accordingly, it was recognised as fair value of the property, plant and equipment of the Company. The results of evaluation of the value in use are sensitive to forecasts of sales volumes of the services provided, level of tariff for services provided and fluctuations in the USD exchange rate:

<i>In thousands of Kazakhstani Tenge</i>	Increase/(decrease)	Impact on Values in Use
Change in volumes of transportation	+10.00%/(10.00%)	40,286,141/(40,414,943)
Change in production cost	+10.00%/(10.00%)	(12,106,592)/12,049,580
Change in tariffs	+10.00%/(10.00%)	40,368,203/(40,500,876)
Change in discount rate	+1.50%/(1.50%)	(12,412,623)/13,813,338

As a result of revaluation, the net amount of impairment on all groups of property, plant and equipment of Tenge 250,183 thousand was allocated to the profit and loss, and the amount of Tenge 22,987,858 thousand was allocated to the revaluation reserve in equity.

Accumulated depreciation was offset against the carrying amount of property, plant and equipment, and the net amount was recognised as revalued cost of property, plant and equipment.

Asset retirement and land recultivation obligation

According to the Law of the Republic of Kazakhstan on 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 lives.

In addition, in accordance with Environmental Code of Republic of Kazakhstan, upon shutdown of operation of facilities that have a negative impact on the environment, facility operators are required to ensure elimination of consequences of operation of such facilities in accordance with requirements of legislation of Republic of Kazakhstan. The Company, in addition to the linear part of the main pipeline, has other facilities necessary to ensure operation of the pipeline. By decision of the Ministry of Ecology, Geology and Natural Resources of Republic of Kazakhstan, such facilities of the Company were classified as category II facilities that have a moderate negative impact on the environment. Accordingly, the obligation to decommission assets and land recultivation includes estimated costs of taking necessary measures in relation to these facilities:

The provision for asset retirement and land recultivation obligations is estimated based on the value of the work to decommission and rehabilitate land calculated by the Company in accordance with the technical regulations of the Republic of Kazakhstan.

The movements of provisions for liabilities for decommissioning of assets and land recultivation are presented below:

<i>In thousands of Kazakhstani Tenge</i>	2022	2021
As of 1 January	12,122,659	10,668,868
Initial recognition charged to the value of property, plant and equipment	2,636,566	-
Change in estimates charged to other comprehensive income	(4,323,246)	761,651
Discount depreciation	846,763	692,140
As of 31 December	11,282,742	12,122,659

4 Significant Accounting Judgements, Estimates and Assumptions (Continued)

The amount of provision was determined at the end of the reporting period using the forecasted inflation rate for the expected period of fulfilment of the obligation, and the discount rate at the end of the reporting period which are presented below:

	2022
Pipelines decommission expense for 1 km	Tenge 7,740
Discount rate	thousand
Inflation rate	10.41%
Period of fulfilment of obligations on "Kenkiyak-Kumkol pipeline" and its facilities	6.04%
Period of fulfilment of obligations on "Atasu-Alashankou pipeline" and its facilities	17 years
	14 years

The discount rate is based on the risk-free US treasury bonds, adjusted on long-term inflation rate and country risk.

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.

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

<i>In thousands of Kazakhstani Tenge</i>	(Decrease)/increase in rate	Increase/ (decrease) in liability
Discount rate	(0.5%)	782,963
Inflation rate	+0.5%	(728,431)
	(0.5%)	(819,553)
	+0.5%	880,021

Positive or negative unbalance

According to the National standard of the Republic of Kazakhstan "Main oil pipelines. The Instruction for the calculation of oil" ST RK 1476-2015, the Company determines the actual presence of oil in the oil pipelines and compares the actual volume of oil with accounting data, for the purposes of safeguarding the oil ("inventory count"), once in a year as of 24:00 Moscow time on 31 December. During the inventory count, the mass of oil is determined in the linear part of the main oil pipelines and in the technological pipelines. The weight of oil mass is determined as the product of the average oil density adjusted to an actual temperature and pressure at the site using coefficients depending on the average pressure and average temperature of oil in the pipeline.

Differences associated with an error in the balance of delivered and received oil are determined as the difference between the incoming and outgoing parts of the balance (unbalance) and appear in the form of surpluses (positive unbalance) and shortages (negative unbalance) and are reflected in a separate line of the executive balance.

The Company does not recognise positive unbalance in financial statements on the basis that the Company does not have control over the asset due to the absence of a legally enforceable right to the unbalance.

5 Balances and Transactions with Related Parties

Definition of related parties is presented in IAS 24 *Related Party Disclosures*. The parties are considered to be related if one party has the ability to control the other party, is under common control, or may exercise significant influence over the other party in making financial or operational decisions or exercises general control over it.

