SAMRUK-ENERGY JSC

International Financial Reporting Standards Consolidated Financial Statements and Independent Auditor's Report

31 December 2021

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To the Shareholders and Board of Directors of Samruk-Energy JSC

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Samruk-Energy JSC (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2021, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated 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 consolidated financial statements section of our report.

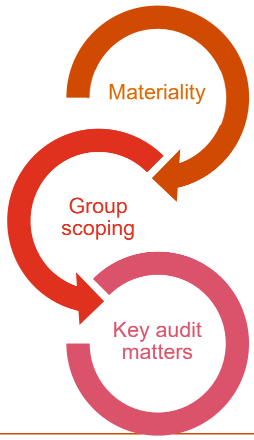
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group 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 consolidated 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 consolidated financial statements.

Our audit approach

Overview



- Overall Group materiality: 3,000,000 thousand Tenge, which represents 0.9 % of the Group's revenue for the year ended 31 December 2021.

- We conducted audit procedures over 5 subsidiaries and 2 jointly controlled entities located across Kazakhstan.
- Our audit scope addressed 94% of total assets, 99% of total revenue and 94% of absolute value of profit before tax of the Group.

- Impairment of property, plant and equipment and intangible assets.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	3,000,000 thousand Tenge
How we determined it	0.9 % of total revenue
Rationale for the materiality benchmark applied	We chose revenue as the benchmark for materiality determination. We did not use profit before tax due to its fluctuation. Instead, we used revenue, which is less volatile and is also used by the Shareholder to assess the Group's performance. We believe that revenue aligns with the principal considerations of the users of consolidated financial statement.

	We determined materiality as 0.9 % of total revenue, which is, based on our professional judgment, within the range of acceptable quantitative materiality thresholds.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment and intangible assets *See Note 4 of the consolidated financial statements.* The Group performed impairment indicator analysis of property, plant and equipment and intangible assets as at 31 December 2021 of "Ekibastuz GRES-1 named after Bulat Nurzhanov" LLP ("EGRES-1"), "Alatau Zharyk Company" JSC and "Tegis Munay" LLP and "Almaty Power Stations" JSC ("ALES"). Based on the analysis of indicators of impairment of property, plant and equipment and intangible assets, the Management of the Group came to the decision about modernisation of CHP-2 with minimisation of environmental impact with the option of building a new gas station with a capacity of up to 600 MW at the Almaty CHP-2 site is an indicator of possible impairment and decided to conduct an impairment test for property, plant and equipment and intangible assets. We paid special attention to the issue of impairment of property, plant and equipment and intangible assets due to significance of their carrying value, as well as due to the fact that process of assessing by management impairment indicators and estimating values in use of property, plant and equipment and intangible assets is complex as it is	The Group performed impairment indicator analysis of property, plant and equipment and intangible assets of "Ekibastuz GRES-1 named after Bulat Nurzhanov" LLP, "Alatau Zharyk Company" JSC and "Tegis Munay" LLP and performed impairment test of property, plant and equipment of "Almaty Power Stations" JSC ("ALES"). Our procedures in respect of management's assessment of the impairment indicators of property, plant and equipment and intangible assets included: • understanding has been obtained of a new methodology for determining the fixed profit accounted for in power energy tariff and checking the calculation of tariff by management based on the new methodology; • verification of accuracy and relevance of key assumptions used by management to perform the impairment indicator analysis; • consideration of economic and market trends in the energy sector. We received, inspected and evaluated the model used by management's experts to assess the impairment of assets of "ALES" JSC and assessed the methodology and the main assumptions used in the model, and their consistency with the budgets and business plans, external information and our expertise, taking into account the specifics of the industry. We engaged our valuation experts to form our conclusion in relation to the assumptions and methodology used for impairment assessment.

based on the use of significant estimates and judgments with respect to future market and economic conditions and the results of operations of the Group.

Our procedures in respect of management's assessment of the impairment of property, plant and equipment and intangible assets included:

- assessment of competence, qualifications, experience and objectivity of independent experts, involved by management;
- analysis of determining identifiable groups of assets that generate cash inflows independently from the cash flows generated by other assets;
- verification of accuracy and relevance of key assumptions used by management to perform the test;
- consideration of other input data for the models and reconciliation of them with supporting documents, such as the Development plan and comparison of the Development plan with actual results, where relevant;
- making a series of inquiries with management to assess the impairment tests;
- comparison of actual performance for the year against prior year forecast;
- consideration of the potential impact of reasonably possible changes in key assumptions;
- consideration of the opinion of the Government of the Republic of Kazakhstan on amendments and additions to the Law of the Republic of Kazakhstan ("RK") "On Power Energy", which will provide the Group with a return on investment for the modernisation of Almaty CHP-2 through the mechanism of the electrical power market.
- We made inquiry with the management and got the understanding that the draft amendments were approved by the Government of the RK and will be submitted to the Mazhilis of the Parliament of the RK for consideration;
- Familiarisation with the conclusion of RGP "Gosekspertiza" on the feasibility study of the CHP-2 modernisation project with minimisation of environmental impact with the option of building a new gas station with a capacity of up to 600 MW at the site of Almaty CHP-2;
- Decision of the Government of the RK on approval of the proposal for the construction of a combined cycle plant with a capacity of 600 MW.

Also, we paid attention to the adequacy of disclosures in Note 4 to the consolidated financial statements in accordance with the requirements of IAS 36 "Impairment of Assets".

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or component auditors, including other audit firms operating under our instructions. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group consolidated financial statements as a whole.

The assets and operations of the Group are spread amongst 21 subjects (components), including associated companies and jointly controlled entities. Out of these, we have identified 8 components as material components, including the Company, its 5 subsidiaries and 2 jointly controlled entities.

For 7 material components we or other independent auditors, carried out a full scope audit of the financial information of the components, which the Group uses for the preparation of the consolidated financial statements. We have reviewed the working documents of other independent auditors, and discussed with them the key assumptions and methodology, received independence and compliance with IESBA Code requirements confirmations. We also discussed the key audit matters with management and the Audit Committee.

We have identified other companies of the Group as not material components, for which we carried out audit procedures for the most material line items of the financial information and general analytical procedures.

In general, the scope of our audit covered 94% of total assets, 99% of total revenue and 94% of the absolute value of net profit of the Group. The procedures performed have enabled us to obtain sufficient appropriate audit evidence in relation to the consolidated financial statements of the Group and provide a basis for our audit opinion on it.

Other information

Management is responsible for the other information. The other information comprises annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after our audit report date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Dana Inkarbekova.

On behalf of PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Approved and signed 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)

Executive auditor
(Qualification certificate No. 0000492 dated 18 January 2000)

18 March 2022
Almaty, Kazakhstan

In thousands of Kazakhstani Tenge	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	7	702,709,108	731,640,116
Investment property		110,160	247,283
Intangible assets	8	4,165,145	3,570,398
Right-of-use assets	9	2,881,775	3,137,624
Investments in joint ventures and associates	10	73,993,321	60,611,199
Other non-current assets	11	77,960,833	13,667,103
Total non-current assets		**861,820,342**	**812,873,723**
Current assets			
Inventories	12	13,587,164	11,674,146
Trade and other receivables	13	32,437,068	37,660,312
Other current assets	14	18,452,057	12,308,536
Income tax prepaid		1,385,209	1,294,554
Cash and cash equivalents	15	12,138,171	9,893,878
Total current assets		**77,999,669**	**72,831,426**
TOTAL ASSETS		**939,820,011**	**885,705,149**

Signed on behalf of management on 18 March 2022.

