

Kazakhstan-China Pipeline LLP

**Financial statements
in accordance with the Order # 404 of the Minister of
Finance of the Republic of Kazakhstan dated 28 June 2017**

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

Contents

INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

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

Our opinion

In our opinion, the special purpose financial statements of Kazakhstan-China Pipeline LLP (the "Company") for the year ended 31 December 2021, are prepared, in all material respects, in accordance with the Order #404 of the Minister of Finance of the Republic of Kazakhstan dated 28 June 2017.

What we have audited

The Company's special purpose financial statements comprise:

- form #1-Б – balance sheet as at 31 December 2021;
- form #2-ОПУ – statement of profit and loss for the year then ended;
- form #3-ДДС-П - statement of cash flows (direct method) for the year then ended;
- form #5-ИК – statement of changes in equity for the year then ended;
- the notes to the special purpose financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the special purpose financial statements section of our report.

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



Independent Auditor's report (continued)

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Independence

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

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

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

Other matter

The Company has prepared its financial statements for the year ended 31 December 2021 in accordance with International Financial Reporting Standards, on which we have issued a separate independent auditor's report addressed to the Participants and Management of the Company and dated 4 February 2022.

Responsibilities of management for the special purpose financial statements

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

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



Independent Auditor's report (continued)

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

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

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

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



Independent Auditor's report (continued)

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

On behalf of PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Approved by:



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

Signed by:



Baurzhan Burkhanbekov
Auditor in charge
(Qualified Auditor's Certificate
#0000586 dated 30 October 2006)

7 February 2022

Almaty, Kazakhstan

Kazakhstan China Pipeline LLP
Balance sheet

<i>In thousands of tenge</i>	Note	At the end of reporting period	At the beginning of reporting period
Assets			
Current assets			
Cash and cash equivalents	010	58,398,390	49,186,084
Current financial assets carried at amortised cost	011	-	-
Current financial assets at fair value through other comprehensive income	012	-	-
Current financial assets at fair value through profit or loss	013	-	-
Current financial derivatives	014	-	-
Other current financial assets	015	20,261,584	19,644,522
Short-term trade and other receivables	016	40,989	27,853
Short-term lease receivable	017	-	-
Current assets from contracts with customers	018	-	-
Current income tax	019	401,187	-
Inventories	020	789,598	531,574
Biological assets	021	-	-
Other current assets	022	783,303	839,588
Total current assets (sum of 010 to 022 rows)	100	80,675,051	70,229,621
Assets (or disposal groups) held for sale	101	-	-
Non-current assets			
Non-current financial assets carried at amortised cost	110	-	-
Non-current financial assets at fair value through other comprehensive income	111	-	-
Non-current financial assets at fair value through profit or loss	112	-	-
Non-current financial derivatives	113	-	-
Investments accounted for at historical cost	114	-	-
Investments accounted for using the equity method	115	-	-
Other non-current financial assets	116	-	-
Long-term trade and other receivables	117	-	-
Long-term lease receivable	118	-	-
Non-current assets from contracts with customers	119	-	-
Investment property	120	-	-
Property, plant and equipment	121	200,610,761	212,798,381
Right-of-use assets	122	744,457	1,111,356
Biological assets	123	-	-
Exploration and evaluation assets	124	-	-
Intangible assets	125	65,678	78,999
Other non-current assets	127	1,049,510	1,562,333
Total non-current assets (sum of 110 to 127 rows)	200	202,470,406	215,551,069
Total assets (row 100 + row 101 + row 200)		283,145,457	285,780,690
Liabilities and equity			

Kazakhstan China Pipeline LLP
Balance sheet

<i>In thousands of tenge</i>	Note	At the end of reporting period	At the beginning of reporting period
Liabilities and equity			
Current liabilities			
Current financial liabilities carried at amortised cost	210	44,617,184	35,528,143
Current financial liabilities at fair value through profit or loss	211	-	-
Current financial derivatives	212	-	-
Other current financial liabilities	214	-	-
Short-term trade and other payables	215	1,773,487	1,096,984
Current contingencies	216	36,471	33,226
Current income tax liabilities	217	25,792	25,850
Employee benefits	218	451,442	244,382
Short-term lease payable	219	7,794,287	6,135,671
Current liabilities from contracts with customers	220	-	-
Government grants	221	-	-
Other current liabilities	222	1,543,310	1,815,279
Total current liabilities (sum of 210 to 222 rows)	300	56,937,546	45,461,351
Liabilities of the disposal group held for sale	301	-	-
IV. Non-current liabilities			
Non-current financial liabilities carried at amortised cost	310	-	133,667,996
Non-current financial liabilities at fair value through profit or loss	311	-	-
Non-current financial derivatives	312	94,393,053	-
Other non-current financial liabilities	314	-	-
Long-term trade and other payables	315	-	-
Non-current contingencies	316	12,122,659	10,668,868
Deferred tax liabilities	317	26,134,686	20,858,571
Employee benefits	318	18,209	15,427
Long-term lease payable	319	716,921	1,291,720
Non-current liabilities from contracts with customers	320	-	-
Government grants	320	-	-
Total non-current liabilities (sum of 310 to 321 rows)	400	133,385,528	166,502,582
Equity			
Charter (share) capital	410	13,000,000	13,000,000
Share premium	411	-	-
Treasury stock	412	-	-
Components of other comprehensive income	413	42,686,550	47,278,028
Retained earnings (accumulated deficit)	414	37,135,833	13,538,729
Other capital	415	-	-
Total equity attributable to parent company owners (sum of 410 to 415 rows)	420	92,822,383	73,816,757
Non-controlling interest	421	-	-
Total equity (row 420 +/- row 421)	500	92,822,383	73,816,757
Total liabilities and equity (row 300 + row 301 + row 400 + row 500)		283,145,457	285,780,690

Yin Zhicheng

Acting General Director



Zhang Yubo

Deputy General Director -
Chief Accountant

Kazakhstan China Pipeline LLP
Statement of Profit and Loss

<i>In thousands of tenge</i>	Note	For the reporting period	For the previous period
Line item			
Revenue	010	74,018,547	77,827,963
Cost of sales	011	(32,855,766)	(31,820,884)
Gross profit (row 010 – row 011)	012	41,162,781	46,007,079
Selling expenses	013	–	–
Administrative expenses	014	(3,910,643)	(3,339,254)
Total operating profit (+/- rows 012 to 014)	020	37,252,138	42,667,825
Finance income	021	225,835	223,207
Finance costs	022	(9,382,394)	(24,705,448)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	023	–	–
Other income	024	1,087,747	4,456,856
Other costs	025	–	–
Profit before income tax (+/- rows 020 to 025)	100	29,183,326	22,642,440
Income tax expense (-) (benefit (+))	101	(5,966,876)	(5,658,603)
Profit (loss) after tax from continuing operations (item 100 + item 101)	200	23,216,450	16,983,837
Profit (loss) after tax from discontinued operations	201	–	–
Profit for the year (item 200 + item 201) attributable to:	300	23,216,450	16,983,837
Parent company		–	–
Non-controlling interest		–	–

