

United Chemical Company LLP

Consolidated financial statements

*For the year ended 31 December 2021
with independent auditor's report*

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Independent auditor's report

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CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the year ended 31 December 2021

<i>In thousands of tenge</i>	Notes	2021	2020 (restated*)
Revenue from contracts with customers	6	36.095.738	20.736.787
Cost of sales	7	(29.136.367)	(20.045.692)
Gross profit		6.959.371	691.095
General and administrative expenses	8	(4.081.206)	(4.569.161)
Selling expenses		(1.151.179)	(1.113.364)
Operating income/(loss)		1.726.986	(4.991.430)
Finance income	9	1.862.788	685.774
Finance costs	9	(6.031.103)	(5.910.557)
Foreign exchange gain/(loss)		359.453	(807.543)
Share in loss of associates and joint venture	14	(219.010)	(2.082.562)
Impairment of assets, net		(3.042.091)	(5.251.346)
Other expenses, net		(801.834)	(332.756)
Loss before taxes		(6.144.811)	(18.690.420)
Income tax expense	10	(468.094)	(130.202)
Net loss for the reporting year from continuing operations		(6.612.905)	(18.820.622)
Discontinued operations			
Loss after tax for the reporting period from discontinued operations	5	(32.182.345)	(33.343.636)
Net loss for the reporting year		(38.795.250)	(52.164.258)
Other comprehensive income for the reporting year		-	-
Comprehensive loss for the reporting year, net of tax		(38.795.250)	(52.164.258)
Comprehensive loss attributable to:			
Participant of the Parent		(38.495.526)	(51.828.459)
Non-controlling interests		(299.724)	(335.799)
		(38.795.250)	(52.164.258)

* Certain amounts given in this column are not consistent with the consolidated financial statements for the year ended 31 December 2020 as they reflect adjustments made disclosed in Note 4.

Managing Director for Economics and Finance



Zh. Kapassova

Chief Accountant

B.K. Takezhanova

The accounting policies and explanatory notes on pages 6 to 55 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

<i>In thousands of tenge</i>	Notes	31 December 2021	31 December 2020 (restated*)
Assets			
Non-current assets			
Property, plant and equipment	11	165.921.086	151.687.908
Intangible assets		2.795.633	111.984
Advances paid for non-current assets	13	2.172.750	5.003.055
Investments in associates and joint venture	14	5.214.702	5.273.058
VAT recoverable		10.916.714	9.644.955
Other non-current assets		96.753	85.437
Trade and other accounts receivable	12	5.359.562	6.852.198
Restricted cash	16	1.219.257	8.820.783
Total non-current assets		193.696.457	187.479.378
Current assets			
Inventories		2.645.845	3.673.278
Trade and other accounts receivable	12	7.024.556	5.653.749
Corporate income tax prepaid		99.504	33.453
VAT recoverable		4.403.522	4.792.213
Advances paid		604.337	247.044
Amounts due from credit institutions	15	39.878	114.755
Current financial assets		44.425	9.076
Other current assets		126.439	267.058
Cash and cash equivalents	17	17.899.745	10.941.638
Total current assets		32.888.251	25.732.264
Assets held for distribution to the Participant	5	902.385.072	591.783.543
Total assets		1.128.969.780	804.995.185

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of tenge</i>	Notes	31 December 2021	31 December 2020 (restated*)
Equity and liabilities			
Equity			
Charter capital	18	456.121.775	369.652.891
Additional paid-in capital	18	23.190.560	22.923.705
Accumulated loss		(237.023.058)	(198.527.532)
Equity attributable to the Company's Participant		242.289.277	194.049.064
Non-controlling interests	18	1.877.420	1.384.943
Total equity		244.166.697	195.434.007
Non-current liabilities			
Loans	20	68.486.699	64.656.009
Accounts payable	19	-	133.108
Deferred tax liabilities	10	1.265.568	932.269
Total non-current liabilities		69.752.267	65.721.386
Current liabilities			
Loans	20	4.090.959	5.485.190
Accounts payable	19	3.741.250	15.486.188
Taxes payable other than income tax		457.321	141.919
Provisions		1.216.870	12.000
Other current liabilities		1.134.284	895.862
Total current liabilities		10.640.684	22.021.159
Liabilities directly associated with the assets held for distribution to the Participant	5	804.410.132	521.818.633
Total liabilities		884.803.083	609.561.178
Total equity and liabilities		1.128.969.780	804.995.185

* Certain amounts given in this column are not consistent with the amounts in the consolidated financial statements for the year ended 31 December 2020 as they reflect adjustments disclosed in Note 4.

Managing Director for Economics and Finance




A.Zh. Kapassova

Chief Accountant


B.K. Takezhanova

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

<i>In thousands of tenge</i>	Notes	2021	2020 (restated*)
Operating activities			
Cash receipts from customers		38.223.939	21.177.990
Interest received		851.856	491.644
Other proceeds		374.923	278.574
Cash payments to suppliers		(29.510.559)	(17.913.654)
Salary payments		(5.299.300)	(4.629.086)
Interest paid		(30.399.179)	(16.800.992)
Other taxes and payments		(2.214.900)	(1.635.569)
Corporate income tax		(155.129)	(107.691)
Other payments		(900.350)	(3.723.544)
Net cash flows used in operating activities		(29.028.699)	(22.862.328)
Investing activities			
Receipt of amounts due from credit institutions		1.231.756	8.217.022
Placement of amounts with credit institutions		(4.874.874)	(6.943.336)
Proceeds from sale of property, plant and equipment		2.604.514	236.776
Cash of disposed subsidiary		160	-
Other proceeds		794	23.056
Purchase of property, plant and equipment		(255.329.890)	(216.938.608)
Purchase of intangible assets		(5.257.613)	(1.393.374)
Contributions in associates and joint venture	14	(250.000)	(1.796.800)
Acquisition of a subsidiary, net of cash received		89.271	-
Net cash flows used in investing activities		(261.785.882)	(218.595.264)
Financing activities			
Contribution to the charter capital	18	87.261.085	51.786.719
Loans received	20	225.892.314	207.821.612
Repayment of loans	20	(2.859.346)	(2.451.560)
Net cash flows from financing activities		310.294.053	257.156.771
Net increase in cash and cash equivalents		19.479.472	15.699.179
Net foreign exchange difference		(90.331)	1.494.466
Reversal/(accrual) of allowance for expected credit losses		94.928	(138.804)
Cash directly associated with the assets held for distribution to the Participant			
- at the beginning of the period		32.430.997	-
- at the end of the period	5	(44.956.959)	(32.430.997)
Cash and cash equivalents, at the beginning of the year		10.941.638	26.317.794
Cash and cash equivalents, at the end of the year	17	17.899.745	10.941.638

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Managing Director for Economics and Finance



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Chief Accountant

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

<i>In thousands of tenge</i>	Attributable to participant of the Parent					Total	Non-controlling interests	Total equity
	Notes	Charter capital	Additional paid-in capital	Accumulated loss				
At 1 January 2020		317,883,971	22,078,671	(146,699,073)	193,263,569	1,702,943	194,966,512	
Net loss for the year		-	-	(51,828,459)	(51,828,459)	(335,799)	(52,164,258)	
Total comprehensive loss for the year		-	-	(51,828,459)	(51,828,459)	(335,799)	(52,164,258)	
Contributions to the charter capital	18	51,768,920	-	-	51,768,920	17,799	51,786,719	
Other transactions with the Participant	18	-	845,034	-	845,034	-	845,034	
At 31 December 2020		369,652,891	22,923,705	(198,527,532)	194,049,064	1,384,943	195,434,007	
Net loss for the year		-	-	(38,495,526)	(38,495,526)	(299,724)	(38,795,250)	
Total comprehensive loss for the year		-	-	(38,495,526)	(38,495,526)	(299,724)	(38,795,250)	
Contributions to the charter capital	18	86,468,884	-	-	86,468,884	792,201	87,261,085	
Other transactions with the Participant	18	-	266,855	-	266,855	-	266,855	
At 31 December 2021		456,121,775	23,190,560	(237,023,058)	242,289,277	1,877,420	244,166,697	

Managing Director for Economics and Finance


 A.Zh. Kapassova


Chief Accountant


 B.K. Takezhanova

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**For the year ended 31 December 2021**

1. CORPORATE INFORMATION

United Chemical Company LLP (hereinafter, the “Company” or “UCC”) was established in accordance with the Decision of the Board of Directors of Sovereign Wealth Fund Samruk-Kazyna JSC (“Samruk-Kazyna”) dated 28 November 2008 as limited liability partnership and was registered on 22 January 2009. On 3 February 2022, the Company was renamed to Samruk-Kazyna Ondeu LLP.

The Company's office is located at the following address: 17/10, Syganak Str., Nur-Sultan, Republic of Kazakhstan.

Samruk-Kazyna is the sole participant of the Company (hereinafter, the “Participant” or “Parent”). The sole shareholder of Samruk-Kazyna is the Government of the Republic of Kazakhstan.

The major activities of UCC include, but are not limited to, the following:

- Organization and realization of surveys, expertises and other works as may become necessary for implementation of investment projects in chemical industry;
- Organization and realization of projects in subsoil use sphere for organization of investment projects in chemical industry;
- Establishment of new and (or) acquisition of interest in existing entities for the purpose of implementation of investment projects in chemical industry with possibility of further disposition of those entities.

The accompanying consolidated financial statements include the financial statements of United Chemical Company LLP and its subsidiaries (hereinafter collectively referred to as the “Group”) (*Note 2*).

The accompanying consolidated financial statements of the Group were approved for issue by the Managing Director for Economics and Finance and the Chief Accountant on 5 March 2022.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**Statement of compliance**

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

The consolidated financial statements have been prepared on a historical cost basis except as described in the accounting policies and the notes to these consolidated financial statements.

These consolidated financial statements are presented in tenge and all values are rounded to the nearest thousand, except when otherwise indicated.

Going concern

For the year ended 31 December 2021 the Group incurred net loss attributable to the Participant amounting to KZT 384,495,526 thousand (2020: KZT 51,828,459 thousand), accumulated loss as at 31 December 2021 amounted to KZT 238,971,157 thousand (2020: KZT 198,527,532 thousand), and net cash used in operating activities amounted to KZT 29,028,699 thousand (2020: KZT 22,862,328 thousand).

The Group's management agreed with Samruk-Kazyna on provision of the Group with additional capital where necessary and working capital on an ongoing basis. The consolidated financial statements were prepared on the basis that the Group will continue its activity as a going concern. Such basis of preparation assumes that Samruk-Kazyna has both an opportunity and intention to provide financial support that will allow the Group to realise its assets and meet its liabilities in the ordinary course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**Foreign currency translation**

The financial statements are presented in Kazakh tenge, which is the functional currency of all the Group's entities. Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the reporting date. All differences are recognized in profit and loss in the consolidated statement of comprehensive loss. Non-monetary assets and liabilities 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.

As at 31 December 2021, the currency exchange rate of Kazakhstan Stock Exchange ("KASE") was 431.80 tenge for 1 US dollar, 583.32 tenge for 1 euro, 5.76 tenge for 1 Russian rouble. This rate was used for translation of monetary assets and liabilities of the Group denominated in US dollars, euro and Russian roubles as at 30 June 2021 (31 December 2020: KZT 420.91 to USD 1, KZT 516.79 to EUR 1, KZT 5.62 to RUB 1, respectively).

Operating environment

Due to the outbreak of the coronavirus pandemic (COVID-19), many countries, including the Republic of Kazakhstan, have introduced quarantine measures, which has had a significant impact on the level and scale of business activity of market participants. It is expected that both the pandemic itself and measures to minimize its consequences can affect the activities of companies from various industries.

The management believes that it takes all the required steps to support stability and growth of the Group's business under the current circumstances. The future economic situation and regulatory framework may differ from current management expectations. The impact of COVID-19 and the current economic situation have been taken into account in preparing these annual financial statements.