Aidar K. Ryskulov
Managing Director on Economics and Finance

Saule B. Tulekova
Head of Accounting and Tax Department – Chief Accountant

In thousands of Kazakhstani Tenge	Note	31 December 2021	31 December 2020
EQUITY			
Share capital	16	376,045,927	376,045,927
Other reserves	16	125,128,459	125,168,047
Accumulated deficit		(78,038)	(11,882,206)
Equity attributable to the Group's shareholders		501,096,348	489,331,768
Non-controlling interest		1,544,103	1,243,868
TOTAL EQUITY		**502,640,451**	**490,575,636**
LIABILITIES			
Non-current liabilities			
Ash dump restoration provision	17	2,752,778	3,227,678
Employee benefit obligations		1,595,996	1,508,353
Borrowings	18	209,848,259	208,645,370
Other non-current liabilities	19	2,407,609	3,952,150
Non-current lease liabilities	9	1,495,895	1,696,109
Deferred income tax liabilities	29	72,198,561	78,743,252
Total non-current liabilities		**290,299,098**	**297,772,912**
Current liabilities			
Ash dump restoration provision	17	73,814	196,296
Borrowings	18	85,046,407	55,307,806
Employee benefit obligations		189,304	177,689
Trade and other payables	20	50,157,039	35,772,454
Taxes payable and other payables to budget	21	7,850,505	4,557,802
Current lease liabilities	9	927,267	1,106,004
Income tax payable		2,636,126	238,550
Total current liabilities		**146,880,462**	**97,356,601**
TOTAL LIABILITIES		**437,179,560**	**395,129,513**
TOTAL LIABILITIES AND EQUITY		**939,820,011**	**885,705,149**
Carrying amount of an ordinary share (in Tenge)	36	88,985	86,937

Signed on behalf of management on 18 March 2022.

Aidar K. Ryskulov
Managing Director on Economics and Finance

Saule B. Tulekova
Head of Accounting and Tax Department – Chief Accountant

In thousands of Kazakhstani Tenge	Note	2021	2020
Revenue	22	332,537,144	283,010,448
Cost of sales	23	(254,847,439)	(225,184,593)
Gross profit		**77,689,705**	**57,825,855**
Selling expense	24	(9,029,370)	(10,201,938)
General and administrative expenses	25	(14,792,833)	(15,825,858)
Share in profit of joint ventures and associates	10	13,454,577	9,473,513
Impairment of non-financial assets	4	(20,760,920)	(131,207)
Recovery/(charge) of expected credit losses		828,769	(1,329,454)
Other income	26	4,391,933	3,650,083
Other expense	26	(535,771)	(1,034,775)
Finance income	27	2,616,175	2,916,161
Finance cost	28	(30,138,966)	(31,603,590)
Profit before tax		**23,723,299**	**13,738,790**
Income tax expense	29	(8,376,753)	(5,655,365)
Profit for the year		**15,346,546**	**8,083,425**
Other comprehensive loss *(Items that will not be reclassified to profit or loss)*			
Remeasurements of post-employment benefit obligations		(39,588)	(338,765)
Total comprehensive income for the year		**15,306,958**	**7,744,660**
Profit attributable to:			
Shareholders of the Group		15,046,311	8,007,623
Non-controlling interest	31	300,235	75,802
Profit for the year		**15,346,546**	**8,083,425**
Total comprehensive income attributable to:			
Shareholders of the Group		15,006,723	7,668,858
Non-controlling interest	31	300,235	75,802
Total comprehensive income for the year		**15,306,958**	**7,744,660**
Earnings per ordinary share for the year (in Tenge per share)	36	2,686	1,429

In thousands of Kazakhstani Tenge	**Note**	**Attributable to the shareholders of the Group**					
		Share capital	**Other reserves**	**Uncovered loss**	**Total**	**Non-controlling interest**	**Total Equity**
Balance at 1 January 2020		373,314,888	127,357,014	(16,823,598)	483,848,304	1,168,066	485,016,370
Profit for the year		-	-	8,007,623	8,007,623	75,802	8,083,425
Other comprehensive loss		-	(338,765)	-	(338,765)	-	(338,765)
Total comprehensive income/(loss)		**-**	**(338,765)**	**8,007,623**	**7,668,858**	**75,802**	**7,744,660**
Share issue		2,731,039	(1,850,202)	-	880,837	-	880,837
Dividends	16	-	-	(3,066,231)	(3,066,231)	-	(3,066,231)
Balance at 31 December 2020		**376,045,927**	**125,168,047**	**(11,882,206)**	**489,331,768**	**1,243,868**	**490,575,636**
Profit for the year		-	-	15,046,311	15,046,311	300,235	15,346,546
Other comprehensive loss		-	(39,588)	-	(39,588)	-	(39,588)
Total comprehensive income/(loss)		**-**	**(39,588)**	**15,046,311**	**15,006,723**	**300,235**	**15,306,958**
Dividends	16	-	-	(3,242,143)	(3,242,143)	-	(3,242,143)
Balance at 31 December 2021		**376,045,927**	**125,128,459**	**(78,038)**	**501,096,348**	**1,544,103**	**502,640,451**

In thousands of Kazakhstani Tenge	**2021**	**2020**
Cash flows from operating activities		
Profit before income tax	23,723,299	13,738,790
Adjustments for:		
Depreciation and amortisation	56,202,182	58,476,965
Loss on disposal of property, plant and equipment and intangible assets	317,376	341,153
Losses/(reversal) on impairment of nonfinancial assets	20,760,920	131,207
Losses/(reversal) on impairment of financial assets	(828,769)	1,329,454
Amortisation of income from connection of additional capacities	(197,331)	(248,828)
Finance costs	30,138,966	31,603,590
Finance income	(2,616,175)	(2,916,161)
Share in profit of joint ventures and associates	(13,454,577)	(9,473,513)
Income on property, plant and equipment received free of charge	(660,324)	(852,354)
Provisions	646,758	-
Provision for quotes	2,438,179	-
Other adjustments	(2,930)	10,029
Operating cash flows before working capital changes	**116,467,574**	**92,140,332**
(Decrease)/ increase in trade and other receivables and other current assets	4,546,894	(8,291,861)
Increase in inventories	(208,416)	(557,061)
Decrease/(increase) in trade and other payables and other non-current liabilities	(5,946,327)	1,785,908
Decrease in employee benefits payable	(88,856)	(440,316)
Decrease /(increase) in taxes payable	(33,916)	1,692,349
Cash flows from operating activities	**114,736,953**	**86,329,351**
Income tax paid	(12,614,526)	(7,272,982)
Interest paid	(23,108,855)	(23,668,346)
Dividends received	72,455	3,005,818
Net cash from operating activities	**79,086,027**	**58,393,841**
Cash flows from investing activities		
Purchase of property, plant and equipment	(92,723,889)	(49,448,146)
Purchase of intangible assets	(881,827)	(123,242)
Purchase of bonds	(9,131,800)	-
Repayment of other receivables	347,607	222,961
Proceeds from sale of debt instruments (bonds)	2,672,102	384,601
Interest income received	1,230,331	994,113
Proceeds from sale of subsidiaries, excluding cash and cash equivalents transferred	1,357,524	2,259,088
Proceeds from sale of property, plant and equipment	10,005	16,695
Decrease in bank deposits and cash with a restriction in the use of the balance of bank deposits, net	(86,855)	2,249,766
Other proceeds	185,813	147,539
Net cash used in investing activities	**(97,020,989)**	**(43,296,625)**
Cash flows from financing activities		
Proceeds from borrowings	141,598,976	83,996,315
Repayment of borrowings and payment of principal on bonds	(135,670,371)	(97,142,953)
Issue of bonds	18,400,000	-
Payment of principal on financial lease	(723,203)	(807,746)
Dividends paid to shareholders	(3,242,143)	(3,066,231)
Dividends paid to non-controlling interest holders	(98,238)	(754,700)
Other payments	(2,516)	(30,557)
Net cash used in financing activities	**20,262,505**	**(17,805,872)**
Foreign exchange effect on cash and cash equivalents	(83,769)	593,895
Less provision for cash impairment under IFRS 9	519	1,602
Net increase/(decrease) in cash and cash equivalents	**2,244,293**	**(2,113,159)**
Cash and cash equivalents at the beginning of the year	9,893,878	12,007,037
Cash and cash equivalents at the end of the year	**12,138,171**	**9,893,878**