In considering each possible related party relationship, attention is directed to the nature of the relationship, and not merely the legal form. Information about immediate parent companies and parties exercising ultimate control over the Company is disclosed in Note 1.

For the purposes of these financial statements, related parties of the Company include owners, their subsidiaries and entities under common control / significant influence of the owners.

Balances on transactions with related parties as at 31 December 2022 comprise as follows:

<i>In thousands of Kazakhstani Tenge</i>	Parent companies	Entities under control/ significant influence of Samruk-Kazyna and CNPC	Total
Accounts receivable from related parties	6,224	46,745	52,969
Advances received for oil transportation from related parties	-	3,509,893	3,509,893
Accounts payable to related parties	1,223,099	285,852	1,508,951

The income and expense items on transactions with related parties for the year ended 31 December 2022 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	Parent companies	Entities under control/ significant influence of Samruk-Kazyna and CNPC	Total
Revenue	159,495	30,452,511	30,612,006
Expenses:			
- Oil-pipeline servicing	11,640,009	1,073,989	12,713,998
- Other services	88,550	451,809	540,359

Balances on transactions with related parties as at 31 December 2021 comprise as follows:

<i>In thousands of Kazakhstani Tenge</i>	Parent companies	Entities under control/ significant influence of Samruk-Kazyna and CNPC	Total
Accounts receivable from related parties	6,113	34,204	40,317
Advances received for oil transportation from related parties	-	3,218,107	3,218,107
Accounts payable to related parties	955,795	87,513	1,043,308

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The income and expense items on transactions with related parties for the year ended 31 December 2021 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	Parent companies	Entities under control/ significant influence of Samruk-Kazyna and CNPC	Total
Revenue	54,580	23,009,916	23,064,496
Expenses:			
- Oil-pipeline servicing	8,765,011	-	8,765,011
- Capital expenditures	-	10,223	10,223
- Security services	-	74,441	74,441
- Other services	134,393	320,632	455,025

Remuneration to the members of the Management Board

Remuneration paid to six members of the Management Board for their services in full-time executive management positions comprises the contractual salary and bonuses. Total amount of remuneration included in general and administrative expenses in the statement of comprehensive income for the year ended 31 December 2022 was Tenge 220,589 thousand (31 December 2021: Tenge 148,353 thousand).

6 Property, Plant and Equipment (row 121)

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

<i>In thousands of Kazakhstani Tenge</i>	Land	Buildings and con- structions	Machinery and equipment	Pipeline	Other vehicles	Other	Con-struction in progress	Total
Revalued cost at 31 December 2020	78,157	48,912,845	41,803,144	136,896,929	192,392	816,493	5,242,417	233,942,377
Additions	-	-	263,672	-	-	60,075	2,311,916	2,635,663
Transfers	-	(5,386,362)	7,483,076	(597,162)	26,432	864,780	(2,390,764)	-
Disposals	-	(17,841)	(91,779)	(3,906)	-	(69,791)	-	(183,317)
Revalued cost at 31 December 2021	78,157	43,508,642	49,458,113	136,295,861	218,824	1,671,557	5,163,569	236,394,723
Additions	-	2,636,566	264,483	-	-	28,817	606,359	3,536,225
Transfers	-	146,980	305,832	-	-	137,792	(590,404)	-
Disposals	-	-	(615)	(414)	-	(2,324)	(17,857)	(21,210)
Decrease in historical cost by writing off accumulated depreciation upon revaluation	-	(8,443,340)	(14,175,664)	(22,739,206)	(159,543)	(755,873)	-	(46,273,626)
Revaluation of property, plant and equipment impairment recorded in the statement of comprehensive income	16,568	1,979,448	15,418,693	5,198,847	155,224	219,078	-	22,987,858
Reversal of impairment recorded in the statement of comprehensive income	-	(1,210,036)	(419,623)	-	-	(160,473)	(26,446)	(1,816,578)
Reversal of impairment recorded in the statement of comprehensive income	-	1,073,830	936,740	4,542	34,608	17,041	-	2,066,761
Revalued cost at 31 December 2022	94,725	39,692,090	51,787,759	118,759,630	249,113	1,155,615	5,135,221	216,874,153
Accumulated depreciation and impairment at 31 December 2020	-	(4,067,736)	(5,781,000)	(10,053,573)	(70,951)	(184,638)	(986,098)	(21,143,996)
Depreciation charge for the period	-	(2,611,743)	(4,593,986)	(7,189,964)	(48,110)	(267,010)	-	(14,710,813)
Depreciation on disposals	-	4,250	19,122	2,553	-	44,922	-	70,847
Transfers	-	422,445	(363,528)	90,004	(10,834)	(118,087)	-	-
Accumulated depreciation and impairment at 31 December 2021	-	(6,252,784)	(10,739,392)	(17,150,980)	(129,895)	(524,813)	(986,098)	(35,783,962)
Depreciation charge for the period	-	(2,896,939)	(4,959,833)	(7,492,073)	(49,757)	(315,043)	-	(15,713,645)
Write-off of accumulated depreciation in revaluation	-	8,443,340	14,175,664	22,739,206	159,543	755,873	-	46,273,626
Depreciation on disposals	-	-	352	60	-	2,324	-	2,736
Accumulated depreciation and impairment at 31 December 2022	-	(706,383)	(1,523,209)	(1,903,787)	(20,109)	(81,659)	(986,098)	(5,221,245)
As at 31 December 2022								
Revalued cost	94,725	39,692,090	51,787,759	118,759,630	249,113	1,155,615	5,135,221	216,874,153
Accumulated depreciation and impairment	-	(706,383)	(1,523,209)	(1,903,787)	(20,109)	(81,659)	(986,098)	(5,221,245)
Carrying amount	94,725	38,985,707	50,264,550	116,855,843	229,004	1,073,956	4,149,123	211,652,908
As at 31 December 2021								
Revalued cost	78,157	43,508,642	49,458,113	136,295,861	218,824	1,671,557	5,163,569	236,394,723
Accumulated depreciation and impairment	-	(6,252,784)	(10,739,392)	(17,150,980)	(129,895)	(524,813)	(986,098)	(35,783,962)
Carrying amount	78,157	37,255,858	38,718,721	119,144,881	88,929	1,146,744	4,177,471	200,610,761