Kazakhstan China Pipeline LLP
Statement of Profit and Loss

<i>In thousands of tenge</i>	Note	For the reporting period	For the previous period
Line item			
Other comprehensive expense, total (row 420 and 440):	400	(610,824)	(2,301,887)
Including:			
Revaluation of debt financial instruments carried at fair value through other comprehensive income	410	-	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	411	-	-
Effect of income tax rate changes on deferred tax	412	-	-
Hedging of cash flows	413	-	-
Exchange difference on investments in foreign entities	414	-	-
Hedging of net investments in foreign operations	415	-	-
Other components of other comprehensive expense	416	(761,651)	(2,874,480)
Adjustment on reclassification within profit (loss)	417	-	-
Tax effect of the components of other comprehensive income	418	152,330	574,896
Total other comprehensive income reclassified to income or expenses in subsequent periods (less income tax) (sum of rows 431 to 435)	420	-	-
Revaluation of property, plant and equipment and intangible assets	431	-	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	432	-	-
Actuarial loss on pension obligations	433	(1,879)	(2,879)
Tax effect of the components of other comprehensive income	434	376	576
Revaluation of debt financial instruments carried at fair value through other comprehensive income	435	-	-
Total other comprehensive income not reclassified to income or expenses in subsequent periods (less income tax) (sum of rows 431 to 435)	440	-	-
Total comprehensive income (row 300 + item 400)	500	22,605,626	14,681,950
Total comprehensive income attributable to:			
owners of parent company		-	-
non-controlling interest		-	-
Earnings per share	600	-	-
including:			
Basic earnings per share:			
from continuing operations		-	-
from discontinued operations		-	-
Diluted earnings per share:			
from continuing operations		-	-
from discontinued operations		-	-



Yin Zhicheng

Acting General Director




Zhang Yubo

Deputy General Director-
Chief Accountant

Kazakhstan China Pipeline LLP
Statement of Cash Flows

<i>In thousands of tenge</i>	Note	For the reporting period	For the previous period
Line item			
Cash flows from operating activities			
Total cash inflow (sum of 011 to 016 rows)	010	78,800,185	83,231,446
Including:			
Sale of goods and services	011	70,470,699	75,039,718
Other revenue	012	–	–
Advances received from customers	013	7,794,288	6,135,671
Proceeds from insurance contracts	014	–	403
Interest received	015	170,168	232,984
Other proceeds	016	365,030	1,822,670
Total cash outflow (sum of 021 to 027 rows)	020	29,763,381	31,875,545
Including:			
Payments to suppliers for goods and services	021	18,082,291	16,841,463
Advances given to suppliers of goods and services	022	3,471	91,910
Salary payments	023	1,755,661	1,754,184
Interest payments	024	4,320,826	7,890,428
Payments under insurance contracts	025	303,933	24,003
Income tax and other payments to the budget	026	4,618,061	4,692,217
Other payments	027	679,138	581,340
Net cash flows received from operating activities (row 010 – row 020)	030	49,036,804	51,355,901

Kazakhstan China Pipeline LLP
Statement of Cash Flows

<i>In thousands of tenge</i>	Note	For the reporting period	For the previous period
Line item			
Cash flows from investing activities			
Total cash inflow (sum of 041 to 051 rows)	040	19,756,770	37,011,437
Including:		-	-
Proceeds from the sale of property, plant and equipment	041	-	-
Proceeds from the sale of intangible assets	042	-	-
Proceeds from the sale of other non-current assets	043	23,838	101,047
Proceeds from the sale of debt instruments of other organisations (except for subsidiaries) and interests in joint ventures	044	-	-
Proceeds from the sale of debt instruments of other organisations	045	-	-
Compensation for the loss of control over subsidiaries	046	-	-
Withdrawal of cash deposits	047	19,732,932	36,910,390
Proceeds from the sale of other financial assets	048	-	-
Futures and forward contracts, options and swaps	049	-	-
Dividends received	050	-	-
Interest received	051	-	-
Other proceeds	052	-	-
Total cash outflow (sum of 061 to 071 rows)	060	(22,087,212)	(43,771,989)
Including:			
Purchases of property, plant and equipment	061	(2,116,947)	(6,744,406)
Acquisition of intangible assets	062	(14,800)	(10,851)
Acquisition of other non-current assets	063	-	-
Acquisition of debt instruments of other organisations (except for subsidiaries) and interests in joint ventures	064	-	-
Acquisition of debt instruments of other organisations	065	-	-
Acquisition of control over subsidiaries	066	-	-
Cash deposits	067	(19,955,465)	(37,016,732)
Interest paid	068	-	-
Acquisition of other financial assets	069	-	-
Loans	070	-	-
Futures and forward contracts, options and swaps	071	-	-
Investments in associates and subsidiaries	072	-	-
Other payments	073	-	-
Net cash flows used in investing activities (row 040 – row 060)	080	(2,330,442)	(6,760,552)

Kazakhstan China Pipeline LLP
Statement of Cash Flows

<i>In thousands of tenge</i>	Note	For the reporting period	For the previous period
Line item			
Cash flows from financing activities			
Total cash inflow (sum of 091 to 094 rows)	090	–	–
Including:			
Issuance of shares and other financial instruments	091	–	–
Bank borrowings	092	–	–
Received remunerations	093	–	–
Other proceeds	094	–	–
Total cash outflow (sum of 101 to 105 rows)	100	(38,267,827)	(28,628,328)
Including:			
Repayment of borrowings	101	(33,928,000)	(27,895,700)
Payment of remuneration	102	–	–
Dividends paid	103	(3,600,000)	–
Payments for share owners of the organization	104	–	–
Other payments	105	(739,827)	(732,628)
Net cash flows used in financing activities (row 090 – row 100)	110	(38,267,827)	(28,628,328)
Effect of foreign exchange rates on cash and cash equivalents	120	773,771	1,281,934
Effect of changes in carrying amount of cash and cash equivalents	130	–	–
Increase +/- decrease in cash (row 030 +/- row 080 +/- row 110 +/- row 120 +/- row 130)	140	9,212,306	17,248,955
Cash and cash equivalents at the beginning of the reporting period	150	49,186,084	31,937,129
Cash and cash equivalents at the end of the reporting period	160	58,398,390	49,186,084