1 Samruk-Energy Group and Its Operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended 31 December 2021 for Samruk-Energy JSC (the "Company") and its subsidiaries (together referred to as the "Group").

The Company was incorporated on 18 April 2007 and registered on 10 May 2007. The Company is a joint stock company and was set up in accordance with regulations of the Republic of Kazakhstan. The Group was established for the purpose of consolidation of entities in energy industry of the Republic of Kazakhstan ("RoK").

As at 31 December 2021 and 2020 the Company's sole shareholder is Samruk-Kazyna National Welfare Fund JSC ("Samruk-Kazyna"). The Company's ultimate controlling party is the Government of the RoK.

Principal activity

The Group's principal activities are production of electricity, heating energy, hot water on the basis of coal, hydrocarbons and water resources, and renewable energy sources ('RES"), and then subsequently the sale to households and industrial enterprises, the transmission of electricity and technical distribution of electricity within the network, as well as leasing of property of hydro power plants.

The operations of the Group's subsidiaries and joint ventures are regulated by the Law of the Republic of Kazakhstan *On Electric Power Industry*, the Law *On Natural Monopolies,* the Law *On Support of the Use of Renewable Energy Sources*, and the Commercial Code of the RoK. Tariffs, based on the type of activities of a company, are regulated by the Committee on Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan ("Committee") or by the relevant ministry – Ministry of Energy of the Republic of Kazakhstan ("ME").

Electricity tariffs for energy producers are approved by order of the Minister of Energy of the Republic of Kazakhstan No.160 *On Approval of Cap Tariffs for Electricity for a Group of Energy Producing Organizations* dated 27 February 2015 and subsequent amendments to it. Tariffs for the supply of electricity produced by renewable energy sources are fixed and approved by the Decree of the Government of the Republic of Kazakhstan dated 12 June 2014 No.645 *On Approval of Fixed Tariffs*, according to the Renewable Energy technology used (separately for wind, solar and other sources), and are subject to annual indexation. In addition, the financial settlement centre of RE acts as a buyer, and the power producer acts as a seller. Tariffs for electric power transmission and distribution for energy transmission companies, heating energy production and power supply ("PSE") are regulated by the Committee. Regulation and control by the Committee are performed strictly in accordance with the legislation and regulations of the Republic of Kazakhstan.

The tariff related decisions are significantly exposed to social and political issues. Economic, social and other policies of the Government of the Republic of Kazakhstan may have a significant effect on the Group's operations.

Registered address and place of business

The registered address and place of Company's Head Office is: Block B, 15A, Kabanbay Batyr Avenue, Nur-Sultan, Republic of Kazakhstan.

2 Basis of Preparation and Significant Accounting Policies

Basis of preparation of the consolidated financial statements

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated (Note 3).

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

Going concern

Management prepared these consolidated financial statements on a going concern basis. Management decision is based on the financial position of the Group, its current intentions, profitability of operations and access to financial resources and the Government support.

2 Basis of Preparation and Significant Accounting Policies (continued)

As of 31 December 2021, the Group's current liabilities exceed its current assets by Tenge 68,880,793 thousand (2020: the Group's current liabilities exceeded its current assets by Tenge 24,525,175 thousand). The main factor in increasing current liabilities was the attraction of short-term bank loans, associated with the Group's policy to reduce the level of long-term loans with a higher interest rate. In addition, in the reporting period, the Group made early repayments on long-term loans.

The following factors were considered in assessing the Group's ability to continue in the foreseeable future:

- The Group is of strategic importance for ensuring the reliability of the Kazakhstan energy system. The management and shareholders of the Group have neither the intention nor the need to dissolve the Group.
- The Group's current liabilities of Tenge 5,841,514 thousand represent payable to the Akimat of Almaty city and, by agreement, do not require cash outflows.
- In 2021, the Group expects positive net cash flows from operating activities in the amount of more than Tenge 88 billion.

As of 31 December 2021 the Group has available funds on revolving credit facilities in banks of Kazakhstan totaling Tenge 117 billion.

These consolidated financial statements do not include any adjustments to the carrying amount of assets and liabilities, income and expenses, or classification of the consolidated statement of financial position that would be necessary if it was not possible to continue operations, such adjustments may be significant.

Consolidated financial statements

(i) Subsidiaries

Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of existing rights, including existing potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be existing, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee.

Subsidiaries are consolidated from the date on which control is transferred to the Company (acquisition date) and are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree.

Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued, and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition of and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

2 Basis of Preparation and Significant Accounting Policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Company. Non-controlling interest forms a separate component of the Group's equity.

(ii) Purchases of subsidiaries from parties under common control

Purchases of subsidiaries from parties under common control are accounted for using the predecessor values method. Under this method the consolidated financial statements of the combined entity are presented as if the businesses had been combined from the beginning of the earliest period presented or, if later, the date when the combining entities were first brought under common control. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity's carrying amounts. The predecessor entity is considered to be the highest reporting entity in which the subsidiary's IFRS financial information was consolidated. Related goodwill inherent in the predecessor entity's original acquisitions is also recorded in these consolidated financial statements. Any difference between the carrying amount of net assets, including the predecessor entity's goodwill, and the consideration for the acquisition is accounted for in these consolidated financial statements as an adjustment to other reserves within equity.

(iii) Purchases and sales of non-controlling interests

The Group applies the economic entity model to account for transactions with owners of non-controlling interest in transactions that do not result in a loss of control. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognises the difference between sales consideration and the carrying amount of non-controlling interest sold as a capital transaction in the statement of changes in equity.

(iv) Joint arrangements

Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(v) Investments in associates

Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as the share of results of associates, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii); all other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of results of associates.

However, when the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2 Basis of Preparation and Significant Accounting Policies (continued)

(vi) Disposals of subsidiaries, associates or joint ventures

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Foreign currency translation

(i) Functional and presentation currency

All amounts in these consolidated financial statements are presented in thousands Tenge, unless otherwise stated.

Functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of subsidiaries, joint ventures, associates and the parent is Tenge.