6 Property, Plant and Equipment (ROW 121) (Continued)

Depreciation charge

<i>In thousands of Kazakhstani Tenge</i>	Note	2022	2021
Cost of sales	12	15,605,967	14,601,734
General and administrative expenses	13	107,678	109,079
Total depreciation charge		15,713,645	14,710,813

Information on property, plant and equipment, if carried at historical cost, is presented below:

<i>In thousands of Kazakhstani Tenge</i>	Land	Buildings and constructions	Machinery and equipment	Pipeline	Other vehicles	Other	Construction in progress	Total
As at 31 December 2021								
Cost	5,361	49,132,140	71,884,507	146,618,223	674,175	2,761,890	5,163,570	276,239,866
Accumulated depreciation and impairment	-	(22,368,023)	(44,386,707)	(58,097,061)	(631,951)	(1,780,459)	(986,098)	(128,270,299)
Net carrying amount	5,361	26,744,117	27,497,800	88,521,162	42,224	981,431	4,177,472	147,969,567
As at 31 December 2022								
Cost	5,361	51,215,906	71,965,483	142,956,256	674,175	2,772,868	5,161,667	274,751,716
Accumulated depreciation and impairment	-	(24,293,583)	(47,047,929)	(63,034,975)	(644,577)	(1,874,207)	(1,012,544)	(137,907,815)
Net carrying amount	5,361	26,922,323	24,917,554	79,921,281	29,598	898,661	4,149,123	136,843,901

7 Bank Deposits (row 015)

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

<i>In thousands of Kazakhstani Tenge</i>	31 December 2022	31 December 2021
Term deposits with maturity of less than 12 months	21,749,478	20,170,329
Short-term interest receivable	112,711	97,632
Less estimated provision for credit losses	(5,852)	(6,377)
Total bank deposits	21,856,337	20,261,584

As at 31 December 2022 and 2021 short-term deposits are placed in US Dollars. The effective interest rate was 0.8% per annum in 2022 (0.5% per annum in 2021).

8 Cash and Cash Equivalents (row 010)

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

<i>In thousands of Kazakhstani Tenge</i>	31 December 2022	31 December 2021
Cash in bank in foreign currency	13,987,697	48,741,002
Cash in bank in Tenge	3,232,503	8,142,480
Cash on saving accounts in Tenge	648,270	1,509,499
Cash on corporate cards	3,303	6,013
Less estimated provision for credit losses	(289)	(604)
Total cash and cash equivalents	17,871,484	58,398,390

8 Cash and Cash Equivalents (row 010) (Continued)

Cash in foreign currency is denominated in the following foreign currencies:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2022	31 December 2021
US Dollar	13,887,328	48,326,145
Chinese Yuan	100,369	414,857
Total cash in foreign currency	13,987,697	48,741,002

9 Loans and Borrowings

Loans and borrowings of the Company as at 31 December 2022 and 2021 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2022	31 December 2021
Current portion of loans	33,900,576	44,617,184
Non-current portion of loans	32,197,304	94,393,053
Total loans and borrowings	66,097,880	139,010,237

Changes in liabilities arising from financing activities

Changes in financial liabilities for 2022 and 2021 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	Note	2022	2021
At 1 January		139,010,237	169,196,139
Cash flows		(87,264,738)	(38,248,826)
Interest expense	15	4,593,301	4,750,239
Capitalised interest		-	3,951
Changes in foreign exchange rates	15	10,177,090	3,740,885
Withholding CIT		(418,010)	(432,151)
At 31 December		66,097,880	139,010,237