Yin Zhicheng
Acting General Director




Zhang Yubo
Deputy General Director -
Chief Accountant

Kazakhstan China Pipeline LLP
Statement of Cash Flows

In thousands of tenge	Note	Equity of Parent Company					Non-controlling interest	Total equity
		Share capital	Share premium	Treasury stocks	Components of other comprehensive income	Retained earnings	Other capital	
Components name								
Balance as at 1 January of previous year	010	13,000,000	-	-	53,553,374	(7,418,567)	-	59,134,807
Changes in accounting policy	011	-	-	-	-	-	-	-
Revised balance (row 010 +/- row 011)	100	13,000,000	-	-	53,553,374	(7,418,567)	-	59,134,807
Total comprehensive loss (row 210 + row 220)	200	-	-	-	(6,275,346)	20,957,296	-	14,681,950
Loss for the year	210	-	-	-	-	16,983,837	-	16,983,837
Total other comprehensive income (sum of 221 to 229)	220	-	-	-	(6,275,346)	3,973,459	-	(2,301,887)
Including:								
Revaluation of debt financial instruments carried at fair value through other comprehensive income (less tax effect)	221							
Revaluation of equity financial instruments carried at fair value through other comprehensive income (less tax effect)	222							
Revaluation of property, plant and equipment and intangible assets (less tax effect)	223							
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	224				(6,273,043)	3,973,459	-	(2,299,584)
Actuarial profit (loss) on pension obligations	225				(2,303)	-	-	(2,303)
Effect of income tax rate changes on deferred tax	226				-	-	-	-

Explanatory notes on pages 12 through 32 form an integral part of these annual financial statements.

Kazakhstan China Pipeline LLP
Statement of Cash Flows

	Note	Equity of Parent Company					Non-controlling interest	Total equity
		Share capital	Share premium	Treasury stocks	Components of other comprehensive income	Retained earnings	Other capital	
<i>In thousands of tenge</i>								
Components name								
Hedging of cash flows (less tax effect)	227	-	-	-	-	-	-	-
Hedging of net investments in foreign operations	228	-	-	-	-	-	-	-
Exchange difference on investments in foreign entities	229	-	-	-	-	-	-	-
Transactions with owners, total (sum of items 310 to 318):	300	-	-	-	-	-	-	-
Including:								
Share-based remuneration	310	-	-	-	-	-	-	-
Including:								
Cost of employee services		-	-	-	-	-	-	-
Issue of shares under share-based remuneration scheme		-	-	-	-	-	-	-
Tax benefit from share-based remuneration scheme		-	-	-	-	-	-	-
Contributions from owners	311	-	-	-	-	-	-	-
Issue of own equity instruments (shares)	312	-	-	-	-	-	-	-
Issue of debt instruments related to business combination	313	-	-	-	-	-	-	-
Debt component of convertible instruments (less tax effect)	314	-	-	-	-	-	-	-
Dividends paid	315	-	-	-	-	-	-	-
Other payments to owners	316	-	-	-	-	-	-	-
Other transactions with owners	317	-	-	-	-	-	-	-
Changes in the interest in subsidiaries not resulting in a loss of control	318	-	-	-	-	-	-	-
Other transactions	319	-	-	-	-	-	-	-
Balance at 1 January of reporting period (row 100 + row 200 + row 300+ row 319)	400	13,000,000	-	-	47,278,028	13,538,729	-	73,816,757
First-time adoption of IFRS 9	401	-	-	-	-	-	-	-
Revised balance (row 400 +/- row 401)	500	13,000,000	-	-	47,278,028	13,538,729	-	73,816,757

Explanatory notes on pages 12 through 32 form an integral part of these annual financial statements.

Kazakhstan China Pipeline LLP
Statement of Cash Flows

	Note	Equity of Parent Company						Non-controlling interest	Total equity
		Share capital	Share premium	Treasury stocks	Components of other comprehensive income	Retained earnings	Other capital		
<i>In thousands of tenge</i>									
Components name									
Total comprehensive income (row 610 + row 620)	600	-	-	-	(4,591,478)	27,197,104	-	-	22,605,626
Income for the year	610	-	-	-	-	23,216,450	-	-	23,216,450
Total other comprehensive expense (sum of 621 to 629 rows)	620	-	-	-	(4,591,478)	3,980,654	-	-	(610,824)
Including:									
Revaluation of debt financial instruments carried at fair value through other comprehensive income (less tax effect)	621	-	-	-	-	-	-	-	-
Revaluation of equity financial instruments carried at fair value through other comprehensive income (less tax effect)	622	-	-	-	-	-	-	-	-
Revaluation of property, plant and equipment and intangible assets (less tax effect)	623	-	-	-	(4,589,975)	3,980,654	-	-	(609,321)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	624	-	-	-	-	-	-	-	-
Actuarial profit loss on pension obligations	625	-	-	-	(1,503)	-	-	-	-
Effect of income tax rate changes on deferred tax	626	-	-	-	-	-	-	-	-
Hedging of cash flows (less tax effect)	627	-	-	-	-	-	-	-	-
Hedging of net investments in foreign operations	628	-	-	-	-	-	-	-	-
Exchange difference on investments in foreign entities	629	-	-	-	-	-	-	-	-

Explanatory notes on pages 12 through 32 form an integral part of these annual financial statements.

Kazakhstan China Pipeline LLP
Statement of Cash Flows

In thousands of tenge	Note	Equity of Parent Company						Non-controlling interest	Total equity
		Share capital	Share premium	Treasury stocks	Components of other comprehensive income	Retained earnings	Other capital		
Components name									
Transactions with owners (sum of 710 to 718 rows)	700	-	-	-	-	(3,600,000)	-	-	(3,600,000)
Including:		-	-	-	-	-	-	-	-
Share-based remuneration	710	-	-	-	-	-	-	-	-
Including:		-	-	-	-	-	-	-	-
Cost of employee services		-	-	-	-	-	-	-	-
Issue of shares under share-based remuneration scheme		-	-	-	-	-	-	-	-
Tax benefit from share-based remuneration scheme		-	-	-	-	-	-	-	-
Contributions from owners	711	-	-	-	-	-	-	-	-
Issue of own equity instruments (shares)	712	-	-	-	-	-	-	-	-
Issue of debt instruments related to business combination	713	-	-	-	-	-	-	-	-
Debt component of convertible instruments (less tax effect)	714	-	-	-	-	-	-	-	-
Dividends paid	715	-	-	-	-	(3,600,000)	-	-	(3,600,000)
Other payments to owners	716	-	-	-	-	-	-	-	-
Other transactions with owners	717	-	-	-	-	-	-	-	-
Other owner transactions		-	-	-	-	-	-	-	-
Changes in the interest in subsidiaries not resulting in a loss of control		-	-	-	-	-	-	-	-
Other transactions	718	-	-	-	-	-	-	-	-
Balance at 31 December of reporting period (row 500 + row 600 + row 700 + row 719)	800	13,000,000	-	-	42,686,550	37,135,833	-	-	92,822,383

[Signature]

Yin Zhicheng
Acting General Director



[Signature]

Zhang Yubo
Deputy General Director / Chief Accountant

Explanatory notes on pages 12 through 32 form an integral part of these annual financial statements.