(ii) Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions or from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

At 31 December 2021, the principal rate of exchange used for translating foreign currency balances was US Dollar per Tenge 431.67 (31 December 2020: US Dollar per Tenge 420.91). Exchange restrictions and currency controls exist relating to converting the Tenge into other currencies. Currently, Tenge is not freely convertible in most countries outside of the Republic of Kazakhstan.

Financial instruments

(i) Key measurement terms

Depending on their classification financial instruments are carried at fair value, cost or amortised cost as described below.

Fair value is 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 best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available.

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 solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period (Note 33).

2 Basis of Preparation and Significant Accounting Policies (continued)

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition and includes transaction costs. Measurement at cost is only applicable to investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured and derivatives that are linked to, and must be settled by, delivery of such unquoted equity instruments.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses *("ECL")*. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

(ii) Financial assets

Measurement categories. The Group classifies financial assets in the following measurement categories: i) carried at fair value through profit or loss (FVTPL), ii) carried at fair value through other comprehensive income (FVOCI), iii) carried at amortised cost (AC). The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Business model

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL. Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment.

Cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin. Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

2 Basis of Preparation and Significant Accounting Policies (continued)

Financial assets – reclassification

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes.

The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Group did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets impairment – credit loss allowance for ECL

The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Group measures ECL and recognises Net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL.

The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (“12 Months ECL”). If the Group identifies a significant increase in credit risk (“SICR”) since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (“Lifetime ECL”). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. For financial assets that are purchased or originated credit-impaired (“POCI Assets”), the ECL is always measured as a Lifetime ECL.

Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event.

Financial assets – derecognition

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial assets – modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition.

2 Basis of Preparation and Significant Accounting Policies (continued)

The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss.

(iii) Financial liabilities

Measurement categories

Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Financial liabilities designated at FVTPL

The Group may designate certain liabilities at FVTPL at initial recognition. Gains and losses on such liabilities are presented in profit or loss except for the amount of change in the fair value that is attributable to changes in the credit risk of that liability (determined as the amount that is not attributable to changes in market conditions that give rise to market risk), which is recorded in OCI and is not subsequently reclassified to profit or loss. This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in credit risk of the liability are also presented in profit or loss

(iv) Offsetting

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

Derivative financial instruments

Derivative financial instruments, including foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate swaps, currency and interest rate options are carried at their fair value.

All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year (income less expenses on derivative financial instruments). The Group does not apply hedge accounting.

Certain derivative instruments embedded in financial liabilities and other non-financial contracts are treated as separate derivative instruments when their risks and characteristics are not closely related to those of the host contract.

2 Basis of Preparation and Significant Accounting Policies (continued)

Property, plant and equipment

(i) Recognition and subsequent measurement

Property, plant and equipment are stated at cost less accumulated depreciation and provision for impairment, where required. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and part of production overhead costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired.

Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are recognised in profit or loss for the year within other income or expenses.

(ii) Depreciation

Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Useful lives in years
Buildings and constructions	8 - 100
Machinery and equipment and vehicles	2 - 50
Other	3 - 20

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The residual value of an asset set equal to zero, if the Group intends to use the object till the end of its physical useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(iii) Impairment

At the end of each reporting period, management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of: an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in the profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Intangible assets

All of the Group's intangible assets have definite useful lives and primarily include capitalised computer software and licenses. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring it to use.

All intangible assets are amortised using the straight-line method over their useful lives, estimated by the management as from 2 to 25 years.

If impaired, the carrying amount of intangible assets is written down to the higher of: value in use and fair value less costs to sell.

If the Group acquires a group of assets, which is not a business, it spreads the cost of the group between the individual identifiable assets in the group based on their relative fair values at the acquisition date.

2 Basis of Preparation and Significant Accounting Policies (continued)

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date

Investment property

Investment property is property held by the Group to earn rental income or for capital appreciation and which is not occupied by the Group. Investment property includes construction in progress intended for use as investment property.

Investment properties are stated in the consolidated financial statements at cost less accumulated depreciation and provision for impairment, where required.

If any indication exists that investment properties may be impaired, the Group estimates the recoverable amount as the higher of value in use and fair value less costs to sell. The carrying amount of an investment property is written down to its recoverable amount through profit or loss for the year. An impairment loss recognised in prior years is reversed if there has been a subsequent change in the estimates used to determine the asset's recoverable amount. Subsequent expenditures are capitalised only when it is probable that future economic benefits associated with the investment property will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost to be subsequently depreciated. Depreciation on investment property is calculated using the straight-line method to allocate its cost to its residual values over their estimated useful lives, as follows:

	Useful lives in years
Dam and hydraulic constructions	100
Other	5 - 20

Earned rental income is recorded in profit or loss for the year within revenue.

Right-of-use assets

The Group leases various offices, equipment and vehicles. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- costs to restore the asset to the conditions required by lease agreements,
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives.

Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives in years
Land	34 – 63
Buildings and constructions	5 – 50

2 Basis of Preparation and Significant Accounting Policies (continued)

Inventories

Inventories are recorded at the lower of cost and net realisable value. The cost of inventory is determined on the first-in, first-out basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads, but excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Trade and other receivables

Trade and other receivables, except for prepaid taxes and advances to supplies, are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

Advances to suppliers are carried at cost less provision for impairment. Advances are classified as non-current when the goods or services relating to the advances are expected to be obtained after one year, or when advances relate to an asset which will itself be classified as non-current upon initial recognition. Advances to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other advances are written off to profit or loss when the goods or services relating to the advances are received. If there is an indication that the assets, goods or services relating to advances will not be received, the carrying value of the advances is written down accordingly, and a corresponding impairment loss is recognised in the profit or loss for the year. Prepaid taxes are stated at actual amounts paid less impairment provision.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at current bank accounts. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Restricted balances are excluded from cash and cash equivalents for the purposes of the consolidated cash flow statement.

Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in other non-current assets; balances restricted for more than three months but less than twelve months after the reporting period are included in other current assets.

Non-current assets held for sale (or disposal groups)

Non-current assets or disposal groups (which may include both non-current and current assets) are classified in the statement of financial position as ‘non-current assets held for sale and disposal groups’ if their carrying amount will be recovered principally through a sale transaction within twelve months after the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group’s management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for a sale at a reasonable price; (d) the sale is expected within one year; and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. The Board of Directors of the Company determines value per share and a number of shares to be issued on each individual share issue based on the statutory rules. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends

Dividends are recognised as a liability and deducted from equity at the end of reporting period only if they are declared and approved before or on the end of reporting period.

Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorised for issue.

2 Basis of Preparation and Significant Accounting Policies (continued)

Value added tax

Value-added tax ("VAT") related to sales is payable to the tax authorities when goods are shipped, or services are rendered. Input VAT can be offset against output VAT upon the receipt of a tax invoice from a supplier.

Tax legislation allows the settlement of VAT on a net basis. Accordingly, VAT related to sales and purchases is stated in the statement of financial position on a net basis. Recoverable VAT is classified as non-current if its settlement is not expected within one year after the reporting period.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Ash dump restoration provision

Ash dump restoration provision is recognised when there is a high certainty of incurring the costs and those costs can be measured reliably. Ash dump restoration costs include dismantling and demolition of ash dump infrastructure, environmental clean-up and discharge monitoring. Estimated restoration costs are added to the cost of an item of property plant and equipment when incurred in the accounting period when the obligation arising from the related disturbance occurs during the mine development phase, based on the net present value of estimated future costs. Ash dump restoration provision does not include any additional obligations which are expected to arise from future disturbance.