Industrial and Commercial Bank of China and Industrial and Commercial Bank of China in Almaty JSC

On 27 June 2018 the Company signed a loan agreement with the Industrial and Commercial Bank of China and Industrial and Commercial Bank of China in Almaty JSC, acting as an agent. The loan amount was US Dollar 540 million (equivalent to Tenge 191,756,400 thousand at the exchange rate on that date) for 6 years with the possibility of early repayment. The loan purpose was to refinance the loans received from Industrial and Commercial Bank of China and ING Bank N.V. and Industrial and Commercial Bank of China and Industrial and Commercial Bank of China in Almaty JSC. The Company has incurred cost on loan arrangement in the amount of Tenge 1,715,867 thousand (equivalent of US Dollar 5,010 thousand). The effective rates applied for twelve months ended 31 December 2022 and 31 December 2021 amounted to 4.71% and 2.89%, respectively.

On August 3, 2022 the Company early repaid 80,000 thousand US dollars (equivalent to 38,063,200 thousand tenge at the date of payment) and 100,000 thousand US dollars (equivalent of 49,201,538 thousand tenge on the date of payment) in accordance with the schedule of repayment of the principal debt under Facility Agreement with Industrial and Commercial Bank of China jointly with Industrial and Commercial Bank of China in Almaty JSC, acting as agent.

10 Contract Liabilities for Oil Transportation (ROW 219)

Contract liabilities for oil transportation from third parties as at 31 December 2022 mainly include advances received for the transportation of transit oil from Rosneft in the amount of Tenge 4,285,310 thousand (31 December 2021: Tenge 4,116,967 thousand).

Revenue recognised in relation to contract liabilities

In the current reporting period, revenue in the amount of Tenge 7,794,287 thousand was recognised in respect of obligations under oil transportation contracts at the beginning of the reporting period (2021:Tenge 6,135,671 thousand).

11 Revenue (row 010)

Set out below is the disaggregation of the Company's revenue from contracts with customers for the years ended 31 December 2022 and 2021:

<i>In thousands of Kazakhstani Tenge</i>	2022	2021
Type of services		
Transit oil transportation	49,021,225	45,681,287
Domestic oil transportation	26,748,947	21,321,419
Export oil transportation	10,548,668	7,015,841
Total revenue from contracts with customers	86,318,840	74,018,547
Revenue:		
Sales to residents	37,297,615	28,337,260
Sales to non-residents	49,021,225	45,681,287
Total revenue from contracts with customers	86,318,840	74,018,547

The cost of the Company's services for transportation of transit oil (Rosneft) along the transportation route is set in US dollars. Due to external economic events, from March 29 to September 30, 2022, Rosneft made payments in Russian rubles. The amount was converted into Russian rubles using the US dollar/Russian ruble conversion rate set by the Central Bank of the Russian Federation as of the date the funds were debited from Rosneft's account. The Company recognised payment in tenge at the exchange rate of the National Bank of the Republic of Kazakhstan on the date of payment. From July 1, 2022, Rosneft began to make payments in tenge, using the US dollar to tenge conversion rate at the rate of the National Bank of the Republic of Kazakhstan on the day of payment. These circumstances did not significantly affect the transportation of transit oil.

12 Cost of Sales (row 011)

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

<i>In thousands of Kazakhstani Tenge</i>	Note	2022	2021
Depreciation of property, plant and equipment	6	15,605,967	14,601,734
Operational and technical maintenance		13,621,713	10,996,866
Taxes other than income tax		2,610,610	2,786,464
Security services		1,436,619	1,327,476
Electricity expenses		1,012,383	866,863
Salaries		449,840	371,557
Road maintenance and repair		408,973	505,714
Insurance		298,341	288,056
Depreciation of right-of-use assets		287,668	338,964
Inspection services		225,021	218,568
Other		885,240	563,504
Total cost of sales		36,842,375	32,855,766

13 General and Administrative Expenses (row 014)

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

<i>In thousands of Kazakhstani Tenge</i>	Note	2022	2021
Salaries		2,438,335	1,957,462
Salaries of hired administrative personnel (outsourcing)		645,460	527,366
Taxes other than income tax		328,422	214,780
Business trip expenses		171,253	68,565
Depreciation of property, plant and equipment	6	107,678	109,079
Insurance		73,110	64,333
Depreciation of right-of-use assets		23,992	27,935
Communication expenses		15,406	33,491
Transportation expenses		13,127	15,798
Lease expenses		8,766	8,830
Consulting services		7,241	303,511
Other		409,042	579,493
Total general and administrative expenses		4,241,832	3,910,643