The management will continue to monitor the potential impact of the above developments and take all necessary measures to prevent negative consequences for the business.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Losses within a subsidiary are attributed to the iron-control link interest even if that results in a deficit balance.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)****Basis of consolidation (continued)**

If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, in accordance with specific IFRS requirements.

As at 31 December 2021 and 2020, the following companies were the Group's subsidiaries and were included in these consolidated financial statements:

Company	Type of activities	Place of incorporation	31 December 2021	31 December 2020
CHEM-plus LLP ("Chem-plus")	Production of phosphorus trichloride, caustic soda, chlorine and glyphosate	Zhambyl oblast	99.92%	99.92%
Polymer Production LLP ("Polymer")	Polymer production	Atyrau oblast	99.78%	99.78%
SSAP LLP ("SSAP")	Sulphur development and issuance of sulphuric and electrolyte acid	Akmola oblast	90.11%	90.11%
Butadiene LLP	Butadiene production	Atyrau oblast	–	100%
Karabatan Utility Solutions LLP ("KUS")	Construction of gas turbine station	Atyrau oblast	100%	100%
PVH Development LLP	Production of petrochemical products	Almaty	–	100%
KLPE LLP ("KLPE")	Construction of the first integrated petrochemical complex in Atyrau oblast - second phase (polyethylene)	Atyrau oblast	100%	100%
Kazakhstan Petrochemical Industries Inc. LLP ("KPI")	Construction of the first integrated gas chemical complex in Atyrau region - first phase (polypropylene)	Atyrau oblast	99%	99%
Silleno LLP ("Silleno") (Note 14)	Conducting a feasibility study of the development of a petrochemical complex	Nur-Sultan	100%	49.9%

Significant accounting judgements and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**Significant accounting judgements and estimates (continued)**

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 discussed below:

Taxation

In assessing tax risks, management considers to be probable obligations the known areas of a tax positions which the Group would not appeal or does not believe it could successfully appeal, if assessed by tax authorities. Such determinations inherently involve significant judgement and are subject to change as a result of changes in tax laws and regulations, the determination of expected outcomes from pending tax proceedings and the current outcome of ongoing compliance audits by tax authorities.

Tax losses carry-forward

KPI, KLPE, Polymer, Chem-plus are members of special economic zones ("SEZ") in accordance with the legislation of the Republic of Kazakhstan on special economic zones.

SEZ participants have the right to reduce the amount of CIT by 100% on revenue from the sale of goods, works and services as a result of performing priority activities, as well as the amount of calculated land tax, property tax and fee for land use by 100%. At that, revenue of an entity performing its activities in SEZ from implementation of other types of activities not related to priority activities are subject to CIT in accordance with the generally established procedure. Losses of an entity reducing the amount of the calculated CIT by 100% are not transferred to the subsequent tax periods according to the Tax Code of the Republic of Kazakhstan. If a taxpayer does not reduce CIT by 100%, losses from business activities may be transferred to the next ten years inclusive for repayment at the expense of taxable income.

KUS is engaged in the construction and operation of a gas turbine power station and a water treatment complex, which, in the opinion of the management, is not a priority type of activities, and does not conduct any other activity. In this regard, KUS does not apply tax benefits to reduce the amount of calculated CIT by 100%. Thus, KUS losses from business activities can be transferred to the next ten years in accordance with the Tax Code of the Republic of Kazakhstan.

KPI, KLPE, Polymer and Chem-plus conduct priority types of activities. In this regard, these subsidiaries apply tax benefits to reduce the amount of calculated CIT by 100%. Thus, losses of these entities from business activities cannot be transferred to subsequent periods.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses, accrued liabilities and taxes, to the extent that there is a substantial likelihood that there will be taxable profits against which deductible temporary differences can be offset. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies (*Note 10*).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**Significant accounting judgements and estimates (continued)*****Recoverability of non-current assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, 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 (CGU) fair value less costs of disposal or its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing recoverable amount, the estimated future cash flows are adjusted for the risks specific to the asset group/generating unit and are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs to sell is identified as the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the Group and not applicable to the Group in general.

Polypropylene production assets (KPI)

As a result of the KPI recoverable amount assessment, no impairment was identified by the KPI management as at 31 December 2021. The Group calculates recoverable amount using a discounted cash flow model. The impairment test was made using appropriate valuation techniques using the following key assumptions to calculate discounted cash flows for the period from 2022 to 2043:

Sales volumes

The design capacity of the gas chemical complex under construction is 500 thousand tons of polypropylene per annum. KPI has entered into a long-term guaranteed sales contract with a third party (the "offtake contract") with a target sales volume of 500 thousand tons per annum.

Selling price – selling costs

The projected selling price is calculated based on the average historical market value of polypropylene in the Asian and European markets. The estimated selling costs per unit of goods were calculated using the estimated market prices for transportation and expenses according to the offtake contract.

Cost of goods per unit:

The forecast prices per unit of goods included in the cost, with the exception of the price of propane, were calculated using the forecast market prices for additives used in the production of products and the forecast indicators of exchange rates.

Discount rate

The discount rate is defined as the weighted average cost of capital of 10.89%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)****Significant accounting judgements and estimates (continued)*****Recoverability of non-current assets (continued)****Polypropylene production assets (KPI)(continued)*Capital expenditures of KPI

Capital expenditures include cash outflows in 2022 for the construction, installation and commissioning of the gas chemical complex. The capital expenditures of the terminal period are set at a level sufficient to maintain the operation of the complex in the future.

	2022	2023	2024	2025	2026
Volume in thousands of tons	325.557	487.500	489.000	510.000	487.500
EBITDA in KZT million	81.908	139.667	144.938	154.202	150.802
Capital expenditures in KZT million	185.288	17.042	29.399	125	27.930

An increase in the discount rate by more than 15.1% will result in an impairment charge.

Gas turbine power plant assets (KUS)

The KUS management assessed whether there are indicators of impairment of property, plant and equipment as at 31 December 2021. Non-fulfilment of the revenue budget for 2021 by KUS was determined as the main indicator of impairment of property, plant and equipment. Accordingly, the Group conducted an impairment test for property, plant and equipment as at 31 December 2021. No impairment has been recognized as a result of the assessment of the recoverable amount of non-current assets by KUS management in the financial statements for the year ended 31 December 2021. As at 31 December 2021, the carrying amount of property, plant and equipment, construction in progress and advances issued for non-current assets amounted to KZT 114,031,405 thousand, and the recoverable value of these assets amounted to KZT 115,696,055 thousand.

KUS calculates recoverable amount using a discounted cash flow model. The discount rate of 13.64% was derived from the Company's post-tax weighted average cost of capital. Business plan for 2022-2026 approved by KUS is the main source of information, since it contains forecasts regarding production volumes, sales volumes, income, expenses and capital expenditure.

Various assumptions such as price forecasts for sale of electricity and water and inflation rates take into account existing prices, foreign exchange rates, other macroeconomic factors, historical trends and variability. Estimated cash flows were limited to the expiration date of the useful lives of property, plant and equipment in 2050. Expenditures up to 2025, were forecasted based on the KUS budget and business plan, as well as current estimates of the KUS management concerning potential changes in operating and capital expenditures.

After this period the majority of cash flows were forecasted by applying the expected rate of inflation, except for capital expenditures, which were based on the management's best estimate available at the valuation date. Capital expenditures for the construction of the second stage of the water treatment project intended to supply water to the large-tonnage polyethylene production plant of KLPE LLP and the General Plant Infrastructure were not included in the calculation of the recoverable amount.

Sensitivity of the property, plant and equipment impairment test to significant assumptions

Key assumptions required for measuring the recoverable amount are electric energy sales volume and the discount rate. The sensitivity to changes in the key assumptions was estimated. Increase in the inflation rate by 1% and in the discount rate by 1% will result in an impairment loss of KZT 6,782,000 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**Significant accounting judgements and estimates (continued)*****Recoverability of non-current assets (continued)******Glyphosate production assets (Chem-plus)***

As a result of the impairment test of Chem-plus recoverable amount conducted by Chem-plus management, no impairment was identified in the financial statements for the year ended 31 December 2021. This estimate was made because of availability of impairment indicators. The main impairment indicator is the operating loss in 2021 related to the Glyphosate Production project activity. The carrying amounts of items of property, plant and equipment and equipment of the Glyphosate production project (herbicide) for the first launch complex and the second launch complex amounted to KZT 9,700,222 thousand. Based on the results of the impairment test, the recoverable amount of property, plant and equipment was KZT 9,707,000 thousand.

Chem-plus calculates recoverable amount using a discounted cash flow model. The discount rate of 16.1% represents Chem-plus post-tax weighted average cost of capital. Annually approved business plans are the main source of information, as they contain forecasts regarding production volumes, sales volumes, income, expenses and capital expenditure.

Various assumptions such as price forecasts for glyphosate in 2021-2025 and inflation rates take into account existing prices, foreign exchange rates, other macroeconomic factors, historical trends and variability. Estimated cash flows were limited to the expiration date of the useful lives of property, plant and equipment in 2046. Expenditures up to 2025, were forecasted based on the budget and business plan of Chem-plus, as well as current estimates of Chem-plus management concerning potential changes in operating and capital expenditures.

After this period the majority of cash flows were forecasted by applying the expected rate of inflation, except for capital expenditures, which were based on the management's best estimate available at the valuation date.

Key assumptions required for measuring the recoverable amount are production volumes since 2026 and the discount rate. The sensitivity to changes in the key assumptions was estimated.

Increase in the discount rate by 1% will result in an impairment of property, plant and equipment by 443,298 thousand tenge. Decrease in sales volumes by 5% from 2026 will result in an impairment of property, plant and equipment by KZT379,560 thousand.

The impairment test was performed using appropriate valuation techniques using the following key assumptions to calculate discounted cash flows for the period from 2022 to 2046:

- forecast of cost of goods per unit;
- volume forecast;
- forecast of capital and derivative expenditures;
- forecast of discount rate;
- macroeconomic indicators.

Production and sales volume assumptions are important when using industry growth data, as changes in the Company's position relative to its competitors during the forecast period affect the activities of Chem-plus. The Chem-plus management expects a 33% increase in production and sales in 2026, based on the following assumptions:

- A gradual increase of cultivated area;
- Access to the markets of the EAEU countries and the Republic of Uzbekistan by 2025-2026;
- Cancellation of import subsidies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**Significant accounting judgements and estimates (continued)*****Recoverability of non-current assets (continued)******Glyphosate production assets (Chem-plus)(continued)***

In the projected long-term period after 2027, the growth of production and sales is not projected, the Management assumes sufficient preservation of the market share in the estimated volumes.

The forecast period for the impairment test of the Chem-plus assets is more than five years, as Chem-plus expects to continue as a going concern during the period of the forecast flows.

Useful life of property, plant and equipment

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

Expected credit losses

The Group uses a provision matrix to calculate ECLs for trade receivables and assets under the contract. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For example, if forecast economic conditions (such as GDP) are expected to deteriorate over the next year, which may result in an increase in defaults in the production sector, the historical default rate is adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Trust management agreements

During 2018, the Group entered into a trust management agreement for shares in the charter capital of Chem--plus and KUS with Corporate Fund "Company for Constructing Objects". According to the agreement, the Group transfers its interest in the charter capital of Chem-plus and KUS for trust management to Corporate Fund "Company for Constructing Objects".

During 2019, the Group entered into a trust management agreement for shares in the charter capital of KLPE, KPI and Silleno LLP with NC KazMunayGas ISC. According to the agreement, the Group transfers its share in the charter capital of KLPE, KPI and Silleno LLP for trust management to NC KazMunayGas JSC.

The Group reviewed the trust agreements for availability of control over subsidiaries due to transfer under trust management and concluded that the Group retains control as at 31 December 2021 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**Significant accounting judgements and estimates (continued)*****Fair value of financial instruments***

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on data in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value reported in the consolidated financial statements. Further details are contained in *Note 23*.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Business combinations and goodwill**

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Investments in associates and joint ventures**

An associate is an entity in which activities the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint control is the contractually agreed joint sharing of control of an arrangement, which exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investments is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of performance of the associate or joint venture. Changes in OCI of such investees are presented in the equity of the associate or joint venture, and respectively the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The Group's share in profit or loss of the associate and joint venture is shown directly in the income statement beyond the operating profit. It represents profit or loss after taxes and non-controlling interests in subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group's consolidated financial statements. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of investments in the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit/(loss) of an associate and a joint venture' in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value.