The costs are estimated on the basis of a restoration plan. The cost estimates are calculated annually during the operating life to reflect known developments, such as updated cost estimates and revisions to the estimated lives of operation and are subject to formal review at regular intervals.

Although the ultimate cost to be incurred is uncertain, the Group estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques for conducting works on restoration and remediation of waste polygons. The amortisation or "unwinding" of the discount applied in establishing the net present value of provisions is charged to profit and loss in each accounting period. The amortisation of the discount is shown as finance costs.

Employee benefits

(i) Long-term employee benefits

The Group companies provide the long-term employee benefits to employees before, on and after retirement, in accordance with a Collective Labour Agreement. The agreement provides for one-off retirement payments, financial aid for employees' disability, significant anniversaries and funeral aid to the Group's employees. The entitlement to some benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period.

The expected cost of these benefits is accrued over the period of employment using the same accounting methodology as used for the defined post-employment benefit plan. The Group does not have any funded pension plans. The liability recognised for the end of each reporting period represents the present value of defined benefit obligations. Actuarial gains and losses arising in the year are taken to profit or loss and other comprehensive income for the year. For this purpose, actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising because of differences between the previous actuarial assumptions and what has actually occurred.

Other movements in post-employment benefit obligations when incurred are accounted for as follows: (i) cost of services and net interest costs are included in profit or loss; and (ii) restatements are recorded in other comprehensive income.

The most significant assumptions used in accounting for defined benefit obligations are the discount rate and the personnel turnover assumptions. The discount rate is used to determine the net present value of future liabilities and each year the unwinding of the discount on those liabilities is charged to the profit or loss for the year as finance costs. The personnel turnover assumption is used to estimate the future stream of benefit payments, which is then discounted to arrive at a net present value of liabilities.

2 Basis of Preparation and Significant Accounting Policies (continued)

These obligations are valued annually by independent qualified actuaries.

(ii) Staff costs and related contributions

Wages, salaries, contributions to pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group.

On behalf of its employees, the Group withholds and transfer those statutory pension and post-employment benefit amounts prescribed by the legal requirements of the Republic of Kazakhstan to Unified Accumulative Pension Fund JSC ("Fund"). For those employees, not covered by the Collective Labour Agreement payments, upon retirement, the financial obligations of the Group cease and all subsequent payments to retired employees are administered by the Fund.

Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Extension and termination options are included in a number of property lease agreements across the Group. These terms are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, and
- makes adjustments specific to the lease, e.g. term, country, currency and collateral.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect.

When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2 Basis of Preparation and Significant Accounting Policies (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at AC using the effective interest method.

In accounting for loans from the shareholders with off market terms, the Group records gain/(loss) on origination in equity as a capital contribution/(distribution). The method used reflects the transaction's economic substance and is applied consistently to all similar transactions and is disclosed in the consolidated financial statements.

General and specific borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets.

The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred on the specific borrowings less any investment income on the temporary investment of these borrowings are capitalised.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Trade and other payables

Trade and other payables are accrued when the counterparty performed its obligations under the contract. Trade and other payables, except for advances received, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Advances received are stated at actual amounts received from the third parties.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss for the year as other operating income over the period necessary to match them with the costs that they are intended to compensate.

Revenue recognition

Revenue is income arising in the course of the Group's ordinary activities.

Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. Revenue is shown net of value-added tax and discounts. Revenue from sale of energy is recognised over the period.

Consolidated revenue of the Group is mainly attributed to sale and transmission of electric and heating power, and hot water production. Sale of each type of the goods/services is documented in a separate, identifiable contract with an individual customer.

According to the contracts for sale and transmission of electric and heating power of the Group's subsidiaries, obligations to be performed are identified when concluding the relevant contract. Contracts for sale and transmission of electric and heating power within the Group do not include related and/or additional services.

The Group does not assume concluding contracts which provide for a period between transfer of the promised goods or services to the customer and payment by the customer to be more than one year. Accordingly, the Group does not adjust transaction prices for time value for money.

2 Basis of Preparation and Significant Accounting Policies (continued)

According to the contracts for sale and transmission of electric and heating power, the contract amount is the price for sold or transmitted amount of electric or heating power, which is an independent item of the service/goods.

Electric and heating power generation and sale

Revenues are recognised based on the actual amount of electric and heating power sold by the Group's power plants.

Revenue is determined based on tariffs approved by the authorised agency.

Sales of electric and heating power are recognised when control of the power has transferred, being when the power is transmitted to the customer at the delivery point, which is a connection point of the Group's power plant to the transmission networks.

A receivable is recognised when electric and heating power is delivered at the connection point of the Group's power plant to the transmission networks, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Actual volume of electric and heating power transmitted for the accounting period is supported by the act of electric power supply/reconciliation report on heating power. Invoices are issued to customers on a monthly basis.

Electric power transmission and distribution

The Group provides services under fixed-price contracts per 1 kWh of transmitted and distributed power based on the tariffs approved by the authorised agency.

Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue is recognised based on the actual volume of electric power transmitted over the reporting period because the customer receives and uses the benefits simultaneously.

The actual volume of electric power transmitted and distributed for the reporting period is supported by relevant reconciliation reports to be monthly executed and signed with customers based on readings of metering devices. Customers are billed on a monthly basis on the last day of each month, and consideration is payable within 5 working days after billing.

A receivable is recognised when an invoice is issued, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from services to maintain the electric power capacity

Also, the Group provides a service to maintain the electric power capacity. Revenues from the provision of services to maintain the electric power capacity are recognized in the reporting period when these services were provided. Revenue is determined on the basis of the actual electric power capacity, on the basis of monthly reports on the available electric power capacity from a single purchaser in accordance with the Rules of the power capacity market.

The contract provides for payment for 1 kW of available power per month, and revenue is recognized in the amount to which the Group has the right to invoice.

Pursuant to the certificate signed for the reporting month, the Group issues invoices to the Single Purchaser on a monthly basis.

Sale of electric power

The Group sells electric power under agreements with individuals and legal entities based on the tariffs approved by the authorised agency.

Sales to legal entities are recognised in the reporting period in which electric power is consumed, according to readings of the metering devices. A legal entity agreement requires payment within 5 working days after billing. An agreement of publicly-funded legal entities provides for payment until 15^{th} day of the month following the billing month.

Sales to individuals are recognised in the reporting period in which electric power is consumed. Revenues from agreements with individuals include revenues for the last few days of the month after reading of the metering devices, which are recognised as a proportion of the total electric power sold for the billing month. An agreement with individuals provides for payment until the 25^{th} day of the month following the billing month, based on the payment document to be issued by the Company. The billing period is one calendar month.

2 Basis of Preparation and Significant Accounting Policies (continued)

Offsetting

A portion of sales and purchases are settled by offset, barter or other non-cash settlements.

These transactions are settled generally as the exchange of dissimilar goods and services with the industrial and commercial customers in the form of offset.

Sales and purchases that are expected to be settled by mutual settlements, barter or other non-cash settlements are recognised based on the Group entities' management estimate of the fair value to be received or given up in non-cash settlements. The fair value is determined with reference to observable market information.