1 Company and Its Operations

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Company and Its Operations (Continued)

The Company is treated as a monopolist, and therefore is subject to regulation by the Committee for Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter – the “CRNM”). The CRNM approves tariff rates for oil transportation based on reimbursement of costs incurred on assets used. On 31 December 2019, according to Order No. 74-ОД of the Chairman of the CRNM, the domestic market tariff for the period of 2020-2024 was approved in the amount of Tenge 4,323 per ton per 1,000 km (net of VAT) for 2021 (2020: Tenge 7,158 per ton).

On 5 May 2015, the Law of the Republic of Kazakhstan “On Introducing Amendments to Some Legislative Acts of the Republic of Kazakhstan on the Issues of Natural Monopolies and Regulated Markets” was issued, according to which services for transportation of oil and oil products through main pipelines for transit purposes through the Republic of Kazakhstan and export outside the Republic of Kazakhstan are not included in the scope of natural monopolies in the Republic of Kazakhstan. After the enactment, the Company has the right for independent approval of tariff rates for oil transportation for the above-mentioned purposes. On 28 December 2016, the Company approved a tariff for export purposes outside the Republic of Kazakhstan in the amount of Tenge 6,799 per ton per 1,000 km (net of VAT) for 2021 (2020: Tenge 6,799 per ton).

During 2021 and 2020 the Company transported 968 thousand tons of oil and 561 thousand tons of oil, respectively, through Atasu-Alashankou oil pipeline. Additionally, in 2021 and 2020, the Company transported 9,989 thousand tons of transit oil and 9,989 thousand tons of transit oil, respectively, based on the Agreement between the Governments of the Republic of Kazakhstan and the Russian Federation on cooperation in the field of Russian oil transportation through the territory of the Republic of Kazakhstan to People’s Republic of China, which came into force on 1 January 2014. The tariff on oil transportation under this agreement is determined in accordance with the contract entered between the Company, KazTransOil and Rosneft Oil Company OJSC.

During 2021 and 2020, the Company transported 6,717 thousand tons of oil and 5,685 thousand tons of oil, respectively, through Kenkiyak-Kumkol oil pipeline.

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

2 Basis of Preparation

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (hereinafter – “IFRS”) as adopted by the International Accounting Standards Board (hereinafter – “IASB”).

These financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, other than trade receivables, and by the revaluation of property, plant and equipment categorised at fair value through profit or loss and at fair value through other comprehensive income.

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

3 Significant Accounting Policies

In preparing these financial statements, the Company applied the principles of accounting policies described in the financial statements for the year ended 31 December 2021 drawn up in accordance with International Financial Reporting Standards.

Foreign currency translation

Transactions and balances

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

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

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

3 Significant Accounting Policies (Continued)

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

Exchange rates

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

Weighted average exchange rates for the years ended 31 December 2021 and 2020 were:

<i>Tenge</i>	2021	2020
US Dollars	426.06	413.46
Russian Roubles	5.78	5.73
Euro	503.96	472.05
Chinese Yuan	66.07	59.98

At 31 December 2021 and 2020 the exchange rates established at KASE were as follows:

<i>Tenge</i>	31 December 2021	31 December 2020
US Dollars	431.80	420.91
Russian Roubles	5.76	5.62
Euro	489.10	516.79
Chinese Yuan	68.00	64.36

4 Significant Accounting Judgements, Estimates and Assumptions

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

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

- financial risk management and policies (*Note 19*);
- sensitivity analysis disclosures (*Note 19*).

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

Useful life of property, plant and equipment

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

4 Significant Accounting Judgements, Estimates and Assumptions (Continued)

Impairment of property, plant and equipment

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

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

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

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

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

As at 31 December 2021, the Company had conducted an analysis and found no impairment indicators (signs).

Revaluation of property, plant and equipment

The Company recognizes property, plant and equipment at revalued amount. In 2019, the Company engaged an independent professional appraiser, Value Solution LLP (hereinafter – the "appraiser") to evaluate its property, plant and equipment at 31 July 2019. The appraiser has a professional qualification and relevant experience.

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

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

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

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

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

As part of the valuation, the appraiser conducted a test for adequate profitability using the income approach in the analysis of economic depreciation of specialised items of property, plant and equipment of the Company, as a result of which the value in use was determined at Tenge 341,403,715 thousand as of July 31, 2019. As part of the preparation of these financial statements, the Company performed an analysis and found no indicators that the fair value of property, plant and equipment as at 31 December 2021 could have changed significantly.

4 Significant Accounting Judgements, Estimates and Assumptions (Continued)

Asset retirement and land recultivation obligation

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

Asset retirement and land recultivation obligation is estimated based on the value of the work to decommission and rehabilitate calculated by the Company in accordance with the technical regulations of the Republic of Kazakhstan.

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

	2021	2020
Pipelines decommission expense for 1 km	Tenge 7,712 thousand	Tenge 7,009 thousand
Discount rate	6.72%	6.81%
Inflation rate	5.49%	5.59%
Period of fulfilment of obligations on "Kenkiyak-Kumkol pipeline"	18 years	19 years
Period of fulfilment of obligations on "Atasu-Alashankou pipeline"	15 years	16 years

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

As at 31 December 2021 the carrying amount of the asset retirement and land recultivation obligation was Tenge 12,122,659 thousand (31 December 2020: Tenge 10,668,868 thousand) (Note 10).

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

Sensitivity analysis of asset retirement and land recultivation obligation for the change in significant assumptions as at 31 December 2021 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	(Decrease)/ increase in rate	Increase/ (decrease) in liability
Discount rate	-0.5%	952,434
	+0.5%	(878,387)
Inflation rate	-0.5%	(943,621)
	+0.5%	1,019,070

Significant judgment in determining the lease term for renewable contracts

The Company defines the lease term as a non-cancellable lease term, together with periods covering the option to extend this lease, if there is a reason to believe that it will be executed, or any periods covered by the option to terminate the lease, if it is assumed that this option will not be implemented.

The Company has the option under certain leases to lease assets for additional periods from three to five years. The Company applies judgment in assessing whether it is reasonable to use the renewal option. That is, all relevant factors that create an economic incentive for its renewal are taken into account. After the initial date, the Company reviews the lease term if a significant event or change of circumstances occurs that is under its control and affects its ability to use (or not use) the possibility of extension (for example, a change in business strategy). The Company included the extension period as part of the lease term for the rental objects due to their importance to its business. These lease agreements have a short, non-cancellable period (i.e., three to five years) and can have a significant adverse effect on operations if the replacement of these assets is not readily available.