The difference between the carrying amount of investments in the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Current versus non-current classification**

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 (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 12 (twelve) months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading;
- it is due to be settled within 12 (twelve) months after the reporting period;
- There is no unconditional right to defer the settlement of the liability for at least 12 (twelve) months after the reporting period.

The Group classifies all other liabilities as non-current.

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

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses. The initial cost of the fixed assets at the acquisition comprises its purchase price, including import duties and directly related non-refundable taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is calculated on a straight-line method based on the estimated useful lives of fixed assets. Estimated useful lives of certain assets are as follows:

	Years
Buildings and constructions	8-100
Equipment	2-50
Vehicles	2-50
Other	2-20

When asset is sold or retired, its carrying amount and accumulated depreciation are eliminated from the financial statements. Any resulting gains or losses are included in the consolidated statement of comprehensive loss.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period when such costs are incurred. The expenditures that have resulted in an increase in the future economic benefits expected to be obtained beyond its originally assessed standard performance (increase of useful life, capacity, etc.) are capitalized as an additional cost of fixed assets.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 amortisation and any accumulated impairment loss. Intangible assets are amortized on a straight-line basis over 1-20 years.

The initial cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. The Group recognized an identifiable intangible asset calculated by an independent appraiser at the date of acquisition of KPI, which is a contract for the purchase of propane at below market price, where the supply contract is valid until the end of March 2033 with a maximum volume of up to 500,000 thousand tons (see *Note 4*).

Measurement of fair value

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 by the Group.

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 Group uses valuation techniques 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 or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — quoted (unadjusted) 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.

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 (OCI), and fair value through profit or loss.

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

In order for a 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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial assets (continued)***Subsequent measurement (continued)**Financial assets at amortised cost (debt instruments) (continued)*

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

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

Financial assets measured at fair value through OCI (debt instruments)

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

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

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

Financial assets designated by the Group at fair value through OCI (equity instruments)

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

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

Financial assets at fair value through profit or loss

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

This category includes derivatives and investments in quoted equity instruments that the Group has not designated irrevocably at fair value through other comprehensive income, without the right to cancel. Dividends on quoted equity instruments are recognised as other income in the statement of profit or loss when the right of payment has been established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial assets (continued)*****Subsequent measurement (continued)******Financial assets at fair value through profit or loss (continued)***

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e., excluded from the Group's consolidated statement of financial position):

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

When the Group 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 Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

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

- Disclosures of significant assumptions (*Note 2*);
- Trade receivables (*Note 12*).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and other payables, loans and other borrowings including bank overdrafts, financial guarantee contracts.

Subsequent measurement

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

- Financial liabilities at fair value through profit or loss;
- Financial liabilities at amortized cost (loans and borrowings).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial liabilities (continued)*****Subsequent measurement (continued)******Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated by the Group upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated by the Group as effective hedging instruments.

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

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

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

This category generally applies to interest-bearing loans and borrowings. Further information is detailed in *Note 20*.

Derecognition

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

Offsetting of financial instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Inventories**

Inventories are valued at the lower of cost or net realisable value.

Costs incurred in the delivery of each product to its destination, and bringing it into proper condition, are recorded as follows:

- Raw materials: purchase cost on a FIFO basis.
- finished goods and work in progress - the direct costs of materials and labour, as well as the share of production overhead expenses, based on normal production capacity, but not including borrowing costs.

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.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal or its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five (5) years. Long-term growth rates are calculated and applied to the projected future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of comprehensive loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive loss.

Cash and short-term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and short-term deposits with a maturity of 3 (three) months or less, which are subject to an insignificant risk of changes in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Cash and short-term deposits (continued)**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Recognition of revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Interest income

For all interest-bearing financial instruments, interest income is recorded using the effective interest rate (EIR), which 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 asset. The interest income is recorded as part of finance income in the consolidated statement of comprehensive loss.

Expenses

Expenses are accounted for at the time the actual flow of the related goods or services occur, regardless of when cash or its equivalent is paid, and are reported in the consolidated financial statements in the period to which they relate.

Borrowing Costs

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

Income tax*Current income tax*

Current 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 the Republic of Kazakhstan.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Income tax (continued)***Deferred tax*

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in 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, the carry forward of unused tax credits and any 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 utilized.

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

In assessing the recoverability of deferred tax assets, the Group relies on the same assumptions that are used in other sections of the financial statements, as well as management's reports.

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 recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Income tax (continued)***Deferred tax (continued)*

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

Value added tax

The tax authorities permit the settlement of VAT on sales and purchases on a net basis.

VAT payable

VAT is payable to tax authorities upon collection of receivables from customers. VAT on purchases, which have been settled at the reporting date, is deducted from the amount payable.

In addition, VAT related to sales which have not been collected at the reporting date is also included in the balance of VAT payable. If provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT. The related VAT liability is maintained in the financial statements until the debtor is written off for tax purposes.

VAT recoverable

VAT recoverable relates to purchases, which have not been settled at the reporting date. VAT recoverable is reclaimable against VAT related to sales upon payment for the purchases.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects 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 statement of comprehensive loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent assets and contingent liabilities

Contingent assets are not recognized in the consolidated financial statements. Where an inflow of economic benefits is probable, then relevant asset is not a contingent asset and it is disclosed accordingly.

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote, and the amount of liabilities - significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Foreign currencies**

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising from repayment or restatement of monetary items are recognized as profit or loss. Exceptions comprise monetary items that are designated as a part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. 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 translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the current exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts of advance consideration, the Group determines the transaction date for each payment or receipt of advance consideration.

Non-current assets held for sale and discontinued operations

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

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

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

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

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

Additional disclosures are provided in *Note 5*. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Related party disclosures**

Related parties include organizations of Samruk-Kazyna group, organizations under the control of key management personnel of Samruk-Kazyna, key management personnel of the Group and other organizations that are controlled by the Government.

Subsequent events

The results of post-year-end events that provide additional information on the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

New and amended standards and interpretations

The Group first applied certain amendments and interpretations in 2021, but they do not have impact on its consolidated financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Entities are granted a temporary relief from complying with the requirement for separately identifiable components when an instrument with a risk-free rate is designated at the entity's discretion as a risk component in a hedging relationship.

These amendments had no impact on the financial statements of the Group. The Group intends to use the practical expedients in future periods, if they become applicable.

Amendments to IFRS 16 — COVID-19 Related Rent Concessions beyond 30 June 2021.

On 28 May 2020, the IASB issued *COVID-19-Related Rent Concessions* - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.

The new amendment applies to annual reporting periods beginning on or after 1 April 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****New and amended standards and interpretations (continued)***Amendments to IFRS 16 — COVID-19 Related Rent Concessions beyond 30 June 2021 (continued)*

The Group has not received COVID-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

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

Standards issued but not yet effective

New standards, amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The new standards and amendments are not expected to have a material impact on the Group's consolidated financial statements.

- IFRS 17 *Insurance Contracts*;
- Amendments to IAS 1 — *Classification of Liabilities as Current or Non-current*;
- *Reference to the Conceptual Framework* – Amendments to IFRS 3;
- *Property, Plant and Equipment: Proceeds before Intended Use* – Amendments to IAS 16
- *Onerous Contracts – Costs of Fulfilling a Contract* – Amendments to IAS 37;
- Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards* – Subsidiary as a First-Time Adopter;
- Amendment to IFRS 9 *Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*;
- Amendments to IAS 8: *Definition of Accounting Estimates*;
- Amendments to IAS 1 and IFRS Practice Statement 2 – *Disclosure of Accounting Policies*.
- Amendment to IAS 41 *Agriculture* - Taxation in fair value measurements.

The Group intends to adopt these standards, amendments and interpretations, when they become effective.

4. RESTATEMENT OF COMPARATIVE INFORMATION

As at 31 December 2021, the Group ceased to recognize the following organizations as part of discontinued operations, as Samruk-Kazyna decided to cancel the decision to transfer the shares from the UCC to the Participant:

- 99.78% of the share in the charter capital of Polymer Production LLP;
- 99.9% of the share in the charter capital of KLPE LLP;
- 99% of the share in the charter capital of Karabatan Utility Solutions LLP;
- 49.9% of the share in the charter capital of Silleno LLP.

As a result, these organisations no longer meet the criteria for discontinued operations as described in IFRS 5. As at 31 December 2020, the Group considered these assets as a discontinued operation. Accordingly, the assets and liabilities of these organizations were transferred from discontinued operations to continuing operations retrospectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. RESTATEMENT OF COMPARATIVE INFORMATION (continued)**

The effect on the consolidated statement of comprehensive loss is presented below:

<i>In thousands of tenge</i>	For the year ended 31 December 2020		
	Prior to restatement	Restatement	After restatement
Continuing operations			
Revenue from contracts with customers	6,007,284	14,729,503	20,736,787
Cost of sales	(3,618,294)	(16,427,398)	(20,045,692)
Gross profit	2,388,990	(1,697,895)	691,095
General and administrative expenses	(2,709,777)	(1,859,384)	(4,569,161)
Selling expenses	(1,043,437)	(69,927)	(1,113,364)
Operating loss	(1,364,224)	(3,627,206)	(4,991,430)
Finance income	267,577	418,197	685,774
Finance costs	(4,526,235)	(1,384,322)	(5,910,557)
Foreign exchange gain/(loss), net	285,535	(1,093,078)	(807,543)
Share in loss of joint ventures	(131,884)	(1,950,678)	(2,082,562)
Expenses on impairment of assets, net	(423,276)	(4,828,070)	(5,251,346)
Other non-operating expenses	(28,115)	(304,641)	(332,756)
Loss before taxes	(5,920,622)	(12,769,798)	(18,690,420)
Income tax expenses	(96,026)	(34,176)	(130,202)
Net loss after tax from continuing operations	(6,016,648)	(12,803,974)	(18,820,622)
Discontinued operations			
Loss after tax for the reporting period from discontinued operations	(46,147,610)	12,803,974	(33,343,636)
Net loss for the period	(52,164,258)	-	(52,164,258)
Net loss for the period attributable to:			
Participant of the parent	(51,828,459)	-	(51,828,459)
Non-controlling interest	(335,799)	-	(335,799)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. RESTATEMENT OF COMPARATIVE INFORMATION (continued)**

The effect on the consolidated statement of financial position:

<i>In thousands of tenge</i>	As at 31 December 2020		
	Prior to restatement	Restatement	After restatement
Assets			
Non-current assets			
Property, plant and equipment	30.388.144	121.299.764	151.687.908
Intangible assets	45.400	66.584	111.984
Advances paid for non-current assets	492.991	4.510.064	5.003.055
Investments in associates and joint ventures	5.183.712	89.346	5.273.058
VAT recoverable	2.123.241	7.521.714	9.644.955
Trade and other accounts receivable	-	6.852.198	6.852.198
Other non-current assets	85.437	-	85.437
Restricted cash	-	8.820.783	8.820.783
	38.318.925	149.160.453	187.479.378
Current assets			
Inventories	1.634.343	2.038.935	3.673.278
Trade and other accounts receivable	1.180.156	4.473.593	5.653.749
Corporate income tax prepaid	10.745	22.708	33.453
VAT recoverable	235.496	4.556.717	4.792.213
Advances paid	144.461	102.583	247.044
Amounts due from credit institutions	9.659	105.096	114.755
Current financial assets	1.137	7.939	9.076
Other current assets	33.319	233.739	267.058
Cash and cash equivalents	4.407.972	6.533.666	10.941.638
	7.657.288	18.074.976	25.732.264
Assets held for distribution to the Participant	759.018.972	(167.235.429)	591.783.543
Total assets	804.995.185	-	804.995.185
Equity and liabilities			
Equity			
Charter capital	369.652.891	-	369.652.891
Additional paid-in capital	22.923.705	-	22.923.705
Uncovered loss	(198.527.532)	-	(198.527.532)
Non-controlling interests	1.384.943	-	1.384.943
	195.434.007	-	195.434.007
Non-current liabilities			
Loans	51.154.458	13.501.551	64.656.009
Accounts payable	133.108	-	133.108
Deferred tax liabilities	381.456	550.813	932.269
	51.669.022	14.052.364	65.721.386
Current liabilities			
Accounts payable	178.254	15.307.934	15.486.188
Loans	3.107.390	2.377.800	5.485.190
Taxes payable other than income tax	67.122	74.797	141.919
Provisions	-	12.000	12.000
Other current liabilities	582.330	313.532	895.862
	3.935.096	18.086.063	22.021.159
Liabilities directly associated with the assets held for distribution to the Participant	553.957.060	(32.138.427)	521.818.633
Total liabilities	609.561.178	-	609.561.178
Total equity and liabilities	804.995.185	-	804.995.185