Non-cash transactions have been excluded from the consolidated cash flow statement. Investing and financing activities and the total of operating activities in these consolidated statements represent actual cash flows.

Segment reporting

Segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, financial result or assets are ten percent or more of all the segments assets are reported separately.

Income taxes

Income taxes have been provided for in these consolidated financial statements in accordance with legislation of the Republic of Kazakhstan enacted or substantively enacted by the end of the reporting period.

The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to or recovered from the state budget in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the exception for initial recognition, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates, which are expected to apply to the period when the temporary differences will reverse or tax loss carry-forwards will be utilised in accordance with tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are netted only within the individual companies of the Group. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

In determining the tax bases of the restoration and closure costs are added to the cost of property plant and equipment and ash dump restoration provision the Group allocates the future tax deductions to the liability. Under this approach the initial recognition exception does not apply.

Deferred tax liability is recognised in respect of the taxable temporary difference on the restoration and closure costs added to the cost of property plant and equipment and, subject to recognition criteria mentioned above, a deferred tax asset is recognised in respect of the deductible temporary difference on the ash dump restoration provision.

The Group's uncertain tax positions are reassessed by management at the end of each reporting period.

Liabilities are recorded for income tax positions that are determined by management (the assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period and any known court or other rulings on such issues) as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions are recorded within the income tax charge.

2 Basis of Preparation and Significant Accounting Policies (continued)

Uncertain tax positions

Management at the end of each reporting period evaluates the Group's uncertain tax positions. Liabilities reported in respect of income tax positions are taken into account when management believes that the likelihood of emergence of additional tax liabilities, in case the tax authorities challenge the tax position of the Group, is higher than the probability of their absence.

Such an assessment is conducted based on the interpretation of tax laws that are in force or in effect at the end of the reporting period, as well as any known court decisions or other decisions on such matters. Liabilities for fines, penalties and taxes, other than income tax, are presented on the basis of management's best estimate of the costs required to settle the obligations at the end of the reporting period. Adjustments to uncertain income tax positions are reported within income tax expense.

Transactions with Shareholder

The accrual of expenses or the distribution of assets at the discretion of the shareholder, including fixed assets, business combinations, interests in other entities and disposal groups, cash and other, are recognised in retained earnings as "Other equity distributions".

3 New Accounting Pronouncements

The following amended standards and interpretations became effective from 1 January 2021, but did not have any material impact on the Group:

- COVID-19-Related Rent Concessions Amendment to IFRS 16 issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020.
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).

The application of the amendment did not have any impact on the right-of-use asset.

The following amended standards became effective from 1 January 2021, but did not have a material impact on the Group:

Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021). The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The amendments cover the following areas:

- *Accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform:* For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in paragraph B5.4.5 of IFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from IFRS 9 are also required to apply the same practical expedient. IFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform. *End date for Phase 1 relief for non contractually specified risk components in hedging relationships:* The Phase 2 amendments require an entity to prospectively cease to apply the Phase 1 reliefs to a non-contractually specified risk component at the earlier of when changes are made to the non-contractually specified risk component, or when the hedging relationship is discontinued. No end date was provided in the Phase 1 amendments for risk components.
- *Additional temporary exceptions from applying specific hedge accounting requirements:* The Phase 2 amendments provide some additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- *Additional IFRS 7 disclosures related to IBOR reform:* The amendments require disclosure of: (i) how the entity is managing the transition to alternative benchmark rates, its progress and the risks arising from the transition; (ii) quantitative information about derivatives and non-derivatives that have yet to transition, disaggregated by significant interest rate benchmark; and (iii) a description of any changes to the risk management strategy as a result of IBOR reform.

3 New Accounting Pronouncements (continued)

Effect of IBOR reform

Reform and replacement of various inter-bank offered rates (‘IBORs’) has become a priority for regulators. Most IBOR rates would stop being published by 31 December 2021, while certain USD LIBOR rates would stop being published by 30 June 2023.

The table below discloses amounts of non-derivative financial assets and liabilities and derivative contracts at 31 December 2021 that would be transitioned to alternative interest rate benchmarks:

In thousand kazakhstani tenge	**USD Libor**	**Total**
Non-derivative financial liabilities		
Borrowings	4,073,923	4,073,923
Total non-derivative financial liabilities	**4,073,923**	**4,073,923**

The Group is also exposed to a risk of the potential arbitrage differences between IBOR interest rates and the applicable alternative rates.

In the desired year, the Group will work with the Development Bank of Kazakhstan JSC under an agreement dated 14 December 2005, to ensure a smooth transition from LIBOR to alternative benchmark interest rates. As at 31 December 2021, the Group has not changed its litigation and risk management procedures in connection with IBOR reform.

New accounting pronouncements

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- IFRS 17 “Insurance Contracts” (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021, the effective date subsequently modified to 1 January 2023 by the Amendments to IFRS 17 as discussed below).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).
- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021).
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group’s consolidated financial statements.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment of non-financial assets

At each reporting date management assesses whether there is any indication of impairment of separate assets or groups of assets, and whether there is any indication that an impairment loss recognised in prior periods for separate assets or groups of assets other than goodwill may no longer exist or may have decreased.

If such indications exist, management estimates the recoverable amount of an asset, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The calculation of value in use requires the application of the management's estimates and judgments, which are deemed appropriate under the current circumstances.

Assessment of impairment indicators also requires the use of judgments and estimates in determining possible technological obsolescence of fixed assets, discontinuing operations, residual useful lives, and other changes in operating conditions.

Under IAS 36, one of the possible impairment indicators is the presence of significant changes that had negative consequences for the Group that occurred during the year or are expected in the near future in the technological, market, economic or legal environment in which the Group operates or in the market for which the asset is used.

In assessing the recoverable amount of assets, the Group makes estimates and judgments. Estimates and judgments are repeatedly evaluated and based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies.

Actions aimed at containment of COVID-19 significantly restrict economic activity in Kazakhstan, as well as they have and may continue to have a negative impact on businesses and Group's clients, as well as Kazakhstan and world economy for an uncertain time period. Therefore, future cash flows may be decreased and operating and other expenses may be increased, causing impact on the nature of electricity tariff regulation by the Government to support economy.

Based on the results of the analysis carried out as of the end of 2021, management identified indicators of impairment of property, plant and equipment of the subsidiary - Almaty Electric Power Stations JSC ("ALES").

The Group engaged independent experts to perform an impairment test on ALES assets, which was conducted in accordance with IAS 36 Impairment of Assets.

The recoverable amount of property, plant and equipment and intangible assets determined based on estimates of estimated future cash inflows and outflows from the use of the assets, the discount rate and other indicators. Management classifies property, plant and equipment and intangible assets of each subsidiary as a single cash-generating unit as it is the smallest identifiable group of assets that generates cash inflows that are substantially independent of cash flows from other assets and the lowest level at which each the subsidiary controls the recovery of the value of the assets. Management estimated the recoverable amount of property, plant and equipment based on value in use, defined as the sum of the estimated discounted future cash flows that the Group expects to receive from their use.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (continued)

Modernisation of Almaty CHP-2 with the minimization of the environmental impact

For the execution of the instructions of the President of RK on taking actions to minimize emissions to atmosphere, four modernization options for CHP-2 with the minimization of the environmental impact have been considered: transition of the existing boilers to gas flaring, reconstruction of the existing boilers with the installation of gas-handling equipment, extension of CHP-2 with the construction of CCGT plants and installation of additional gas-handling equipment without transition to natural gas and construction of a new gas-based plant.