14 Other Operating Income and Expenses, Net (row 024)

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

<i>In thousands of Kazakhstani Tenge</i>	2022	2021
Foreign exchange gain (other than loans and borrowings), net	6,398,962	1,041,019
Income net of expenses from the derecognition of liabilities and assets in the form of a right of use	511,329	-
Other income/(expenses), net	40,591	46,728
Total other operating income/ (expenses), net	6,950,882	1,087,747

15 Finance Costs (row 022)

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

<i>In thousands of Kazakhstani Tenge</i>	Прим.	2022	2021
Foreign exchange loss on loans and borrowings, net	9	10,177,090	3,740,885
Interest on loan from Industrial and Commercial Bank of China and industrial and Commercial Bank of China in Almaty JSC	9	4,593,301	4,750,239
Unwinding of discount on asset retirement and land reclamation obligation	4	846,763	692,140
Unwinding of discount on lease liability		108,694	197,918
Actuarial finance costs		1,320	1,212
Total finance costs		15,727,168	9,382,394

16 Income Tax Expense (row 101)

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

<i>In thousands of Kazakhstani Tenge</i>	2022	2021
Current income tax expense	9,445,676	538,055
Deferred (expenses)/income	(1,771,640)	5,428,821
Income tax expense	7,674,036	5,966,876

16 Income Tax Expense (row 101) (Continued)

Reconciliation between income tax expense and accounting profit multiplied by tax rate for 2022 and 2021:

<i>In thousands of Kazakhstani Tenge</i>	2022	2021
Profit before income tax	37,125,400	29,183,326
Official tax rate	20%	20%
Theoretical tax charge at statutory rate of 20%	7,425,080	5,836,665
Tax effect of non-deductible expenses and non-taxable income	248,956	130,211
Income tax expense	7,674,036	5,966,876

Differences between IFRS and statutory taxation regulations in the Republic of Kazakhstan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

<i>In thousands of Kazakhstani Tenge</i>	1 January 2022	Charged/ (credited) to profit or loss	Charged/ (credited) to other comprehensive income	31 December 2022
Deferred tax assets				
Loans and borrowings	(27,874)	210	-	(27,664)
Provision for asset retirement and land reclamation obligation	2,424,532	696,665	(864,649)	2,256,548
Lease liabilities	282,499	(264,403)	-	18,096
Other	16,120	147,797	56	163,973
Deferred tax asset, gross	2,695,277	580,269	(864,593)	2,410,953
Deferred tax liability				
Right-of-use assets	(148,892)	134,897	-	(13,995)
Property, plant and equipment and intangible assets	(28,681,071)	1,056,474	(4,597,571)	(32,222,168)
Deferred tax liability, gross	(28,829,963)	1,191,371	(4,597,571)	(32,236,163)
Net deferred tax liability	(26,134,686)	1,771,640	(5,462,164)	(29,825,210)
<i>In thousands of Kazakhstani Tenge</i>	1 January 2021	Charged/ (credited) to profit or loss	Charged/ (credited) to other comprehensive income	31 December 2021
Deferred tax assets				
Loans and borrowings	(997)	(26,877)	-	(27,874)
Provision for asset retirement and land reclamation obligation	2,133,774	138,428	152,330	2,424,532
Lease liabilities	374,707	(92,208)	-	282,499
Tax losses carried forward	6,730,810	(6,730,810)	-	-
Other	14,437	1,307	376	16,120
Deferred tax asset, gross	9,252,731	(6,710,160)	152,706	2,695,277
Deferred tax liability				
Right-of-use assets	(222,272)	73,380	-	(148,892)
Property, plant and equipment and intangible assets	(29,889,030)	1,207,959	-	(28,681,071)
Deferred tax liability, gross	(30,111,302)	1,281,339	-	(28,829,963)
Net deferred tax liability	(20,858,571)	(5,428,821)	152,706	(26,134,686)

17 Potential and Contingent Liabilities

Operating environment

COVID-19

In March 2020, the World Health Organization declared the outbreak of a new type of coronavirus COVID-19 a pandemic. In response to the pandemic, Kazakh authorities have taken a range of measures to contain the spread and mitigate the impact of COVID-19, such as travel bans and restrictions, quarantines, self-isolation, and restrictions on commercial activities, including business closures. Most of the above measures have since been lifted, but as of December 31, 2022, there is still a risk that government agencies may impose additional restrictions in 2023 in response to possible new strains of the virus.

In the opinion of the Company's management, the virus outbreak does not have a material impact on the valuation of assets and liabilities in the financial statements as at 31 December 2022.