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. RESTATEMENT OF COMPARATIVE INFORMATION (continued)**

The effect on the consolidated statement of cash flows:

<i>In thousands of tenge</i>	For the year ended 31 December 2020		
	Prior to restatement	Restatement	After restatement
Cash directly associated with the assets held for distribution to the Participant	(38.964.663)	6.533.666	(32.430.997)
Cash and cash equivalents, ending	4.407.972	6.533.666	10.941.638

5. DISCONTINUED OPERATIONS

In December 2021, Samruk-Kazyna decided to transfer a 49.5% share in the charter capital of Kazakhstan Petrochemical Industries Inc. LLP (hereinafter, "KPI") to the Participant in accordance with the preliminary transfer plan. The transfer of these assets to Samruk-Kazyna is expected to be completed within one year after the reporting date. Earlier decisions taken in July 2020 and in September 2021 were cancelled due to a change in the list of assets to be transferred to the Participant. As at 31 December 2021, the Group also reflected a 49.5% share in the charter capital of Kazakhstan Petrochemical Industries Inc. LLP as part of assets held for sale, in accordance with the preliminary plan. The sale of these assets is expected to be completed within one year after the reporting date.

As at 31 December 2021, the main classes of assets and liabilities for discontinued operations are as follows:

<i>In thousands of tenge</i>	31 December 2021	31 December 2020 (restated)
Assets		
Non-current assets		
Property, plant and equipment	726.562.368	418.907.347
Intangible assets	42.100.265	37.553.888
Advances paid for non-current assets	19.776.523	35.434.159
VAT recoverable	18.641.418	10.690.043
Inventories used in construction	42.025.806	53.229.276
Other non-current assets	3.288.041	2.213.236
	852.394.421	558.027.949
Current assets		
Inventories	409.579	44.237
Corporate income tax prepaid	300.202	311.213
VAT recoverable	28	2.746
Advances paid	265.250	632.979
Other current assets	360.111	333.422
Bank deposits	3.689.522	-
Cash and cash equivalents	44.965.959	32.430.997
	49.990.651	33.755.594
Assets held for distribution to the Participant	902.385.072	591.783.543
Non-current liabilities		
Loans	730.869.665	496.039.246
Accounts payable	28.067	1.993.726
Other non-current liabilities	44.037	61.258
Deferred tax liabilities	10.522.836	10.522.836
	741.464.605	508.617.066
Current liabilities		
Accounts payable	36.343.953	1.573.662
Loans	25.735.343	11.148.587
Taxes payable other than income tax	102.759	45.208
Other current liabilities	763.472	434.110
	62.945.527	13.201.567
Liabilities directly associated with the assets held for distribution to the Participant	804.410.132	521.818.633
Net assets directly associated with the disposal group	97.974.940	69.964.910

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. DISCONTINUED OPERATIONS (continued)**Property, plant and equipment**

As at 31 December 2021, property, plant and equipment are mainly represented by the costs for the project "Construction of the first integrated gas chemical complex in the Atyrau oblast".

As at 31 December 2021, items of property, plant and equipment with a net book value of 2,557,156 thousand tenge related to discontinued operations (as at 31 December 2020: 6,388,286 thousand tenge) were pledged as collateral under loans.

As at 31 December 2021 the cost of fully depreciated property, plant and equipment related to discontinued operations amounted to 34,895 thousand tenge (31 December 2020: 34,895 thousand tenge).

In 2017, the Group also recognized an intangible asset received as a result of acquisition of control over KPI in the amount of KZT 43,034,315 thousand, which is the cost of the contract for the purchase of propane on advantageous terms for KPI.

As at 31 December 2021, this intangible asset is recognized as part of assets held for distribution to the Participant. Depreciation was not calculated in 2021 (2020: KZT 1,948,099 thousand).

Inventories used in construction

As at 31 December 2021, inventories used in construction accounted for as part of discontinued operations represent materials in the amount of KZT 42,025,806 thousand (2020: KZT 53,229,276 thousand). These inventories will be attributed to increase the cost of construction in progress when they are further used in the construction of a gas chemical complex for the production of polypropylene (KPI).

Advances paid for non-current assets

As at 31 December 2021, advances paid for non-current assets in the amount of KZT 14,511,514 thousand (as at 31 December 2020: KZT 27,185,566 thousand) included mainly advances issued to China National Chemical Engineering Co Ltd. (CNCEC), the general contractor, under the EPC contract related to the project for construction, design and supply of equipment and materials for the first phase of an integrated gas chemical complex in the Atyrau oblast.

As at 31 December 2021, advances paid for non-current assets also included advances issued to Lummus Technology Inc. for a license for the production of 503 thousand tons of propylene under C3 Catofin technology and 500 thousand tons of polypropylene under Novolen technology under the agreement with Lummus Technology Inc. concluded in 2011 for a total value of KZT 5,265,009 thousand (equivalent to USD 25,800 thousand) (as at 31 December 2020: KZT 5,265,009 thousand).

Loans

As at 31 December 2021, loans within discontinued operations included a loan received from the China State Development Bank (CSDB) in the amount of KZT 756,605,008 thousand (as at 31 December 2020: KZT 507,187,833 thousand). The loan was received to finance the construction, engineering, and purchase of equipment and materials for the integrated gas and chemical complex. The nominal interest rate in US dollars is 5.8% per annum with maturity till 2036. Repayment of the principal will be made starting from 2022. Repayment of interest will be made in semi-annual payments.

In 2021, the Group accrued interest expenses on the loan on discontinued operations in the amount of KZT 37,232,675 (2020: KZT 20,694,906 thousand), which were fully capitalised within construction-in-progress. As at 31 December 2021, the current portion of interest payable amounted to KZT 25,735,343 thousand (31 December 2020: KZT 11,148,587 thousand).

The loan was issued against pledged movable and immovable property of KPI, including those incoming in the future. In 2017, Samruk-Kazyna provided a guarantee in favor of CSDB until the Group fully discharged its obligations to the bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**5. DISCONTINUED OPERATIONS (continued)****Commitments and contingencies**

As at 31 December 2021, the Company has capital commitments of approximately KZT 90,107,595 thousand, VAT inclusive (2020: KZT 324,469,519 thousand related to the construction of property, plant and equipment and intangible assets.

KPI has signed a contract for the construction of a gas chemical complex with a fixed interest. During the construction process, KPI received certain claims from contractors to reimburse them for expenses incurred in addition to the total cost stipulated in the contract. As at 31 December 2021, the Company's Management believes that its interpretation of the terms of the agreement is correct and the accrual of additional commitments is unlikely.

The operating results of a company included in the assets held for distribution to the Participant are presented below:

<i>In thousands of tenge</i>	For the year ended 31 December	
	2021	2020
General and administrative expenses	(2.513.581)	(1.129.319)
Operating loss	(2.513.581)	(1.129.319)
Finance income	267	517
Finance costs	(141.733)	(57.134)
Foreign exchange loss, net	(29.338.940)	(30.221.609)
(Expenses on) / recovery from impairment of assets, net	(163)	(160)
Other expenses	(188.195)	(1.935.931)
Loss before tax from discontinued operations	(32.182.345)	(33.343.636)
Income tax expenses	-	-
Loss after tax from discontinued operations	(32.182.345)	(33.343.636)

Net cash inflows / (outflows) of assets held for distribution to the Participant are presented below:

<i>In thousands of tenge</i>	For the year ended 31 December	
	2021	2020
Operating activities	(33.682.349)	(19.454.929)
Investing activities	(238.715.204)	(190.882.823)
Financing activities	284.923.515	226.676.111
Net cash inflow/outflow	12.525.962	16.338.359

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

<i>In thousands of tenge</i>	2021	2020
Electric energy	18.135.718	8.693.004
Biaxially oriented polypropylene film and polyethylene bags	9.803.400	6.036.499
Sulphuric acid	3.641.963	3.095.833
Glyphosate	1.960.944	1.669.800
Other goods and services	884.536	-
Income from sale of own products	34.426.561	19.495.136
Revenue from sale of purchased sulphur	1.669.177	1.241.651
	36.095.738	20.736.787

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**6. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)**

The Group recognises revenue from sale of products, on the basis of actual volumes of rendered services. Revenue from sale of products is recognised at the moment of transfer of ownership.

Revenues for 2021 and 2020 by geographic regions and by types of products are as follows:

<i>In thousands of tenge</i>	For the year ended 31 December 2021		For the year ended 31 December 2020	
	Domestic market	Export	Domestic market	Export
Electric energy	18.135.718	–	8.693.004	–
Biaxially oriented polypropylene film and polyethylene bags	2.018.179	7.785.221	720.393	5.316.106
Sulphur and sulphuric acid	4.984.199	326.941	4.203.637	133.847
Glyphosate	1.960.944	–	1.669.800	–
Other	884.536	–	–	–
	27.983.576	8.112.162	15.286.834	5.449.953

7. COST OF SALES

<i>In thousands of tenge</i>	2021	2020
Raw and other materials	9.137.233	6.863.943
Fuel and electric energy	6.919.850	3.757.209
Depreciation and amortisation	5.319.584	4.862.692
Salary and social contributions	2.403.378	2.040.564
Grid operation expenses	1.901.748	811.448
Railroad fare	869.412	754.049
Cost of sale of purchased sulphur and sulphuric acid	511.915	249.150
Lease of open railroad freight cars	296.370	251.346
Other	1.776.877	455.291
	29.136.367	20.045.692

8. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In thousands of tenge</i>	2021	2020
Salary and social contributions	2.524.652	2.660.794
Rent expenses	213.215	175.060
Advisory and audit services	186.075	106.768
Repair and maintenance	169.587	157.352
Depreciation and amortisation	153.053	157.561
Taxes other than income tax	93.580	43.901
Transportation expenses	61.240	77.795
Business trip expenses	37.016	24.472
Security expenses	26.678	27.885
Professional training	21.052	11.280
Communication	18.582	20.478
Raw and other materials	16.393	21.321
Bank charges	6.572	8.444
(Recovery)/expense on allowance for expected credit losses	(125.449)	541.156
Other	678.960	534.894
	4.081.206	4.569.161

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**9. FINANCE INCOME AND COSTS**

Finance costs and finance income for the years ended 31 December comprised the following:

<i>In thousands of tenge</i>	2021	2020
Finance income		
Amortisation of long-term accounts receivable	980.314	118.203
Interest on short-term bank deposits and current accounts	871.719	557.919
Other income	10.755	9.652
	1.862.788	685.774
Finance costs		
Expenses on unwinding of discount	(4.527.369)	(4.248.462)
Interest on loans (Note 20)	(1.503.734)	(1.615.727)
Other expenses	-	(46.368)
	(6.031.103)	(5.910.557)

10. INCOME TAX

<i>In thousands of tenge</i>	2021	2020
Withholding tax at source	134.795	99.209
Deferred income tax expense	333.299	30.993
	468.094	130.202