4 Significant Accounting Judgements, Estimates and Assumptions (Continued)

Positive or negative unbalance

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

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

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

5 Balances and Transactions with Related Parties

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

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

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

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

<i>In thousands of Kazakhstani Tenge</i>	Parent companies	Entities under common control	Total
Accounts receivable from related parties	6,113	34,204	40,317
Contract liabilities for oil transportation - related parties	-	3,218,107	3,218,107
Accounts payable to related parties	955,795	87,513	1,043,308

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

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

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Balances on transactions with related parties as at 31 December 2020 comprise as follows:

<i>In thousands of Kazakhstani Tenge</i>	Parent companies	Entities under common control	Total
Accounts receivable from related parties	10,022	30	10,052
Contract liabilities for oil transportation - related parties	-	1,954,628	1,954,628
Accounts payable to related parties	819,869	55,510	875,379

The income and expense items on transactions with related parties for the year ended 31 December 2020 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	Parent companies	Entities under common control	Total
Revenue	49,213	29,591,024	29,640,237
Expenses:			
- Oil-pipeline servicing	8,598,997	(3,606)	8,595,391
- Capital expenditures	-	8,444	8,444
- Security services	-	346,752	346,752
- Other services	34,633	326,098	360,731

Remuneration to the members of the Management Board

Remuneration paid to six members of the Management Board for their services in full-time executive management positions comprises the contractual salary and bonuses. Total amount of remuneration included in general and administrative expenses in the statement of comprehensive income for the year ended 31 December 2021 was Tenge 148,353 thousand (31 December 2020: Tenge 183,441 thousand).

6 Property, Plant and Equipment (ROW 121)

Property, plant and equipment as at 31 December of 2021 and 2020 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	Land	Buildings and constructions	Machinery and equipment	Pipeline	Other vehicles	Other	Construction in progress	Total
Revalued cost at 31 December 2019	78,157	48,316,416	39,101,366	136,870,513	192,392	752,097	3,636,802	228,947,743
Additions	-	-	227,003	-	-	26,992	4,795,714	5,049,709
Transfers	-	596,735	2,477,903	27,264	-	46,358	(3,148,260)	-
Disposals	-	(306)	(3,128)	(848)	-	(8,954)	(41,839)	(55,075)
Revalued cost at 31 December 2020	78,157	48,912,845	41,803,144	136,896,929	192,392	816,493	5,242,417	233,942,377
Additions	-	-	263,672	-	-	60,075	2,311,916	2,635,663
Transfers	-	(5,386,362)	7,483,076	(597,162)	26,432	864,780	(2,390,764)	-
Disposals	-	(17,841)	(91,779)	(3,906)	-	(69,791)	-	(183,317)
Revalued cost at 31 December 2021	78,157	43,508,642	49,458,113	136,295,861	218,824	1,671,557	5,163,569	236,394,723
Accumulated depreciation and impairment at 31 December 2019	-	(1,183,823)	(1,680,553)	(2,892,313)	(20,868)	(51,826)	(986,098)	(6,815,481)
Depreciation charge for the period	-	(2,883,948)	(4,103,445)	(7,161,284)	(50,083)	(140,959)	-	(14,339,719)
Depreciation on disposals	-	35	2,998	24	-	8,147	-	11,204
Accumulated depreciation and impairment at 31 December 2020	-	(4,067,736)	(5,781,000)	(10,053,573)	(70,951)	(184,638)	(986,098)	(21,143,996)
Depreciation charge for the period	-	(2,611,743)	(4,593,986)	(7,189,964)	(48,110)	(267,010)	-	(14,710,813)
Depreciation on disposals	-	4,250	19,122	2,553	-	44,922	-	70,847
Transfers	-	422,445	(383,528)	90,004	(10,834)	(118,087)	-	-
Accumulated depreciation and impairment at 31 December 2021	-	(6,252,784)	(10,739,392)	(17,150,980)	(129,895)	(524,813)	(986,098)	(35,783,962)
As at 31 December 2021								
Revalued cost	78,157	43,508,642	49,458,113	136,295,861	218,824	1,671,557	5,163,569	236,394,723
Accumulated depreciation and impairment	-	(6,252,784)	(10,739,392)	(17,150,980)	(129,895)	(524,813)	(986,098)	(35,783,962)
Carrying amount	78,157	37,255,858	38,718,721	119,144,881	88,929	1,146,744	4,177,471	200,610,761
As at 31 December 2020								
Revalued cost	78,157	48,912,845	41,803,144	136,896,929	192,392	816,493	5,242,417	233,942,377
Accumulated depreciation and impairment	-	(4,067,736)	(5,781,000)	(10,053,573)	(70,951)	(184,638)	(986,098)	(21,143,996)
Carrying amount	78,157	44,845,109	36,022,144	126,843,356	121,441	631,855	4,256,319	212,798,381

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

Depreciation charge

<i>In thousands of Kazakhstani Tenge</i>	Note	2021	2020
Cost of sales	14	14,601,734	14,241,265
General and administrative expenses	15	109,079	98,454
Total depreciation charge		14,710,813	14,339,719

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

<i>In thousands of Kazakhstani Tenge</i>	Land	Buildings and constructions	Machinery and equipment	Pipeline	Other vehicles	Other	Construction in progress	Total
As at 31 December 2020								
Cost	5,361	55,125,294	64,016,022	146,930,242	573,876	1,346,314	5,219,047	273,216,156
Accumulated depreciation and impairment	-	(23,010,731)	(38,971,205)	(53,988,276)	(524,094)	(972,933)	(986,098)	(118,453,337)
Net carrying amount	5,361	32,114,563	25,044,817	92,941,966	49,782	373,381	4,232,949	154,762,819
As at 31 December 2021								
Cost	5,361	49,132,140	71,884,507	146,618,223	674,175	2,761,890	5,163,570	276,239,866
Accumulated depreciation and impairment	-	(22,388,023)	(44,386,707)	(58,097,061)	(631,951)	(1,780,459)	(986,098)	(128,270,299)
Net carrying amount	5,361	26,744,117	27,497,800	88,521,162	42,224	981,431	4,177,472	147,969,567

7 Bank Deposits (ROW 015)

Bank deposits as at 31 December 2021 and 2020 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2021	31 December 2020
Term deposits with maturity of less than 12 months	20,170,329	19,615,957
Short-term interest receivable	97,632	40,867
Provision	(6,377)	(12,302)
Total bank deposits	20,261,584	19,644,522

As at 31 December 2021 and 2020 short-term deposits are placed in US Dollars. The effective interest rate was 0.5% per annum in 2021 (0.6% per annum in 2020).