War between Russia and Ukraine

On 21 February 2022, the President of Russia announced the recognition of the Luhansk and Donetsk People's Republics, and on February 24 sent mobilized military troops to the territory of Ukraine. In response to Russia's actions, the United States of America, the European Union and several other countries imposed sanctions against Russia, including cutting off a number of Russian financial institutions from SWIFT. Russia is Kazakhstan's largest trading partner, accounting for up to 40% of non-oil exports, and is a key trade transit, in particular through the Caspian Pipeline Consortium (CPC), which allows the export of up to 80% of Kazakh crude oil.

CPC operations were interrupted in March 2022 due to hurricane damage, but this did not have a significant impact on the budget due to rising oil prices, however, Russia's prolonged closure of the CPC route for Kazakh crude oil will have serious consequences for Kazakhstan's exports and the economy in general. The Kazakh authorities are considering alternative routes to the Caspian Sea, including through Azerbaijan, Georgia and Turkey, but these will require significant investment in additional infrastructure, and the replacement of the CPC route will take many years.

As a result of the conflict between Russia and Ukraine and its aftermath, the exchange rate of tenge has become more volatile, with annual inflation reaching almost 20.3% in December 2022. To date, the National Bank of the Republic of Kazakhstan has taken a number of measures to maintain the stability of the financial system of Kazakhstan.

The long-term effects of the current economic situation are difficult to predict and management's current expectations and estimates may differ from actual results.

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. Its economy is particularly sensitive to prices on oil and gas and other minerals, which constitute major part of the country's export. These characteristics include, but are not limited to, the existence of national currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets. High inflation, problems caused by the recent internal unrest in January 2022, ongoing political tensions in the region, exchange rate volatility have had and may continue to have a negative impact on the economy of Kazakhstan, including reduction of liquidity and creation of difficulties in attracting international financing.

On 20 August 2015 the National Bank and the Government of the Republic of Kazakhstan made a resolution about discontinuation of supporting the exchange rate of Tenge and implement of new monetary policy, which is based on inflation targeting regime, cancellation of exchange rate trading band and start a free-floating exchange rate. However, the National Bank's exchange rate policy allows it to intervene to prevent dramatic fluctuations of the Tenge exchange rate and to ensure financial stability.

As at the date of this report the official exchange rate of the National Bank of the Republic Kazakhstan was Tenge 457.70 per US Dollar 1 compared to Tenge 462.65 per US Dollar 1 as at 31 December 2022 (as at 31 December 2021: Tenge 431.67 per US Dollar). Therefore, uncertainty remains in relation to the exchange rate of Tenge and future actions of National Bank and the Government of the Republic of Kazakhstan and the impact of these factors on the economy of the Republic of Kazakhstan.

In September 2022 S&P Global Ratings, international rating agency affirmed the long-term foreign and local currency sovereign credit ratings of Kazakhstan of "BBB-". The credit rating forecast was downgraded to "negative" as a result of growing external and financial risks. Fitch has affirmed Kazakhstan's long-term rating as 'BBB' with a 'stable' forecast. A stable forecast is supported by the government's strong fiscal and external balance sheets, financial flexibility backed by accumulated savings from oil revenues, a net financial creditor position, and measures implemented by the Government of the Republic of Kazakhstan.

17 Potential and Contingent Liabilities (Continued)

The complexities associated with social tensions, which resulted in internal unrest in early 2022, and the consequences of the conflict between Russia and Ukraine and subsequent sanctions, are balanced by high prices for major exported commodities and increase in oil production from 2024, when the expansion of the Tengiz oil field begins. According to analysts' forecasts, the economic growth rate will be about 3.6% on average in 2022-2025.

The economic environment has a significant impact on the Company's operations and financial position. The management takes all necessary measures to ensure the sustainable operation of the Company. However, the future impact of the current economic situation is difficult to predict and management's current expectations and estimates may differ from actual results.

Additionally, the oil and gas sector in the Republic of Kazakhstan is still impacted by political, legislative, fiscal and regulatory developments. The prospects for future economic stability in the Republic of Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the Government, together with legal, controlling and political developments, which are beyond the Company's control.

The management expects that, in case of a significant restriction of the export of Kazakh oil through Russia in a western direction, it is possible to increase the volume of transportation through the Company's main oil pipelines.

The company continues to monitor the situation and is developing an action plan to overcome possible difficulties caused by the situation in the region, including increased volatility. The management also analyzes possible scenarios in connection with the existing supply and logistics risks and develops a detailed action plan.

Legal proceedings with peasant farms

On 16 May 2022, 14 peasant farms (hereinafter - PF) filed a claim against both CPPI (Kazakhstan) LLP and the Company) to the Specialized Interdistrict Court of Almaty Region for compensation of damage (lost profit) and moral damage in the amount of Tenge 74,214 thousand. On 8 June 2022, the heads of another 5 PF applied to the Specialized Interdistrict Court of Almaty Region with a request to join cases for joint consideration and compensation for damage (lost profits) and moral damage in the amount of Tenge 30,744 thousand. On 8 July 2022, the other farm also filed an application with the Specialized Interdistrict Court of the Almaty Region for clarification of claims and compensation for damage (lost profit) and moral damage in the amount of Tenge 6,488 thousand. The total amount of claims from all PF amounted to Tenge 111,446 thousand.