A reconciliation of corporate income tax expense applicable to profit before taxation at the official income tax rate, with the income tax expenses for the years ended 31 December 2021 and 2020 is set out below:

<i>In thousands of tenge</i>	2021	2020
Loss before tax from continuing operations	(6.144.811)	(18.690.420)
Loss before tax from discontinued operations	(32.182.345)	(33.343.636)
Statutory tax rate	20%	20%
Income tax benefit at statutory rate	(7.665.431)	(10.406.811)
Tax losses not carry-forward	7.318.511	8.152.782
Write-off of construction-in-progress	-	718.573
Finance income and costs not subject to deduction	707.337	682.285
Share in loss of associates and joint venture	43.802	562.789
Withholding tax at source	134.795	65.033
Expenses for VAT writing off	41.984	45.411
Other differences	(112.904)	310.140
Income tax expenses reported in the consolidated statement of comprehensive loss	468.094	130.202
Income tax expense associated with discontinued operations	-	-

In 2021, tax losses not carry-forward include losses from discontinued operations for a total amount of KZT 6,403,163 thousand (2020: KZT 6,268,116 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**10. INCOME TAX (continued)**

As at 31 December components of deferred tax assets and liabilities are presented as follows:

<i>In thousands of tenge</i>	31 December 2021	Charged to consolidated statement of comprehensive loss	31 December 2020	Charged to consolidated statement of comprehensive loss	1 January 2020
Deferred tax assets					
Tax loss carry-forward	6.107.313	4.801.237	1.306.076	(594.647)	1.900.723
Accrued provisions for vacations and other liabilities	68.403	(22.073)	90.476	26.908	63.568
Property, plant and equipment	538.970	521.079	17.891	17.891	-
Discount on accounts receivable	343.450	343.450	-	-	-
Allowance for expected credit losses	13.043	12.249	794	(24.661)	25.455
Other	834	3.379	(2.545)	(2.545)	-
	7.072.013	5.659.321	1.412.692	(577.054)	1.989.746
Less: unrecognised deferred tax assets	(7.072.013)	(5.659.321)	(1.412.692)	577.054	(1.989.746)
Total deferred tax assets	-	-	-	-	-
Deferred tax liabilities					
Property plant and equipment	(2.101.877)	(175.587)	(1.926.290)	(488.851)	(1.437.439)
Intangible asset	(9.743.596)	-	(9.743.596)	389.620	(10.133.216)
Other	(189)	(8.309)	8.120	8.120	-
	(11.845.662)	(183.896)	(11.661.766)	(91.111)	(11.570.655)
Less: unrecognised deferred tax liabilities	57.258	(149.403)	206.661	60.118	146.543
Net deferred tax liabilities	(11.788.404)	(333.299)	(11.455.105)	(30.993)	(11.424.112)
Net deferred tax liabilities from discontinued operations	(10.522.836)	-	(10.522.836)	-	(10.522.836)
Net deferred tax liabilities from continuing operations	(1.265.568)	(333.299)	(932.269)	(30.993)	(901.276)

The deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In accordance with legislation of the Republic of Kazakhstan, tax losses may be deferred for 10 years from the date of their origination. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**11. PROPERTY, PLANT AND EQUIPMENT**

<i>In thousands of tenge</i>	Land, buildings and construction s	Equipment	Vehicles	Other	Construction in progress	Total
Cost						
1 January 2020	65,469,396	93,559,066	112,179	755,236	153,618,260	313,514,137
Additions	–	418,394	–	111,193	52,445,830	52,975,417
Disposals	(7,937,476)	(269)	(3,981)	(34,518)	(4,223,710)	(12,199,954)
Transfer to inventory	–	(101,109)	–	–	(1,094)	(102,203)
Transfers to assets held for distribution to the Participant	(2,635,619)	–	–	(192,754)	(121,829,850)	(124,658,223)
Internal transfer	1,279,092	2,971,147	–	1,295,952	(5,546,191)	–
31 December 2020 (restated)	56,175,393	96,847,229	108,198	1,935,109	74,463,245	229,529,174
Additions	–	1,075	–	25,402	24,280,893	24,307,370
Disposals	–	(5,094)	–	(8,984)	–	(14,078)
Transfer from / (to inventory)	–	5,536	–	800	(18,909)	(12,573)
Transfers to intangible assets	–	–	–	–	(2,628,625)	(2,628,625)
Internal transfer	30,627,731	41,936,002	–	190	(72,563,923)	–
31 December 2021	86,803,124	138,784,748	108,198	1,952,517	23,532,681	251,181,268
Accumulated depreciation and impairment						
1 January 2020	(25,943,901)	(39,806,747)	(26,434)	(352,886)	(7,235,917)	(73,365,885)
Charges for the year	(1,387,939)	(3,432,764)	(14,033)	(187,047)	–	(5,021,783)
Disposals	–	151	3,981	33,926	46,404	84,462
Transfers to assets held for distribution to the Participant	386,129	–	–	75,811	–	461,940
Internal transfer	10,802,830	7,609,494	–	–	(18,412,324)	–
31 December 2020 (restated)	(16,142,881)	(35,629,866)	(36,486)	(430,196)	(25,601,837)	(77,841,266)
Charges for the year	(1,596,706)	(4,219,430)	(13,867)	(185,345)	–	(6,015,348)
Impairment	–	–	–	–	(1,416,933)	(1,416,933)
Internal transfer	(9,139,406)	(14,331,901)	–	–	23,471,307	–
Disposals	–	4,941	–	8,424	–	13,365
31 December 2021	(26,878,993)	(54,176,256)	(50,353)	(607,117)	(3,547,463)	(85,260,182)
31 December 2020	40,032,512	61,217,363	71,712	1,504,913	48,861,408	151,687,908
31 December 2021	59,924,131	84,608,492	57,845	1,345,400	19,985,218	165,921,086

As at 31 December 2021 and 2020, construction-in-progress is presented in the table below:

<i>In thousands of tenge</i>	Cost at 31 December 2021	Accumulated impairment at 31 December 2021	Carrying amount at 31 December 2021
Subsidiary			
KLPE	15,817,285	(465,440)	15,351,845
Chem-plus	7,095,528	(2,542,413)	4,553,115
KUS	539,610	(539,610)	–
SSAP	80,258	–	80,258
	23,532,681	(3,547,463)	19,985,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**11. PROPERTY, PLANT AND EQUIPMENT (continued)**

<i>In thousands of tenge</i>	Cost at 31 December 2020	Accumulated impairment at 31 December 2020	Carrying amount at 31 December 2020
Subsidiary			
KUS	56.255.518	(25.136.397)	31.119.121
Chem-plus	13.223.508	-	13.223.508
KLPE	4.919.851	(465.440)	4.454.411
SSAP	64.368	-	64.368
	74.463.245	(25.601.837)	48.861.408

As at 31 December 2021, property, plant and equipment of the SSAP sulphuric acid plant recorded in "Land, buildings and constructions" and "Equipment" in the amount of KZT9,818,953 thousand (as at 31 December 2020: KZT 10,082,207 thousand) are pledged under the terms of loan agreement with Eurasian Development Bank.

As at 31 December 2021, process equipment and polymeric produce plant with the total carrying value of KZT 11,022,799 thousand were pledged as collateral against loans from SB Sberbank of Russia JSC (2020: KZT 11,457,026 thousand).

As at 31 December 2021, as part of the construction in progress, the costs of the projects "Production of glyphosate (herbicide)" and "Production of phosphorus trichloride" are presented in the amount of KZT 4,553,115 thousand. Completion of construction and commissioning is scheduled for 2022.

During 2021, based on the analysis of the recoverable value of construction in progress on the Caustic and Glyphosate projects conducted by the management of Chem-plus, an impairment in the amount of KZT 2,290,113 thousand and KZT 252,300 thousand, respectively, was recognized and recorded in the statement of comprehensive loss.

In 2021, the Group commissioned a water and waste water treatment plant in the amount of KZT 66,703,119 thousand, less previously recognized impairment in the amount of KZT 23,471,307 thousand.

In 2021, the Company revised distribution of the impairment previously recognized in 2015-2017 in relation to the construction of the general plant infrastructure project (KUS) and transferred part of the impairment of capital expenditures on future receipts to the provision for an onerous obligation in the amount of KZT 1,125,480 thousand.

As at 31 December 2021, as part of the construction in progress, the costs of the project of the "Second phase of the integrated gas chemical complex in the Atyrau oblast (construction of a gas separation plant and product pipelines)" are presented in the amount of KT 17,980,693 thousand. In 2021, the Group capitalised KLPE expenses for the pre-FEED development to construction in progress for the amount of KZT 9,338,706 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**12. TRADE AND OTHER ACCOUNTS RECEIVABLE**

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
Receivables from related parties (Note 21)	8.258.472	9.986.228
Receivables from third parties	4.629.185	3.150.913
Allowance for expected credit losses	(503.539)	(631.194)
	12.384.118	12.505.947
Non-current portion of accounts receivable	5.359.562	6.852.198
Current portion of accounts receivable	7.024.556	5.653.749

As at 31 December 2021, trade and other receivables are mainly represented by the debt of customers, in tenge, for goods delivered, electricity, as well as external power lines and substation with a set of equipment and adjacent land plots sold in 2020 to KEGOC JSC, a related party, for the amount of KZT 8,194,346 thousand (31 December 2020: KZT 9,292,673 thousand).

13. ADVANCES PAID FOR NON-CURRENT ASSETS

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
Company name		
Bazis Construction LLP	2.106.338	4.464.471
Zavod Stroitelnykh Metallokonstruktsyi LLP	371.294	492.991
Other	66.412	45.593
Allowance for impairment	(371.294)	-
	2.172.750	5.003.055

As at 31 December 2021, advances paid to the Consortium represented by Bazis Construction LLP include advances under the contract for the construction and installation works for the "Construction of the Plant General Infrastructure" under the project of "Construction of general infrastructure facilities of the special economic zone "National Industrial Petrochemical Technopark" in the Atyrau region, Karabatan and Tengiz sites" (phase 1) for the amount of KZT 2,106,338 thousand (as at 31 December 2020: KZT 4,464,471 thousand under the contract concluded in December 2018, under the construction and installation works contract on construction of the "Water Treatment and Waste Water Treatment Plant").

14. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE

Activities of the Group's associates and joint venture, country of their location and interest of the Group in these entities as at 31 December 2021 and 2020 are represented as follows:

Company	Type of activities	Country	% in the charter capital	
			2021	2020
Associates				
MC SEZ Chempark Taraz JSC (Chempark)	Management company SEZ Chempark Taraz, attraction of investments for construction of infrastructure facilities	Kazakhstan	18.5%	18.5%
MC SEZ NIPT JSC (NINT)	Ensure the functioning of the special economic zone "National Industrial Petrochemical Technology Park" in accordance with the Law on SEZ	Kazakhstan	19.72%	17.2%
Joint venture				
Silleno LLP	Carrying out the feasibility study of the petrochemical complex development	Kazakhstan	-	49.9%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**14. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)**

As at 31 December 2021 and 2020, the carrying amounts of investments in associated and joint venture comprised:

<i>In thousands of tenge</i>	31 December 2021	31 December 2020 (restated)
Associates		
MC SEZ Chemical Park Taraz JSC	3.922.195	4.055.845
MC SEZ NIPT JSC	1.292.507	1.127.867
	5.214.702	5.183.712
Joint venture		
Silleno LLP	-	2.903.289
Less: provision for impairment	-	(2.813.943)
	-	89.346
	5.214.702	5.273.058

Investments in joint venture

In 2021, KLPE acquired a 50.1% share in the share capital of Silleno LLP from Borealis AG and paid in cash an amount of KZT 99.717 thousand, which approximated the market value of the organization. As a result, the Group has gained a 100% control in the share capital of Silleno LLP and reflected the retirement of the investment in Silleno LLP from the investment in joint venture.