On 31 May 2021, the Government of the Republic of Kazakhstan approved a proposal for the construction of a CCGT plant with a capacity of 600 MW at the site of Almaty CHP-2.

During the meeting, the Prime Minister of the Republic of Kazakhstan instructed the Ministry of Energy, together with interested state bodies, NWF Samruk-Kazyna JSC, in accordance with the procedure established by law, to work out the issue of introducing amendments and additions to the Law of the Republic of Kazakhstan "On Electricity" in terms of providing the opportunity to implement projects to existing energy producers aimed at solving the environmental situation through the mechanism of the electric power market.

The Prime Minister of the Republic of Kazakhstan also instructed Samruk-Energy JSC, together with the Ministry of Energy, to continue, in the prescribed manner, to attract a bank loan to finance the project of transferring CHP-2 to gas, including the installation of gas infrastructure. As part of this instruction, the Group is working to organize project financing through loan raising.

In order to implement the project to upgrade the Almaty CHPP-2, draft amendments to the Law of the Republic of Kazakhstan "On Electric Power Industry" have been prepared, stipulating the provision of an individual capacity tariff to energy producers implementing investment projects for modernization, reconstruction and/or expansion with the construction of generating plants using gas as alternative fuel type to reduce emissions. The conclusion on the draft amendments to the Law of the Republic of Kazakhstan "On Electric Power Industry" was agreed by the Government of the Republic of Kazakhstan and sent to the Majilis of the Parliament of the Republic of Kazakhstan. The amendments are expected to be adopted in April 2022.

The introduction of these amendments to the Law of the Republic of Kazakhstan “On Electric Power Industry” will provide the Group with a return on borrowed funds and a return on investment in the future due to the mechanism of the electric power market.

On 30 December 2021, a positive conclusion was received from RSE "Gosexpertiza" on the feasibility study (the "FS") of the CHP-2 modernization project with minimization of environmental impact with the option of building a new gas station with a capacity of up to 600 MW at the site of the Almaty CHP- 2.

The project for the modernization of CHP-2 provides for the conservation of the existing capacities of CHP-2 after the commissioning of a new gas station. The Group's management plans to complete the project of converting CHP-2 to gas by 31 December 2026.

Estimation of the recoverable amount of property, plant and equipment

At 31 December 2021, the Group's management considered that obtaining a positive opinion from RSE "Gosexpertiza" on the feasibility study of the CHP-2 modernization project with minimization of environmental impact with the option of building a new gas station with a capacity of up to 600 MW at the site of Almaty CHP-2 (the “project of conversion of CHPP-2 to gas”) and the mothballing of the existing capacities of CHP-2 were an indicator of asset impairment and decided to assess the recoverable amount of property, plant and equipment.

Management engaged an independent expert, Grant Thornton Appraisal LLP, to perform an impairment test in accordance with IAS 36 Impairment of Assets.

Management has estimated the recoverable amount of the Group 's property, plant and equipment based on estimated future cash inflows and outflows from the use of the assets, the discount rate and other indicators.

The Group’s management classifies all property, plant and equipment as a single cash-generating unit as it is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows generated by other assets and the lowest level at which the Group exercises control over recovery of the assets’ value. Management has estimated the recoverable amount of property, plant and equipment based on value in use, which is the sum of the estimated discounted future cash flows that the Group expects to receive from their use. The key assumptions used by management in determining value in use are:

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (continued)

The Group's management classifies all property, plant and equipment as a single cash-generating unit as it is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows generated by other assets and the lowest level at which the Group exercises control over recovery of the assets' value. Management has estimated the recoverable amount of property, plant and equipment based on value in use, which is the sum of the estimated discounted future cash flows that the Group expects to receive from their use. The key assumptions used by management in determining value in use are:

Projected volumes and tariffs for the sale of electricity and heat and the service of maintaining the readiness of electric power:

In accordance with the Law of the Republic of Kazakhstan "On the Electricity Industry", the energy producer independently sets the selling price for electricity, but not higher than the cap tariff for electricity of the corresponding group of energy producers selling electricity and, if necessary, the price is adjusted. The cap tariff is approved by the Ministry of Energy of the Republic of Kazakhstan for groups of energy producers, formed by the type of power plants, installed capacity, type of fuel used, distance from the location of the fuel.

By Order of the Minister of Energy of the Republic of Kazakhstan dated 5 December 2018 No. 475 "On Approval of a Group of Energy Producers Selling Electricity," the AlES is defined as a separate 26th group of energy producers. By Order of the Ministry of Energy of the Republic of Kazakhstan dated 24 June 2021 No. 211 "On Amendments to the Order of the Minister of Energy of the Republic of Kazakhstan dated 14 December 2018 No. 514 "On Approval of Cap Tariffs for Electricity," electricity tariff is 10.23 Tenge/kWh (excluding VAT) from 1 July 2021 for a period of five years, broken down by years. At the same time, in accordance with the Law of the Republic of Kazakhstan "On Supporting the Use of RES", from 1 July 2021, a surcharge was introduced to support the use of renewable energy sources for conditional consumers in 1 electric energy consumption zone for 2021 in the amount of 1.57 Tenge/kWh (excluding VAT) and for 2022 in the amount of 1.58 Tenge/kWh (excluding VAT). Thus, the selling tariff for electricity for 2021 is 11.80 Tenge/kWh (excluding VAT) and for 2022 11.81 Tenge/kWh (excluding VAT).

In reference to the instruction of the Head of State, a moratorium was introduced on raising tariffs for regulated utilities, namely water supply, sewerage, heat supply, gas supply and electricity supply until 1 July 2022, the forecast for the cap tariff for electricity per unit kWh. in the first half of 2022 is based on the tariff approved by Order of the Minister of Energy of the Republic of Kazakhstan No. 211 dated 24 June 2021. Starting from the second half of 2022, the projected tariff was calculated using the rules for approving the cap tariff for electricity.

In accordance with the Group's plans to complete the project of converting CHP-2 to gas by 31 December 2026, cash flows after 2026 were calculated without taking into account the cash flows of CHP-2. The tariff for electricity in 2027 was also calculated taking into account the disposal of CHP-2 assets.

After the introduction of amendments to the Law of the Republic of Kazakhstan "On the Electricity Industry," it is expected that investments in the construction of a new plant will be fully reimbursed through the electric power market.

The sales volume forecast was made based on information from previous years and management's expectations in accordance with the Group's Development Plan for 2022-2026. The volume of electricity sales is projected to be approximately at the level of 2022.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (continued)

	2022	2023	2024	2025	2026	2027
Electricity sales volume, million kWh	4,835	4,835	4,835	4,835	4,835	2,611
Volume of sales of electric capacity per year at the cap tariff, MW*month	781	781	781	850	850	470
Volume of sales of electrical capacity per year at an individual tariff, MW*month	70	70	70	-	-	-
Selling tariff for electric energy, Tenge/kWh	12.19	13.29	13.78	13.98	14.28	12.85
Cap tariff for capacity thousand Tenge/MW*month	590	590	590	590	619	619
Individual tariff for capacity thousand Tenge/MW*month	3,139	3,139	2,479	-	-	-

The individual capacity tariff is determined in accordance with an individual investment agreement with the Ministry of Energy of the Republic of Kazakhstan and is aimed at covering the annual principal repayments on refinanced loans raised to finance the project “Reconstruction and expansion of Almaty CHP-2. III tranche. Boiler unit No. 8”, until the maturity of the loans in 2024.