8 Cash and Cash Equivalents (ROW 010)

Cash and cash equivalents at 31 December 2021 and 2020 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2021	31 December 2020
Cash in bank in foreign currency	48,741,002	41,029,180
Cash in bank in Tenge	8,142,480	6,758,065
Cash on saving accounts in Tenge	1,509,499	1,394,663
Cash on corporate cards	6,013	4,563
Provision	(604)	(387)
Total cash and cash equivalents	58,398,390	49,186,084

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

<i>In thousands of Kazakhstani Tenge</i>	31 December 2021	31 December 2020
US Dollar	48,326,145	40,953,392
Chinese Yuan	414,857	75,788
Total cash in foreign currency	48,741,002	41,029,180

9 Loans and Borrowings

Loans and borrowings of the Company as at 31 December 2021 and 2020 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	31 December 2021	31 December 2020
Current portion of loans	44,617,184	35,528,143
Non-current portion of loans	94,393,053	133,667,996
Total loans and borrowings	139,010,237	169,196,139

Changes in liabilities arising from financing activities

Changes in financial liabilities for 2021 and 2020 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	2021	2020
At 1 January	169,196,139	181,852,296
Cash flows	(38,248,826)	(35,786,128)
Interest expense	4,750,239	7,554,576
Capitalized interest	3,951	12,858
Changes in foreign exchange rates	3,740,885	16,278,507
Withholding CIT	(432,151)	(715,970)
At 31 December	139,010,237	169,196,139

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

On 27 June 2018 the Company signed a loan agreement with the Industrial and Commercial Bank of China and Industrial and Commercial Bank of China in Almaty JSC, acting as an agent. The loan amount was US Dollar 540 million (equivalent to Tenge 191,756,400 thousand at the exchange rate on that date) for 6 years with the possibility of early repayment. The loan purpose was to refinance the loans received from Industrial and Commercial Bank of China and ING Bank N.V. and Industrial and Commercial Bank of China and Industrial and Commercial Bank of China in Almaty JSC. The Company has incurred cost on loan arrangement in the amount of

Tenge 1,715,867 thousand (equivalent of US Dollar 5,010 thousand). The effective rates applied for twelve months ended 31 December 2021 and 31 December 2020 amounted to 2.89% and 3.03%, respectively.

10 Provision for Asset Retirement Obligations (ROW 315)

Provision for asset retirement and land recultivation obligation as at 31 December 2021 and 2020 is as follows :

<i>In thousands of Kazakhstani Tenge</i>	2021	2020
Carrying amount as at 1 January	10,668,868	7,176,702
Changes in estimates	761,651	2,874,480
Amortisation of discount	692,140	617,686
Carrying amount as at 31 December	12,122,659	10,668,868

11 Contract Liabilities for Oil Transportation (ROW 219)

Contract liabilities for oil transportation from third parties as at 31 December 2021 mainly include advances received for the transportation of transit oil from Petroleum Company "Rosneft" OJSC in the amount of Tenge 4,116,967 thousand (31 December 2020: Tenge 3,880,915 thousand).

Revenue recognised in relation to contract liabilities

In the current reporting period, revenue in the amount of Tenge 6,135,671 thousand was recognized in respect of obligations under oil transportation contracts at the beginning of the reporting period (2020: Tenge 6,369,214 thousand).

12 Revenue (ROW 010)

Set out below is the disaggregation of the Company's revenue from contracts with customers for the years ended 31 December 2021 and 2020:

<i>In thousands of Kazakhstani Tenge</i>	2021	2020
Type of services		
Transit oil transportation	45,681,287	44,344,079
Domestic oil transportation	21,321,419	28,562,339
Export oil transportation	7,015,841	4,921,545
Total revenue from contracts with customers	74,018,547	77,827,963
Geographical markets		
Kazakhstan	74,018,547	77,827,963
Total revenue from contracts with customers	74,018,547	77,827,963
Timing of revenue recognition		
Services transferred over time	74,018,547	77,827,963
Total revenue from contracts with customers	74,018,547	77,827,963
Revenue		
Sales to residents	28,337,260	33,483,884
Sales to non-residents	45,681,287	44,344,079
Total revenue from contracts with customers	74,018,547	77,827,963

13 Cost of Sales (ROW 011)

Cost of services rendered for the years ended 31 December 2021 and 2020 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	2021	2020
Depreciation of property, plant and equipment (Note 6)	14,601,734	14,241,265
Operational and technical maintenance	10,996,866	10,318,284
Taxes other than income tax	2,786,464	2,891,687
Security services	1,327,476	1,269,514
Electricity expenses	866,863	690,564
Road maintenance and repair	505,714	375,969
Salaries	371,557	356,098
Depreciation of right-of-use assets	338,964	342,339
Inspection services	218,568	205,027
Other	841,560	1,130,137
Total cost of sales	32,855,766	31,820,884

14 General and Administrative Expenses (ROW 014)

General and administrative expenses for the years ended 31 December 2021 and 2020 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	2021	2020
Salaries	1,957,462	1,703,335
Salaries of hired administrative personnel (outsourcing)	527,366	528,131
Consulting services	303,511	39,613
Taxes other than income tax	214,780	272,152
Depreciation of property, plant and equipment (Note 6)	109,079	98,454
Repair and maintenance services	82,010	76,857
Business trip expenses	68,565	163,930
Insurance	64,333	56,581
Communication expenses	33,491	24,711
Depreciation of right-of-use assets	27,935	27,935
Transportation expenses	15,798	13,879
Penalties	12,641	37
Lease expenses	8,830	8,303
Other	484,842	325,336
Total general and administrative expenses	3,910,643	3,339,254

15 Other Operating Income, Net (ROW 024)

Other operating income and expenses for the years ended 31 December 2021 and 2020 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	2021	2020
Foreign exchange gain (other than loans and borrowings), net	1,041,019	2,946,899
Income from the accrued fine	-	1,473,142
Other income (net)	46,728	36,815
Total other operating income, net	1,087,747	4,456,856

Income from the fine received from CNPC-Aktobemunaigas JSC was accrued for violations of the quality requirements for oil delivered to the main oil pipeline system under the Agreement for the provision of oil transportation services during 2020.

16 Finance Costs (ROW 022)

Finance costs and income for the years ended 31 December 2021 and 2020 are as follows:

<i>In thousands of Kazakhstani Tenge</i>	2021	2020
Interest on loan from Industrial and Commercial Bank of China and Industrial and Commercial Bank of China in Almaty JSC	4,750,239	7,554,576
Foreign exchange loss on loans and borrowings, net	3,740,885	16,278,507
Unwinding of discount on asset retirement and land recultivation obligation	692,140	617,686
Unwinding of discount on lease liability	197,918	253,756
Actuarial finance costs	1,212	923
Total finance costs	9,382,394	24,705,448

17 Income Tax Expense (ROW 101)

Income tax for the years ended 31 December 2021 and 2020 is as follows:

<i>In thousands of Kazakhstani Tenge</i>	2021	2020
Current income tax expense	538,055	39,427
Deferred income tax expense	5,428,821	5,619,176
Income tax expense	5,966,876	5,658,603

Reconciliation between income tax expense and accounting profit multiplied by tax rate for 2021 and 2020:

<i>In thousands of Kazakhstani Tenge</i>	2021	2020
Profit before income tax	29,183,326	22,642,440
Official tax rate	20%	20%
Theoretical tax charge at statutory rate of 20%	5,836,665	4,528,488
Revision of the fixed assets' tax base for the prior periods	-	873,761
Tax effect of non-deductible expenses and non-taxable income	130,211	256,354
Income tax expense	5,966,876	5,658,603

17 Income Tax Expense (ROW 101)

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

<i>In thousands of Kazakhstani Tenge</i>	1 January 2021	Charged/ (credited) to profit or loss	Charged/ (credited) to other comprehensive income	31 December 2021
Deferred tax assets				
Loans and borrowings	(997)	(26,877)	-	(27,874)
Provision for asset retirement and land recultivation obligation	2,133,774	138,428	152,330	2,424,532
Provision for unused vacation	6,645	655	-	7,300
Employee benefit liabilities	3,248	571	376	4,195
Taxes payables	4,544	81	-	4,625
Lease liabilities	374,707	(92,208)	-	282,499
Tax losses carried forward	6,730,810	(6,730,810)	-	-
Deferred tax asset, gross	9,252,731	(6,710,160)	152,706	2,695,277
Deferred tax liability				
Right-of-use assets	(222,272)	73,380	-	(148,892)
Property, plant and equipment and intangible assets	(29,889,030)	1,207,959	-	(28,681,071)
Deferred tax liability, gross	(30,111,302)	1,281,339	-	(28,829,963)
Net deferred tax liability	(20,858,571)	(5,428,821)	152,706	(26,134,686)

<i>In thousands of Kazakhstani Tenge</i>	1 January 2020	Charged/ (credited) to profit or loss	Charged / (credited) to other comprehensiv e income	31 December 2020
Deferred tax assets				
Loans and borrowings	3,251	(4,248)	-	(997)
Provision for asset retirement and land recultivation obligation	1,435,340	123,538	574,896	2,133,774
Provision for unused vacation	7,458	(813)	-	6,645
Employee benefit liabilities	2,170	502	576	3,248
Taxes payables	4,232	312	-	4,544
Lease liabilities	398,641	(23,934)	-	374,707
Tax losses carried forward	12,705,970	(5,975,160)	-	6,730,810
Deferred tax asset, gross	14,557,062	(5,879,803)	575,472	9,252,731
Deferred tax liability				
Right-of-use assets	(239,814)	17,542	-	(222,272)
Property, plant and equipment and intangible assets	(30,132,112)	243,082	-	(29,889,030)
Deferred tax liability, gross	(30,371,926)	260,624	-	(30,111,302)
Net deferred tax liabilities	(15,814,864)	(5,619,179)	575,472	(20,858,571)

18 Contingencies And Commitments

Operating environment

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. Its economy is particularly sensitive to prices on oil and gas and other minerals, which constitute major part of the country's export. These characteristics include, but are not limited to, the existence of national currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets. Ongoing political tension in the region, volatility of exchange rate has caused and may continue to cause negative impact on the economy of the Republic of Kazakhstan, including decrease in liquidity and creation of difficulties in attracting of international financing.

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

As at the date of this report the official exchange rate of the National Bank of the Republic Kazakhstan was Tenge 432.93 per US Dollar 1 compared to Tenge 424.22 per US Dollar 1 as at 31 December 2020. Therefore, uncertainty remains in relation to the exchange rate of Tenge and future actions of National Bank and the Government of the Republic of Kazakhstan and the impact of these factors on the economy of the Republic of Kazakhstan.

In September 2021 S&P Global Ratings, international rating agency affirmed the long-term foreign and local currency sovereign credit ratings of Kazakhstan of "BBB-". The outlook is stable (long-term ratings). The stable outlook is supported by the government's strong balance sheet, built on past budgetary surpluses accumulated in the National Fund of the Republic of Kazakhstan, low government debt, total volume of which will not exceed the external liquid assets of the state within two years, as well as measures implemented by the Government of the Republic of Kazakhstan aimed at controlling the negative consequences of the pandemic on the economy.

Low oil prices, decrease in its production due to the OPEC agreement and the impact of COVID-19 containment measures have adversely affected the economy of Kazakhstan in 2020. However, a recovery in the oil sector amid easing of production restrictions by OPEC and expansion of production at the Tengiz field, stable dynamics in the manufacturing sector, increased investment activity, easing of restrictions related to the pandemic, and a recovery in foreign trade will support economic growth in 2022. According to analysts, the economic growth rate will be about 3.6 percent on average in 2021-2024.

This economic environment has a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

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

For the purpose of measurement of expected credit losses (hereinafter – "ECL") the Company uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

In December 2019, news from China about the outbreak of a new virus first appeared. On 11 March 2020, the World Health Organization announced an outbreak of a new type of coronavirus, COVID19, as a pandemic. In response to the pandemic, Kazakh authorities have taken a range of measures to contain the spread and mitigate the impact of COVID-19, such as travel bans and restrictions, quarantines, self-isolation, and restrictions on commercial activities, including business closures. Some of the above measures were subsequently relaxed. The Company's activities for the period of quarantine were not suspended, the work of office employees was organized remotely.

18 Contingencies and Commitments (Continued)

COVID-19 epidemic is spreading globally, having a dramatic negative effect on the entire world economy. Management considers this outbreak to be a non-correcting event after the reporting date. As of the date of the issue of these financial statements, the situation is still developing; to date, there has not been any significant effect on the Company's revenues and deliveries, but the future effect is difficult to predict. Management will continue to monitor the potential effect of the above events and will take all necessary measures to prevent negative consequences for the business, however:

- the consequences of downtime/quarantine due to the COVID-19 pandemic will lead to a slowdown in business activity in general, which may affect the Company's financial performance in the future;
- the decrease in demand for oil due to possible restrictions due to the pandemic, and accordingly in oil prices, and further agreements between OPEC members and other major oil-producing countries to stabilize oil prices by reducing production levels could have a negative effect on the economy of Kazakhstan, and indirectly on the Company;
- further depreciation of Tenge against the US dollar will negatively affect the financial results of the Company due to the fact that 75% of the financial liabilities of the Company are denominated in foreign currency.

Management is unable to predict the extent or duration of changes in the Kazakhstani economy or evaluate their possible impact on the financial position of the Company in the future. Management believes that it is taking all necessary measures to maintain the sustainability and growth of the Company in current circumstances.

In the opinion of the Company's management, this event related to the outbreak of the virus does not have a material effect on the measurement of assets and liabilities in the financial statements as of 31 December 2021.