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
Balance at 1 January	89.346	1.312.341
Share in loss from continuing operations	-	(12.704)
Contribution to the charter capital	-	1.596.800
Accrual of impairment	-	(2.813.943)
Gain of control	(89.346)	-
Other	-	6.852
Balance at 31 December	-	89.346

Investments in associates

Changes in investments in associates are presented as follows:

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
Balance at 1 January	5.183.712	5.115.596
Share in loss from continuing operations	(219.010)	(131.884)
Contribution to the charter capital	250.000	200.000
Balance at 31 December	5.214.702	5.183.712

In 2021, the Group purchased the declared ordinary shares of MC SEZ NIPT JSC in cash in the amount of 250,000 shares for KZT 250,000 thousand (2020: KZT 200,000 thousand), as a result of which the Group's share in the share capital of MC SEZ NIPT JSC was 19.72%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**14. INVESTMENTS IN ASSOCIATES AND JOINT VENTURE (continued)****Investments in associates (continued)**

Below is the summarized financial information on the associates and reconciliation of this information to the investment carrying amount in the consolidated financial statements:

<i>In thousands of tenge</i>	SEZ Chempark	SEZ NIPT
At 31 December 2021		
Current assets	1.083.735	111.401
Non-current assets	20.745.719	6.459.614
Current liabilities	(628.400)	(16.720)
Non-current liabilities	-	-
Net assets	21.201.054	6.554.295
Share of the Group in net assets	18.5%	19.72%
Carrying amount of investments	3.922.195	1.292.507

2021

Revenue from contracts with customers	141	37.002
Cost of sales	(479.308)	(252.584)
General and administrative expenses	(308.536)	(223.622)
Other non-operating income	4.199	6.346
Finance income	61.071	-
Loss before tax	(722.433)	(432.858)
Income tax expense	-	-
Net loss for the year	(722.433)	(432.858)
Share of the Group in net loss from continuing operations for the year	(133.650)	(85.360)

<i>In thousands of tenge</i>	SEZ Chempark	SEZ NIPT
At 31 December 2020		
Current assets	2.102.769	124.709
Non-current assets	19.789.753	6.444.955
Current liabilities	(267.627)	(12.297)
Non-current liabilities	298.592	-
Net assets	21.923.487	6.557.367
Share of the Group in net assets	18.5%	17.2%
Carrying amount of investments	4.055.845	1.127.867

2020

Revenue from contracts with customers	-	82.358
Cost of sales	-	(236.057)
General and administrative expenses	(402.872)	(253.001)
Other non-operating income / (expenses)	609	6.584
Finance income	72.209	-
Loss before tax	(330.054)	(400.116)
Income tax expense	(10.831)	-
Net loss for the year	(340.885)	(400.116)
Share of the Group in net loss from continuing operations for the year	(63.064)	(68.820)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**15. AMOUNTS DUE FROM CREDIT INSTITUTIONS**

As at 31 December 2021, amounts due from credit institutions in the amount of KZT 39,878 thousand were placed in the second-tier banks of the Republic of Kazakhstan (2020: KZT 114,755 thousand). Amounts due from credit institutions were presented in tenge. During 2021 the amounts due from credit institutions bear interest at the rate ranging from 6.25% to 10.5% per annum, which amounted to KZT 34,647 thousand (2020: KZT 97,423 thousand). At 31 December 2021, allowance for expected credit losses amounted to KZT 22 thousand (2020: KZT 6,024 thousand).

16. RESTRICTED CASH

As at 31 December 2021 cash on a letter of credit in Halyk Bank JSC amounted to KZT 1,219,257 thousand (2020: KZT 8,820,783 thousand). Allowance for expected credit losses under the letter of credit amounted to KZT 89 thousand (2020: KZT 884 thousand). These funds are intended for the payment under the contract signed between Karabatan Utility Solutions LLP (KUS) and the Korean company "Doosan Heavy Industries & Construction Co. Ltd" for the equipment and construction of a gas turbine power station.

17. CASH AND CASH EQUIVALENTS

<i>In thousands of tenge</i>	2021	2020
Short-term deposits in tenge	9.666.827	7.883.060
Current accounts in tenge	5.332.103	328.838
Current bank accounts expressed in US dollars	2.760.074	2.824.046
Current bank accounts expressed in Euro	176.730	15
Current bank accounts expressed in Russian roubles	30.051	23.728
Short-term deposits in Russia roubles	-	43.049
Allowance for expected credit losses	(66.040)	(161.098)
	17.899.745	10.941.638

Short-term bank deposits are placed for varying periods of up to 3 (three) months. Interest on deposits was accrued in 2021 at rates from 7.5% to 9% per annum (2020: from 0.4% to 7.5% per annum). Interest at rates of 0% to 7.5% per annum was accrued on current bank accounts (2020: 0% to 7.5% per annum).

In 2021, interest on short-term bank deposits and current accounts amounted to KZT 837,072 thousand (2020: KZT 460,496 thousand) that was recognized within finance income in the consolidated statement of comprehensive loss.

18. EQUITY**Charter capital**

As at 31 December 2015 the charter capital of the Company amounted to KZT 456,121,775 thousand (2020: KZT 369,652,891 thousand). During 2021, Samruk-Kazyna made an additional cash contribution to the charter capital of the Group in the amount of KZT 86,468,884 thousand (2020: KZT 51,768,920 thousand).

Additional paid-in capital

Additional paid-in capital of the Group as at 31 December 2021 amounted to KZT 23,190,560 thousand (2020: KZT 22,923,705 thousand). Change in 2021 represents a discount on the initial recognition of loans received from the Participant for 2021 in the amount of KZT 266,855 thousand (2020: KZT 845,034 thousand).

Non-controlling interests

During 2021 KPI participants made a contribution to the charter capital in the amount of KZT 792,201 thousand (2020: KZT 17,799 thousand), of which the non-controlling interest owned by Firm Almex Plus LLP is KZT 792,201 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**18. EQUITY (continued)****Non-controlling interests (continued)**

Non-controlling interests of the Group are presented as follows:

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
KPI LLP	1.153.014	682.636
SSAP LLP	699.846	674.948
CHEM-plus LLP	20.477	23.276
Polymer Production LLP	4.083	4.083
	1.877.420	1.384.943

19. ACCOUNTS PAYABLE

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
Accounts payable to third parties for property, plant and equipment	2.859.032	14.378.086
Accounts payable to related parties for goods and services	198.687	889.359
Accounts payable to third parties for goods and services	675.203	342.462
Other payables	8.328	9.389
Total accounts payable	3.741.250	15.619.296
Less: current portion of accounts payable	3.741.250	15.486.188
Non-current portion of accounts payable	–	133.108

As at 31 December 2021, accounts payable are mainly represented by payables to contractors under the project “Construction of Infrastructure Facilities of the Special Economic Zone “National Industrial Petrochemical Technology Park” in Atyrau oblast (gas turbine power station)”:

- Doosan Heavy Industries & Construction Co. Ltd. under the construction contract dated 27 December 2014 No. 2GR in the amount of 863,600 thousand tenge for the equipment supplied for the gas turbine power station (2020: 8,474,893 thousand tenge).
- JGC Corporation under the contract No. 50-2020 dated 28 December 2020 for the development of an expanded FEED basic project for the construction of an integrated gas plant in Atyrau oblast. The second phase (construction of a gas separation unit) (2020: nil).

At 31 December 2021 and 2020 trade accounts payable were denominated in the following currencies:

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
Tenge	1.151.088	4.631.421
US dollar	2.573.528	10.948.930
Russian rouble	16.624	38.935
Euro	10	10
	3.741.250	15.619.296

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**20. LOANS**

Bank	Currency	Maturity	Interest rate	31 December 2021	31 December 2020
SWF Samruk-Kazyna JSC (Loan 1)	Tenge	13 June 2043	0.1%	56.875.920	56.827.616
SWF Samruk-Kazyna JSC (Loan 2)	Tenge	31 March 2025	10.25%	8.357.823	9.879.224
SWF Samruk-Kazyna JSC (Loan 3)	Tenge	21 December 2027	0.1%	6.680.283	5.969.253
SB Sberbank of Russia JSC	Euro	27 August 2023	6 months EURIBOR + 3%	4.432.844	4.958.012
Eurasian Development Bank JSC	Tenge	27 October 2022	10.5%/16%	2.417.794	3.072.432
SWF Samruk-Kazyna JSC (Loan 4)	Tenge	31 December 2023	10%	873.927	873.925
SWF Samruk-Kazyna JSC (Loan 5)	Tenge	31 December 2022	10%	451.875	-
SB Sberbank of Russia JSC	Euro	27 August 2023	6 months EURIBOR + 3%	950.405	1.139.367
SB Sberbank of Russia JSC	Euro	27 August 2023	6 months EURIBOR + 3%	382.759	433.051
SB Sberbank of Russia JSC	Euro	27 August 2023	6 months EURIBOR + 3%	90.224	97.464
Less: discount on loans from SWF Samruk-Kazyna JSC				(8.936.196)	(13.109.145)
Total				72.577.658	70.141.199
Less: amount to be repaid within 12 months				(4.090.959)	(5.485.190)
Non-current portion of loans				68.486.699	64.656.009

Loan from Eurasian Development Bank JSC

On 31 October 2011, the Group obtained a credit line in Eurasian Development Bank (EDB) in the amount of 8,820,000 thousand tenge maturing in 2024 and an interest rate of 10,5%, which corresponded to the market interest rate for similar loans.

The loan was obtained to finance reconstruction of the sulphuric acid plant and is due for settlement in accordance with the established schedule starting from 1 March 2016. Interest is due for settlement starting from 1 March 2014. Interest accrued before that date was accumulated to principal.

On 5 May 2015, the Group signed an additional agreement with EDB for changes in the interest rate from 10.5% to 16% on the tranches received after 2 April 2015.

For the year ended 31 December 2021, the Group accrued interest on the loan in the amount of 290,296 thousand tenge, which was fully accounted for within finance costs recorded in the Group's consolidated statement of comprehensive loss (2020: 363,108 thousand tenge).

As at 31 December 2021, property, plant and equipment of the Group with carrying value of 9,818,953 thousand tenge were pledged as collateral of this loan (2020: 9,985,676 thousand tenge). In addition, as per the credit agreement, EDB received a guarantee from the Company for 90.11% of the loan.

Covenants

As part of the credit agreement with EDB, SSAP undertakes to ensure payment on the debt-service ratio of at least 1,2 and the ratio of Debt/EBITDA not exceeding 3.5.

Following the results of 2020, the Group made the calculations of these coefficients, where the Debt / EBITDA ratio was 4.58. Debt service ratio is calculated based on the free cash flow divided by the amount of debt payments. As at 31 December 2020, the debt service ratio was 0.72, which meant a breach of obligations under the contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. LOANS (CONTINUED)**Loan from Eurasian Development Bank JSC (continued)***Covenants (continued)*

Due to the fact that the Group did not receive a release letter from the bank until 31 December 2020, the long-term portion of loans in the amount of 2,086,095 thousand tenge was reclassified to current liabilities.

On 29 October 2021, a letter was received from the EDB on the decision to exclude the execution of financial indicators. Accordingly, as at 31 December 2021, the amount of KZT 1,505,225 thousand payable after 12 months was reclassified to non-current liabilities.

Loan 1 from SWF Samruk-Kazyna JSC

In June 2018, the Group received a long-term loan from Samruk-Kazyna JSC in the amount of KZT 56,700,105 thousand to acquire a 48% interest in the charter capital of Kazakhstan Petrochemical Industries Inc LLP. The loan is subject to repayment within 25 years, the grace period is until 31 December 2023. Payment of the principal will be made at the end of the grace period before 2025 in the amount of KZT 1,600,000 thousand per annum, from 2026 — in equal amounts until the end of the contract.

Interest for the duration of the grace period is capitalised annually at the rate of 0.1 % per annum. Upon expiration of the grace period, payment will be made in annual payments at a rate to be determined six months prior to the end of the grace period by the decision of the Management Board of Samruk-Kazyna JSC.