According to the decision of SIEC of the Almaty region dated 17 August 2022, the claims of PF against CPPI (Kazakhstan) LLP and the Company were denied. On 28 September 2022, nine PF filed an appeal against the decision of the SIEC of Almaty region dated 17 August 2022 to the Appellate Judicial Board for Civil Cases of the Almaty Regional Court. By the decision of the appellate board for civil cases of the Almaty Regional Court dated 7 December 2022, the appeal of PF was denied. The decision of SIEC of 17 August 2022 remained in force. In connection with the entry into force of the Decision of the SIEC dated 17 August 2022, the management of the Company believes that the likelihood of charging the Company with the material damages in favor of PF is significantly reduced.

Tax dispute in court with RSE "State Revenue Administration of Almaty District"

On 20 September 2022, RSE "State Revenue Administration for Almaty District of the State Revenue Department in Almaty of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan" filed a claim with the Specialized Interdistrict Economic Court of Almaty (hereinafter referred to as SIEC) to recognise the transaction between the Company and "Bulekbaev & Co LLP" (earlier "Son&Partners Law Service") – legal services agreement dated 20 December 2020 as invalid.

On 7 November 2022, the SIEC issued a decision to satisfy the claims of RSE "State Revenue Administration for the Almaty District of the State Revenue Department in Almaty of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan" in full (hereinafter referred to as the Decision of 7 November 2022).

On 6 December 2022, the Company filed an appeal against the Decision dated 7 November 2022.

There is a risk of an increase in the Company's tax liabilities in connection with the recognition of the transaction with Bulekbaev & Co-LLP, in this regard, the Company has made a provision in the amount of Tenge 82,857 thousand.

Capital expenditure commitments

As at 31 December 2022 the Company has contractual capital expenditure commitments in respect of property, plant and equipment totalling Tenge 193,012 thousand (31 December 2021: Tenge 282,101 thousand).

17 Potential and Contingent Liabilities (Continued)

Taxation

Kazakhstani tax legislation and practice are in a state of continuous development, and therefore is subject to varying interpretations and frequent changes, which may be retroactive. In certain situations, to determine a tax base, the tax legislation refers to International IFRS provisions. In such cases, interpretation of IFRS provisions by the Kazakhstani tax authorities may differ from accounting policies, judgments and estimates used by management for preparation of the financial statements, and this may result in additional tax liabilities for the Company. Tax periods remain open to retroactive review by the Kazakhstan tax authorities for 5 years. Management of the Company believes that its interpretation of the relevant legislation is appropriate, and the Company will be able to defend its position in case of dispute.

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 preceding 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.

Environmental matters

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 described in the present financial statements (Notes 4).

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

18 Financial Risk Management

The main financial liabilities of the Company include trade and other payables, loans and borrowings. These financial instruments are primarily used to raise financing for the Company's business activities. The Company has trade receivables, cash and cash equivalents arising directly from the Company's business activities.

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

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

Credit risk

The Company trades only with recognised, creditworthy parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The maximum exposure to credit risk in respect of a trade accounts receivable is represented by its carrying amount. There are no significant concentrations of credit risk within the Company.

The Company places cash and deposits with Kazakhstani and foreign banks. The Company's management reviews credit ratings of these banks periodically to eliminate extraordinary credit risk exposure. The Company's management believes that recent international credit crisis and subsequent changes in credit rating of local banks do not justify extraordinary credit risk. Accordingly, no impairment provision against bank deposits is required. Credit risk is mainly concentrated in deposits, cash and cash equivalents. The maximum exposure to credit risk in respect of deposits and cash and cash equivalents is represented by their carrying amount.

18 Financial Risk Management (Continued)

The table below shows the balances of bank accounts and cash and cash equivalents as at the reporting date using Moody's credit ratings

<i>In thousands of Kazakhstani Tenge</i>	Location	Rating		31 December 2022	31 December 2021
		2022	2021		
Banks					
Industrial and Commercial Bank of China in Almaty JSC	Kazakhstan	A1	A1	28,237,989	67,082,320
Halyk bank of Kazakhstan JSC	Kazakhstan	Baa2	Baa2	11,468,034	11,512,934
Bank of China in Alashankou JSC	China	A1	A1	27,909	71,656
Bank of China in Kazakhstan JSC	Kazakhstan	A1	A1	30	33
Altyn Bank JSC (SB of China Citic Bank Corporation Ltd)	Kazakhstan	Ba1	Ba1	-	12
Total				39,733,962	78,666,955

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., trade accounts receivable, other financial assets) and projected cash flows from operations.