Pre-trial claim from peasant farms

On 22 November 2021, a pre-action letter in the amount of Tenge 317,916 was received on behalf of 28 peasant farms of Alakol district of Almaty region (hereinafter referred to as "PF"), according to which PF require extrajudicial compensation for losses caused by the impossibility to carry out activities on the lands of these peasant farms, due to the fact that land reclamation was not carried out properly and the irrigation system was not restored. On 14 January 2022, an addition to the pre-action letter was received, according to which the amount of claims increased to Tenge 713,587 thousand. The pre-action letter of PF in a joint manner is addressed to the Partnership and the general contractor for construction of the main oil pipeline CPPE LLP (Kazakhstan).

The management of the Partnership does not agree with the claim and is ready to challenge the requirements of the Company in court. At the same time, the Management of the Partnership believes that the probability of negative consequences for the Partnership in the consideration of the dispute with the PF in court is estimated as possible and amount of the potential obligation with a negative court decision will be jointly divided between the Partnership and the contractor - CPPE LLP (Kazakhstan) (ТОО "ЧППИ (Казakhstan)").

Capital expenditure commitments

As at 31 December 2021 the Company has contractual capital expenditure commitments in respect of property, plant and equipment totalling Tenge 282,101 thousand (31 December 2020: Tenge 1,251,745 thousand).

Taxation

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

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

Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued as at 31 December 2021

18 Contingencies and Commitments (Continued)

Environmental matters

The enforcement of environmental regulation in Kazakhstan is evolving and subject to ongoing changes. Potential liabilities which may arise as a result of changes in legislation cannot be reasonably estimated. Under existing legislation management believes that there are no probable or possible liabilities which could have a material adverse effect on the Company's financial position or results of operations except for those described in the present financial statements (*Notes 4 and 10*).

Insurance matters

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

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

19 Financial Risk Management

The Company's principal financial liabilities comprise of trade and other payables, loans and borrowings. The main purpose of these financial liabilities is to raise funds for the Company's operations. The Company has trade accounts receivable and cash and cash equivalents that arise directly from its operations.

The Company is exposed to market risk that comprises of credit risk, currency risk and liquidity risk.

The management of the Company reviews and agrees policies for managing each of these risks which are summarized below.

Credit risk

The Company trades only with recognized, creditworthy parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. Maximum exposure is the carrying amount of trade accounts receivable. Customers make 100% advance payment the Company which minimises the trade receivable credit risk. There are no significant concentrations of credit risk within the Company.

The Company places deposits with Kazakhstani and foreign banks (*Notes 7 and 8*). The Company's management reviews credit ratings of these banks periodically to eliminate extraordinary credit risk exposure. In accordance with IFRS 9, the Company accrues allowances for expected credit losses in respect of funds with credit institutions.

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

Banks	Location	Rating		31 December 2021	31 December 2020
		2021	2020		
Industrial and Commercial Bank of China in Almaty JSC	Kazakhstan	A1	A1	67,050,621	47,666,695
Halyk bank of Kazakhstan JSC	Kazakhstan	Baa2	Ba1	11,447,001	20,846,427
Bank of China in Alashankou JSC	China	A1	A1	71,656	75,788
Bank of China in Kazakhstan JSC	Kazakhstan	A1	A1	33	39
Altyn Bank JSC (SB of China Citic Bank Corporation Ltd)	Kazakhstan	Ba1	Ba1	12	213,479
Total				78,569,323	68,802,428

19 Financial Risk Management (Continued)

Liquidity risk

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

As of 31 December 2021 current assets of the Company mainly include cash and cash equivalents of Tenge 58,398,390 thousand and bank deposits of Tenge 20,261,584 thousand. Current liabilities mainly included loans and borrowings in the amount of Tenge 44,617,184 thousand and accounts payable to related parties of Tenge 1,773,487 thousand, including payables to KazTransOil JSC of Tenge 955,795 thousand, as well as obligations under contracts for the provision of transportation services in the total amount of Tenge 7,794,287 thousand. In order to improve liquidity, in 2018 the Company obtained the new refinancing loan with larger term of repayment. The Company intends to repay outstanding loans using cash from its operating activities.

Capital management

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

Fair value of financial instruments

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

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs).

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

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

Financial assets carried at amortised cost

The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on the credit risk of the counterparty.

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

19 Financial Risk Management (Continued)

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

<i>In thousands of Kazakhstani Tenge</i>	Less than 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years	Total
At 31 December 2021					
Loans and borrowings	46,814,770	49,869,873	48,517,961	-	145,202,604
Trade and other payables	1,773,487	-	-	-	1,773,487
Accrued liabilities	881,584	-	-	-	881,584
Lease liabilities	721,458	705,488	46,699	2,222	1,475,867
Total	50,191,299	50,575,361	48,564,660	2,222	149,333,542
At 31 December 2020					
Loans and borrowings	38,092,473	45,327,752	94,969,349	-	178,389,574
Trade and other payables	1,096,984	-	-	-	1,096,984
Accrued liabilities	1,133,304	-	-	-	1,133,304
Lease liabilities	697,663	679,567	746,844	2,222	2,126,296
Total	41,020,424	46,007,319	95,716,193	2,222	182,746,158

Currency risk

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

<i>In thousands of Kazakhstani Tenge</i>	Cash and deposits	Loans and borrowings	Net balance amount
At 31 December 2021			
US Dollar	68,587,729	(139,010,237)	(70,422,508)
At 31 December 2020			
US Dollar	60,597,914	(169,196,139)	(108,598,225)

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

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

<i>In thousands of Kazakhstani Tenge</i>	Increase/decrease in exchange rate	Effect on profit and equity
2021		
US Dollars	+10.00%/-10.00%	(5,633,801)/5,633,801
2020		
US Dollars	+ 10.00%/-10.00%	(8,687,858)/8,687,858

19 Financial Risk Management (Continued)

Financial liabilities carried at amortised cost

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

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

Loans and borrowings are carried at amortised cost which approximates their fair value due to the fact that interest rate under attracted loans is floating. As of the date of issue of the financial statements, Management finds it difficult to determine the alternative interest rate that will be used on borrowings after the transition from LIBOR and believes that the application of the alternative rate will not materially affect the fair value of the loan (Note 3).

The fair value of lease liabilities as of the reporting date is Tenge 1,412,494 thousand.

20 Events after the Reporting Period

On 2 January 2022 population protests triggered by the rise in fuel gas prices began in Mangistau region and further spread to other regions in Kazakhstan. In the course of the protests, a number of social and economic demands were made. Although the Government took a comprehensive set of measures in order to respond to the people's demands, including a decrease in fuel gas prices, protests consequently turned into social unrest, during which the municipal governments' ("akimat") and law enforcement authorities' buildings were captured. Major events took place in Almaty and southern regions of the country.

As a result, on 5 January 2022 the state of emergency was declared until 19 January 2022, and restrictions were imposed on communication and transportation of both people and vehicles, including railway and airline carriage.

Currently, the situation in all regions of the country has stabilized, the state of emergency cancelled. Utilities and life support systems have been fully restored, and restrictions on communication and transportation of both people and vehicles have been relieved.