In 2020, the Group capitalised accumulated interest in the amount of KZT 48,277 thousand after taxes withheld at source. The carrying amount of assets as at 31 December 2021 amounted to KZT 56,844,813 thousand (2020: KZT 56,796,536 thousand), current interest payable capitalised over the next year was KZT 31,107 thousand.

In 2021 the Group accrued interest expenses on the loan in the amount of KZT 56,823 thousand (2020: KZT 56,775 thousand tenge), which were fully recorded within finance costs.

In 2018, the Group accrued a discount on this loan in the amount of KZT 20,565,977 thousand and recognised it in additional paid-in capital. During 2021 the Group recognized the discount amortization in the amount of KZT 3,800,491 thousand (2020: KZT 3,511,150 thousand) recorded as finance costs in the statement of comprehensive loss. In accordance with the terms and conditions of the agreement, there is no collateral.

Loan 2 from SWF Samruk-Kazyna JSC

During 2019, the Company received a loan from SWF Samruk-Kazyna JSC with a credit limit under the agreement of not more than KZT 8,608,000 thousand for the construction of external electric lines and substations for reserve power supply of a gas turbine power plant in Atyrau oblast within the framework of the project “Construction of Infrastructure of the special economic zone “National Industrial Petrochemical Technopark” with the interest rate of 9% per annum. In April 2020, an additional agreement was signed to the loan agreement, according to which the repayment period of the loan was extended until 31 March 2025, interest rate changed by 10.25%.

The loan was received in three tranches for the maximum possible amount under the agreement. A discount in the amount of KZT 902,887 thousand on the loan received is recognized as additional paid-in capital. Unwinding of discount for 2021 amounted to KZT 236,791 thousand (2020: KZT 275,120 thousand) was recognized in the statement of comprehensive loss. During 2021, the Company accrued interest expenses on loan in the amount of KZT 749,972 thousand (2020: KZT 643,457 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. LOANS (CONTINUED)**Loan 3 from SWF Samruk-Kazyna JSC**

In 2017, the Group received a long-term loan from SWF Samruk-Kazyna JSC with the contractual credit line of no more than KZT 9,100,000 thousand for repayment of the loan debt of Polymer Production LLP to SB Sberbank JSC, repayment by Polymer Production LLP of financial aid to the Company, acquisition and installation of additional equipment (modernisation of the BCIPP production line). The loan is subject to repayment within 10 years from the moment of granting of each tranche, principal shall be repaid once in 6 months after the grace period (54 months), beginning 21 December 2017.

Interest is payable by semi-annual payments on 15 June and 15 December of each year with an interest rate of 0.1% per annum for the grace period (before commissioning of an integrated gas chemical complex KPI). The interest rate after the grace period will be revised with due account for market conditions. The accrual of interest after the grace period will be made at the market rate.

The first tranche was received in 2017 for the amount of KZT 1,930,000 thousand. In 2019, the Group received three more tranches in the amount of: KZT 730,000 thousand with maturity in December 2023, KZT 2,087,000 thousand with maturity in December 2032, and KZT 139,000 thousand with maturity in December 2032.

In 2020, the Group received four branches totalling KZT 1,953,300 thousand, two of which were KZT 1,038,300 thousand and KZT 44,700 thousand with the interest rate of 0.1% per annum at the time the grace period maturing on 31 December 2032. According to these tranches, the Group accrued a discount in the amount of KZT 144,416 thousand and recognised it in additional paid-in capital.

In 2020, the Group received a tranche of KZT 711,000 thousand, with the interest rate of 0.1% per annum at the time the grace period maturing on 31 December 2032. According to this tranche, the Group accrued a discount in the amount of KZT 73,360 thousand and recognised it in additional paid-in capital.

In 2021, the Group recognised finance costs on the discount in the amount of KZT 490,087 thousand (2020: KZT 462,191 thousand), recorded in the statement of comprehensive loss from continuing operations.

In 2021 Group accrued interest expenses on these tranches in the amount of KZT 6,631 thousand (2020: KZT 5,807 thousand), which were fully recorded within finance costs. As at 31 December 2021, current portion of interest payable amounted to KZT 283 thousand (2020: KZT 253 thousand).

Loan 4 from SWF Samruk-Kazyna JSC

As part of a long-term loan to SWF Samruk-Kazyna JSC with the contractual credit line of not more than KZT 9,100,000 thousand for Polymer Production LLP working capital replenishment in 2020, the Group received two tranches in the amount of KZT 586,000 thousand and KZT 284,300 thousand with maturity in December 2023. Interest is payable in semi-annual instalments on 15 June and 15 December each year with an interest rate of 10% per annum.

In 2021 the Group accrued interest expenses on the loan in the amount of KZT 87,030 thousand (2020: KZT 75,787 thousand), which were fully recorded within finance costs. As at 31 December 2021, the current portion of interest payable amounts to KZT 3,627 thousand (2020: KZT 3,625 thousand).

Loan 5 from SWF Samruk-Kazyna JSC

As part of a long-term loan to SWF Samruk-Kazyna JSC with the contractual credit line of not more than KZT 9,100,000 thousand for Polymer Production LLP working capital replenishment in 2021, the Group received a tranche in the amount of KZT 450,000 thousand with maturity in December 2022. Interest is payable in semi-annual instalments on 15 June and 15 December each year. The deposit rate is 10% per annum.

In 2021, the Group accrued on this tranche interest expense in the amount of KZT 31,125 thousand, which was fully accounted for as part of finance costs. As at 31 December 2021, the current portion of interest payable amounted to KZT 1,875 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**20. LOANS (continued)****Loan from SB Sberbank of Russia JSC**

As at 31 December 2021, interest rates are set as EURIBOR (6 months + 3%) for available Polymer loans from SB Sberbank of Russia JSC (31 December 2020: 6 months EURIBOR + 3% -6.5%).

As at 31 December 2021, 100% interest of Polymer participants serves as collateral under credit lines in Euro. Besides, as at 31 December 2021, process equipment and polymeric produce plant with the carrying value of KZT 11,022,799 thousand were pledged as collateral against loans from SB Sberbank of Russia JSC (2020: KZT 11,078,606 thousand).

21. RELATED PARTY TRANSACTIONS

Transactions with related parties are made at terms agreed between the parties that are not necessarily market conditions. Outstanding balances at the year-end are unsecured, non-interest bearing and settlement occurs in cash and in a form other than cash.

Major transactions with related parties for the years ended 31 December 2021 and 2020 are as follows:

<i>In thousands of tenge</i>	2021	2020
Acquisitions related to continuing operations		
<i>Entities under common control of Samruk-Kazyna</i>		
NC KazMunayGas JSC	5.481.181	3.574.371
KEGOC JSC	2.069.306	811.447
KazTransGas JSC	1.403.206	-
NC KTZh JSC	568.308	564.273
Samruk-Kazyna Construction JSC	228.761	435.844
Samruk-Kazyna Business Service LLP	85.393	34.775
Samruk-Kazyna Contract LLP	78.016	33.628
Air Astana JSC	3.896	3.276
Kazakhtelecom JSC	3.773	3.609
NAC KazAtomProm JSC	3.594	105.926
KazPost JSC	2.981	2.096
	9.928.415	5.569.245

<i>In thousands of tenge</i>	2021	2020
Acquisitions related to discontinued operations		
<i>Entities under common control of Samruk-Kazyna</i>		
Samruk-Kazyna Business Service LLP	396.234	183.725
NC KazMunayGas JSC	81.188	111.049
Samruk-Kazyna Contract LLP	12.147	12.146
Kazakhtelecom JSC	8.911	9.330
KazPost JSC	791	848
	499.271	317.098

Acquisitions from related parties mainly relate to purchase of electricity, transportation services, trust management services and other services.

<i>In thousands of tenge</i>	2021	2020
Sales related to continuing operations		
<i>Entities under common control of Samruk-Kazyna</i>		
KEGOC JSC	3.749.663	8.688.164
NAC KazAtomProm JSC	2.693.346	2.692.366
Samruk-Energo JSC	80.926	64.713
KazMunayGas NC JSC	40	4.959.123
	6.523.975	16.404.366

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**21. RELATED PARTY TRANSACTIONS (continued)**

Sales are mainly represented by sale of sulphur, sulphuric acid and electric energy.

The Group had the following receivables and payables on related party transactions as at 31 December 2021 and 2020:

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
Accounts receivable and other assets related to continuing operations		
<i>Entities under common control of Samruk-Kazyna</i>		
KEGOC JSC	8.194.346	9.292.673
NC KTZh JSC	29.026	40.303
Samruk-Energo JSC	19.402	24.284
NAC KazAtomProm JSC	15.421	627.989
Air Astana JSC	270	617
Kazakhtelecom JSC	-	24
KazPost JSC	7	51
	8.258.472	9.985.941

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
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Accounts payable related to continuing operations

Entities under common control of Samruk-Kazyna

NC KazMunayGas JSC	43.403	659.028
KEGOC JSC	86.480	166.667
KazTransGas JSC	33.725	-
Samruk-Kazyna Construction JSC	21.740	20.281
Samruk-Kazyna Business Service LLP	8.583	7.169
NAC KazAtomProm JSC	4.025	10.462
Kazakhtelecom JSC	327	887
KazPost JSC	325	220
SWF Samruk-Kazyna JSC	79	-
	198.687	864.714

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
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Accounts payable related to discontinued operations

Entities under common control of Samruk-Kazyna

Samruk-Kazyna Business Service LLP	103.009	43.954
NC KazMunayGas JSC	18.810	6.313
Kazakhtelecom JSC	673	896
KazPost JSC	18	-
	122.510	51.163

<i>In thousands of tenge</i>	31 December 2021	31 December 2020
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Loans obtained related to continuing operations

Entities under common control of Samruk-Kazyna

SWF Samruk-Kazyna JSC (Note 20)	64.303.632	60.440.873
	64.303.632	60.440.873

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. RELATED PARTY TRANSACTIONS (continued)**Compensation to key management personnel**

Key management personnel comprise members of the Management Board totalling 4 persons as of 31 December 2021 (2020: 5 persons). In 2021, total compensation to key management personnel of KZT 148,189 thousand (2020: KZT 168,499 thousand) comprised of salaries and other short-term benefits and was included in general and administrative expenses in the consolidated statement of comprehensive loss.

22. COMMITMENTS AND CONTINGENCIES**Taxation**

Various types of legislation and regulations are not always clearly written, and their interpretation is subject to the opinions of the local tax inspectors and the Ministry of Finance of the Republic of Kazakhstan. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including opinions on recording of income and expense and other items in the IFRS 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 2.5. As a result, penalties and interest can amount to multiples of any assessed taxes.

The Group believes that it has paid or accrued all taxes that are applicable. Where legislation concerning the provision of taxes is unclear, the Group has accrued tax liabilities based on management's best estimate. The Group's policy is to accrue contingencies in the accounting period in which a loss is deemed probable and the amount is reasonably determinable. Because of the uncertainties associated with the Kazakhstan tax system, the ultimate amount of taxes, penalties and fines, if any, may be in excess of the amount expensed to date and accrued at 31 December 2021. Although such amounts are possible and may be material, it is the opinion of the Group's management that these amounts are either not probable, not reasonably determinable, or both.

The Group's operations and consolidated financial position may be affected by Kazakhstan political developments, including the application of existing and future legislation and tax regulations. The Group does not believe that these contingencies, as related to its operations, are any more significant than those of similar enterprises in Kazakhstan.

As at 31 December 2021, management believes that its interpretation of the relevant legislation is appropriate and that the Group's tax positions will be sustained.

Contractual obligations

As at 31 December 2021, contractual obligations of the Group for the construction of the integrated gas chemical complex in Atyrau oblast (the first phase) amounted to KZT 1,243,345 thousand (31 December 2020: KZT 11,582,245 thousand).

As at 31 December 2021, contractual obligations of the Group for the project of the "Construction of Infrastructure of SEZ NIPT. Plant General Infrastructure Phase 1" amounted to KZT 4,697,771 thousand (31 December 2020: KZT 11,161,177 thousand).