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

<i>In thousands of Kazakhstani Tenge</i>	Less than 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years	Total
At 31 December 2022					
Loans and borrowings	35,219,061	33,117,671	-	-	68,336,732
Trade and other payables	2,175,643	-	-	-	2,175,643
Accrued liabilities	422,145	-	-	-	422,145
Lease liabilities	37,201	47,810	3,349	36,792	125,152
Total	37,854,050	33,165,481	3,349	36,792	71,059,672
At 31 December 2021					
Loans and borrowings	46,814,770	49,869,873	48,517,961	-	145,202,604
Trade and other payables	1,773,487	-	-	-	1,773,487
Accrued liabilities	881,584	-	-	-	881,584
Lease liabilities	721,458	705,488	46,699	2,222	1,475,867
Total	50,191,299	50,575,361	48,564,660	2,222	149,333,542

As of 31 December 2022 current assets of the Company mainly include cash and cash equivalents of Tenge 17,871,484 thousand and bank deposits of Tenge 21,856,337 thousand. Current liabilities mainly included loans and borrowings in the amount of Tenge 33,900,576 thousand and accounts payable to related parties of Tenge 1,508,951 thousand, including payables to KazTransOil JSC of Tenge 1,223,099 thousand, as well as obligations under contracts for the provision of transportation services in the total amount of Tenge 8,313,639 thousand. In order to improve liquidity, in 2018 the Company obtained the new refinancing loan with larger term of repayment. The Company intends to repay outstanding loans using cash from its operating activities.

As of 31 December 2022, the Company's current liabilities exceeded its current assets for Tenge 4,311,855 thousand, which was mainly due to the early repayment of the loan in August 2022 in the amount equivalent to Tenge 38,063,200 thousand, which will significantly reduce the financial burden on the Company's future cash flows.

The management believes that current assets and expected cash flows from operating activities will be sufficient to meet the Company's current liabilities within the contractual time frame, taking into account the forecasted profitability, the loan repayment schedule and the fact that short-term liabilities as of 31 December 2022 include advances received for oil transportation services in the amount of Tenge 8,313,639 thousand.

18 Financial Risk Management (Continued)

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. In order to maintain or change the capital structure Company can regulate amount of dividend payments, return capital to a shareholder or issue new shares.

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

Currency risk

The table below shows the total amount of foreign currency denominated assets and liabilities that give rise to currency risk.

<i>In thousands of Kazakhstani Tenge</i>	Cash and deposits	Loans and borrowings	Net balance amount
At 31 December 2022			
US Dollar	35,743,665	(66,097,880)	(30,354,215)
At 31 December 2021			
US Dollar	68,587,729	(139,010,237)	(70,422,508)

The Company does not have formal arrangements to mitigate foreign exchange risks of the Company's operations. The Company also has risks associated with transactions in foreign currencies. Such risks arise in connection with loans in US dollars.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rates, with all other variables held constant, of the Company's profit and equity (due to changes in the fair value of monetary assets and liabilities).

<i>In thousands of Kazakhstani Tenge</i>	Increase/decrease in exchange rate	Effect on profit and equity
2022		
US Dollars	+10.00%/(10.00%)	(2,428,337)/2,428,337
2021		
US Dollars	+10.00%/(10.00%)	(5,633,801)/5,633,801

19 Fair Value of Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. The best evidence of fair value is a quoted price in an active market for a financial instrument.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements – obtained using valuation techniques in which all significant inputs used are directly or indirectly observable for the asset or liability (i.e., for example, price), and (iii) Tier 3 estimates, which are estimates not based on observable market data (i.e. based on unobservable inputs).

All of the Company's financial instruments are carried at amortised cost. Their fair values were determined using level 3 measurements of the fair value hierarchy, based on the available market data or relevant valuation techniques.

However, judgement is required to interpret market data to determine the estimated fair value. The Republic of Kazakhstan continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions, and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

19 Fair Value of Financial Instruments (Continued)

Financial assets carried at amortised cost

The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on the credit risk of the counterparty. Due to the short-term nature of trade receivables, their carrying amount approximates their fair value.

Due to the short-term nature of cash, bank deposits, trade and other receivables, their carrying amount approximates their fair value.

Financial liabilities carried at amortised cost

The fair value of unquoted fixed interest rate instruments with stated maturities were estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

Due to the short-term nature of trade payables, their carrying amount approximates their fair value.

Loans and borrowings are carried at amortised cost which approximates their fair value due to the fact that interest rate under attracted loans is floating.

The fair value of lease liabilities as of the reporting date is Tenge 90,481 thousand tenge (2021: Tenge 1,412,494 thousand).