Political and economic environment in the Republic of Kazakhstan

The Republic of Kazakhstan continues to display some characteristics of an emerging market, including among other things, absence of a fully convertible national currency outside of the country and low liquidity of equity and debt securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. COMMITMENTS AND CONTINGENCIES (continued)**Political and economic environment in the Republic of Kazakhstan**

Besides, the oil and gas sector in Kazakhstan is subject to political, legislative, tax and regulatory changes. The prospects of economic stability of the Republic of Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the Government as well as development of legal, controlling and political systems, i.e., circumstances beyond the control of the Group.

The management is unable to foresee either the level or the period of changes in Kazakhstan economy, or to assess their possible influence on the financial position of the Group in future. The management believes that it takes all the required steps to support stability and growth of the Group's business under the current circumstances.

Legal actions and claims

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the current consolidated financial condition or the results of future operations of the Group.

Tax audits

In 2021, KUS received two notifications (No. 151081000012 dated 26 August 2021 and No. 151082200040 dated 5 October 2021) to eliminate violations identified by state revenue authorities following the desk audit in relation to CIT accrual for transactions with non-resident counterparty "Doosan Heavy Industries & Construction Co Ltd" in the amount of KZT 679,416 thousand and KZT 213,290 thousand.

KUS sent a response to the Notifications to the tax authorities and then received decisions recognizing the Notifications as not executed. KUS filed a lawsuit with the Specialized Inter-district Administrative Court of Atyrau region with a request to cancel the decisions of the tax authorities.

On 8 February 2022, the Specialized Inter-district Administrative Court of Atyrau region declared illegal and cancelled decision No. 151082200040 dated 5 October 2021 on recognizing the notification of elimination of violations identified by state revenue authorities based on the results of desk audit as not executed.

On 10 February 2022, the Specialized Inter-district Administrative Court of Atyrau region declared illegal and cancelled decision No. 151081000012 dated 26 August 2021 on recognizing the notification of elimination of violations identified by state revenue authorities based on the results of desk audit as not executed.

On 22 February 2022, KUS appealed to the Specialized Inter-district Administrative Court of Atyrau region to declare illegal the collection of funds to the Committee of State Revenue and claimed the refund of the amount of KZT 985.655 thousand.

Environmental matters

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

Investment agreement

In accordance with investment contract for the construction of sulphate plant, the Group is obliged to meet the working program and report to state authorities on the progress of works performed on semi-annual basis. The total amount of investment made by the Group under the working program is KZT 7,021,239 thousand within five years (2008-2013). According to the investment agreement, the Group is granted with the tax preferences, including a five-year exemption from corporate income tax and property tax payments, effective from the commissioning of property, plant and equipment under the investment project from 2015 to 2019. Failure to comply with the terms and conditions of the investment agreement at any time may lead to its recall by the state authorities. On 18 December 2019, a supplementary agreement was signed extending the term of the investment agreement until 26 October 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial liabilities comprise loans and payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loans and receivables, cash and cash equivalents, cash restricted in use and cash due from credit institutions, short-term deposits, which arise directly from its operations. The Group is exposed to market risk, credit risk and liquidity risk.

Liquidity risk

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

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

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2021 and 2020, based on the contractual undiscounted payments.

<i>In thousands of tenge</i>	On demand	Less than 3 months	3-12 months	1-5 years	> 5 years	Total
At 31 December 2021						
Loans	-	2.823.452	1.370.182	12.241.964	68.135.073	84.570.671
Accounts payable	-	3.741.250	-	-	-	3.741.250
	-	6.564.702	1.370.182	12.241.964	68.135.073	88.311.921

<i>In thousands of tenge</i>	On demand	Less than 3 months	3-12 months	1-5 years	> 5 years	Total
At 31 December 2020						
Loans	-	2.528.163	5.787.215	12.531.794	65.940.395	86.787.567
Accounts payable	962.607	2.763.642	11.759.939	133.108	-	15.619.296
	962.607	5.291.805	17.547.154	12.664.902	65.940.395	102.406.863

Changes in liabilities resulting from financing activities

The table below shows the changes in financial liabilities for 2021 and 2020:

<i>In thousands of tenge</i>	At 1 January 2021	Cash inflows	Cash outflow	Discount	Interest paid	Foreign exchange difference	Transfer of assets to the Participant	Other*	At 31 December 2021
Financial liabilities									
Current portion of loan	5.485.190	-	(2.859.346)	-	(30.303.579)	-	-	31.768.694	4.090.959
Non-current portion of loan	64.656.009	225.892.314	-	4.260.514	-	16.090.463 (233.537.824)	(8.874.777)		68.486.699
Total liabilities	70.141.199	225.892.314	(2.859.346)	4.260.514	(30.303.579)	16.090.463 (233.537.824)	22.893.917		72.577.658

<i>In thousands of tenge</i>	At 1 January 2020	Cash inflows	Cash outflow	Discount	Interest paid	Foreign exchange difference	Transfer of assets to the Participant	Other*	At 31 December 2020
Financial liabilities									
Current portion of loan	17.553.327	-	(2.001.560)	-	(16.800.992)	473.114	(13.526.387)	19.787.688	5.485.190
Non-current portion of loan	315.536.637	207.821.612	(450.000)	3.403.428	-	29.721.977 (496.039.246)	4.661.601		64.656.009
Total liabilities	333.089.964	207.821.612	(2.451.560)	3.403.428	(16.800.992)	30.195.091 (509.565.633)	24.449.289		70.141.199

"Other" discloses mainly recognized additional borrowing costs, capitalisation of interest, accrued interest and reclassification expenses from the current to the non-current portion of the loan. The Group classifies interest paid as cash flows from operating activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Credit risk**

Credit risk arises from the cash and cash equivalents, bank deposits and loans issued to a related party, receivables. The Group's exposure to credit risk arises from the default of the counterparty, with a maximum loss equal to the carrying amount of these instruments. Despite the fact that the collection of receivables and loans is influenced by economic factors, the management believes that there is no significant risk of loss, as the main customers of the Group are related parties. Cash and cash equivalents and bank deposits are placed in financial institutions, which are considered at time of deposit to have minimal risk of default. Management of credit risk from balances with banks and financial institutions, for which the table with ratings is presented below.

<i>In thousands of tenge</i>	Agency	Rating		31 December 2021	31 December 2020
		31 December 2021	31 December 2020		
Halyk Bank JSC	S&P	BB+/B/Stable	BB/B/Stable	13.227.307	7.841.619
Bank CenterCredit JSC	S&P	B/B/Stable	B/B/Stable	3.053.537	26.461
Forte Bank	S&P	B+/B+/Stable	B+/B/Stable	905.236	–
Eurasian Development Bank	S&P	BBB/Positive	BBB/Positive	363.156	94.430
Altyn Bank JSC	Fitch	BBB-/Stable	BBB-/Stable	181.554	3.162
Treasury Committee of the Ministry of Finance of the Republic of Kazakhstan SE	–	–	–	113.535	141.530
First Heartland Jysan Bank JSC	S&P	B+/Stable	B/Negative	108.698	–
SB Sberbank of Russia JSC	Fitch	BBB-/Stable	BBB-/Stable	52.599	116.157
Kaspi Bank JSC	S&P	BB-/B/Positive	B/B/Negative	63	5
ATF Bank JSC	S&P	B/B-/Stable	B/B/Negative	–	3.000.151
				18.005.685	11.223.515

Ratings of restricted cash are presented below.

<i>In thousands of tenge</i>	Agency	Rating		31 December 2021	31 December 2020
		31 December 2021	31 December 2020		
Halyk Bank JSC	S&P	BB+/B/Stable	BB/B/Stable	1.219.346	8.821.667
SB Sberbank of Russia JSC	Fitch	BBB-/Stable	BBB-/Stable	23.779	–
				1.243.125	8.821.667

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The main currency risk of the Group arises from the fact that the majority of interest-bearing loans are denominated in foreign currency, and cash flows are denominated in tenge. Accordingly, any significant reduction in the cost of the tenge may have a material adverse effect on the consolidated financial position and results of the Group's operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Foreign currency risk (continued)**

The table below presents the analysis of sensitivity to reasonably possible changes in KZT/USD and KZT/RUB exchange rates. The analysis calculates the effect of a reasonably possible movement of the currency rate against the tenge on profit and loss in the consolidated statement of comprehensive loss, with all other variables held constant. The effect on equity does not differ from the effect on the consolidated statement of comprehensive loss. The negative amount in the table reflects a potential net reduction in statement of comprehensive loss or equity, while a positive amount reflects a net potential increase.

Currency	Change in currency rate in % 2021	Effect on profit before tax 2021	Change in currency rate in % 2020	Effect on profit before tax 2020
US dollar	13%	182.754	14%	104.062
US dollar	-10%	(140.580)	-11%	(81.763)
Euro	13%	(738.247)	14%	(927.904)
Euro	-10%	567.883	-11%	729.068
Russian rouble	13%	56.805	15%	67.250
Russian rouble	-13%	(56.805)	-15%	(67.250)

Capital management

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

Fair value of financial instruments

As at 31 December 2021 and 31 December 2020, the fair value of the Group's financial instruments is a reasonable approximation of their fair value, except the following financial instruments:

	At 31 December 2021				
	Carrying amount	Fair value	Fair value measurement using		
quotations on the active market (Level 1)			significant observable inputs (Level 2)	significant non- observable inputs (Level 3)	
<i>In thousands of tenge</i>					
Financial liabilities measured at amortised cost					
Loans	56.424.350	40.638.055	-	-	40.638.055

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Fair value of financial instruments (continued)**

<i>In thousands of tenge</i>	At 31 December 2020				
	Carrying amount	Fair value	Fair value measurement using		
			quotations on the active market (Level 1)	significant observable inputs (Level 2)	significant non-observable inputs (Level 3)
Financial liabilities measured at amortised cost					
Loans	51.189.416	37.400.022	-	-	37.400.022

In 2021, there were no transfers between Level 1 and Level 2 of fair value hierarchy. There were also no transfers to or from Level 3 of fair value hierarchy.

24. SUBSEQUENT EVENTS

On 2 January 2022, protests began in the Mangystau region of the Republic of Kazakhstan after a significant increase in the retail price of liquefied natural gas. These protests spread to other cities and led to riots, property damage and loss of life. On 5 January 2022, the Government declared a state of emergency. As a result of the above protests and state of emergency the President of Kazakhstan has made certain public announcements regarding possible measures including amendments to the tax legislation, introducing measures for financial stability, controlling and stabilizing the inflation rate and the tenge exchange rate.

On 19 January 2022, the state of emergency was lifted. The Group is currently unable to quantify what the impact, if any, may be on the Group's financial position of any new measures the Government may take or any impact from the effect on the Kazakhstan economy as a result of the above protests and state of emergency.

On 24 January 2022, the re-registration of 50% of the shares in PVH Development LLP to Samruk-Kazyna JSC and 49.9% to KazTransGas JSC was completed.

On 3 February 2022, the Company re-registered with the authorized bodies due to the name change to Samruk-Kazyna Odeu LLP and the reduction of the share capital by KZT 199,600,000 thousand.

The share capital of the Company after re-registration amounted to KZT 256,521,775 thousand.

On 17 February 2022, the Company signed a settlement agreement on the transfer of 49.5% of shares in the share capital of KPI LLP to JSC Samruk-Kazyna worth KZT 88,649,316 thousand due to the reduction of the share capital of the Company. In the near future, the re-registration of participation shares in authorized bodies is expected.

In February 2022, due to the conflict between the Russian Federation and Ukraine, numerous sanctions were announced against the Russian Federation by most Western countries. These sanctions aim to have a negative economic impact on the Russian Federation. Due to the growth of geopolitical tension, there has been a significant growth of volatility at the stock and currency markets, as well as a significant depreciation of tenge against the US dollar and Euro since February 2022. The Group considers these events as non-adjusting events after the reporting period, the quantitative effect of which cannot be reliably measured at the moment.

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