If the selling tariff for electricity remains at the level of 11.81 Tenge/kWh in the period 2022-2026, the replacement value of property, plant and equipment will decrease by Tenge 22,665,288 thousand.

Projected volumes of sales of heat energy and chemically treated water and forecast of the level of tariffs:

	2022	2023	2024	2025	2026	2027
Volume of heat energy sales, thousand Gcal	5,298	5,298	5,298	5,298	5,298	2,038
Sales volume of chemically treated water, thousand tons	29,371	29,371	29,371	29,371	29,371	4,661
Tariff for the production of heat energy, Tenge/Gcal	3,703	3,820	3,911	4,004	4,096	6,244
Tariff for production of chemically treated water, Tenge/ton	60.86	60.99	61.07	61.15	61.15	81.19

The heat sales forecast was made based on information for previous years and management's expectations in accordance with the Group's Development Plan for 2022-2026. The volume of sales of heat energy and chemically treated water is projected at the level of 2022. The decrease in sales in 2027 is due to the disposal of the existing assets of CHP-2.

The tariff for heat generation per Gcal unit in the first half of 2022 is based on the approved tariff. From the second half of 2022 to 2026, the tariff is calculated at the level of approved tariffs, adjusted for the forecast fuel cost as an emergency regulatory measure. Starting from 2027, with the disposal of the operating assets of CHP-2, the heat tariff is expected to maintain a break-even level of profitability from heat in the long term for terminal cost calculation.

The tariff for the production of chemically treated water per ton in 2022-2026 is based on the approved tariffs. From 2027, the tariff is predicted taking into account the disposal of the existing assets of CHP-2.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (continued)

In the event of a decrease/increase in sales of electricity, heat and chemically treated water by 10%, the replacement value of property, plant and equipment would decrease by Tenge 31,188,931 thousand/increase by Tenge 31,235,585 thousand.

In the event of a 10% decrease/increase in the cap tariffs for the sale of electricity, heat and chemically treated water, the replacement value of property, plant and equipment would decrease by Tenge 25,370,069 thousand /increase by Tenge 25,397,158 thousand.

Discount rate

The cash flows were discounted using an after-tax interest rate of 12.68% per annum, which was determined based on the AlES's weighted average cost of capital. Should the discount increase/decrease by 1%, the replacement value of property, plant and equipment would decrease by Tenge 4,853,927 thousand/increase by Tenge 5,915,673 thousand.

Long-term inflation rate

The long-term inflation rate used to calculate the terminal value is 3.24% per annum.

Volume of capital expenditures

In thousands of Kazakhstani Tenge	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Volume of capital expenditures	9,927,871	5,552,875	5,175,089	3,352,583	5,415,354	3,444,654

As a result of the test, the value in use of property, plant and equipment and intangible assets at 31 December 2021 was determined to be Tenge 61,243,371 thousand, which is higher than their carrying amount. The Group recognized an impairment loss on property, plant and equipment and intangible assets in the amount of Tenge 20,737,321 thousand.

At 31 December 2020, there were no indications of impairment.

Analysis of the impairment indicators of property, plant and equipment

The Group's management performed the analysis of the impairment indicators of property, plant and equipment of subsidiaries Ekibastuz GRES-1 named after Bulat Nurzhanov LLP ("EGRES-1"), Alatau Zharyk Company JSC ("AZhK") and LLP "Tegis Munai" and LLP "Mangyshlak Munai" (hereinafter "Tegis Munai", as well as investments in the joint venture JSC "Station Ekibastuzskaya GRES-2" (hereinafter "SEGRES-2") in accordance with IAS 36 "Impairment of Assets".

The principal facts and assumptions used in the analysis of the impairment indicators are:

- lack of negative changes in the economic efficiency of subsidiaries for the reporting period;
- changes in interest rates on loans and long-term inflation rate are not significant;
- lack of significant changes having adverse consequences for subsidiaries, which occurred during the period or may presumably occur in the nearest future;
- projected growth in the medium term in demand for electricity in the northern and southern zones of the Republic of Kazakhstan;
- Increase in marginal electricity tariffs for energy producing organisations (hereinafter referred to as "EPO") from 1 July 2021 in accordance with the Order of the Minister of Energy of the Republic of Kazakhstan No. 211 dated 24 June 2021, taking into account the rate of return determined in accordance with the Methodology for determining the rate of return.
- Changes in the Legislation in the field of electric power industry, in terms of the introduction from 1 July 2021 of the mechanism of a "through" surcharge to support the use of renewable energy sources (hereinafter "RES"). These changes were introduced in order to improve the cost accounting mechanism for the purchase of electricity by traditional EPOs and according to which, a surcharge for supporting the use of renewable energy sources is added to the maximum tariff of traditional EPOs, which eliminates losses incurred when purchasing electricity from renewable energy sources.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (continued)

Additional facts and assumptions used in the analysis of impairment indicators for EGRES-1:

- over fulfilment of the plan in terms of key operational and financial performance indicators as of 31 December 2021;
- projected increase in electricity sales volumes due to the commissioning of power unit No. 1 from 2026;
- Receipt of an individual tariff for services to maintain the readiness of electric power, ensuring a return on investment under the project "Restoration of power unit No. 1 with the installation of new electrostatic precipitators" with commissioning in 2024 (investment agreement with the Ministry of Energy of the Republic of Kazakhstan dated 22 February 2021).

Additional facts and assumptions used in the analysis of indicators of impairment for SEGRES-2:

- over fulfilment of the plan in terms of key operational and financial performance indicators as of 31 December 2021;
- projected increase in electricity sales volumes due to the commissioning of power unit No. 3 from 2026;
- a significant increase in the electricity tariff - from 9.13 Tenge/kWh to 9.69 Tenge/kWh from 1 April 2021, and an increase to 10.16 tenge/kWh from 1 July 2021.

Additional facts and assumptions used in the analysis of indicators of impairment for AZhK:

- over fulfilment of the plan in terms of key operational and financial performance indicators as of 31 December 2021;
- projected growth in the medium term in demand for electricity in Almaty and the Almaty region.

Based on analysis performed with respect to internal and external impairment indicators, the Group’s management concluded that there are no impairment indicators as of the analysis date. Therefore, the Group’s management decided not to perform the impairment test of property, plant and equipment and intangible assets of these subsidiaries as of 31 December 2021.

Start date of gas production by Tegis Munai LLP

It is forecasted that natural gas production will commence in 2024, and it is assumed that 65% of gas production will be exported starting from 2024.

The gas production commencement is postponed because the contract territory is included in the territory of South-Kazakhstan state conservation area, where it is prohibited to perform field facilities construction and development prior to territory separation from the protected areas. The Group's management is working to coordinate the expansion of the boundaries of the protected area, taking into account the withdrawal of the contract area, together with authorised state institutions. Management believes that there is a high probability of a favorable decision in favor of the Group, based on the experience of other companies that are part of Samruk-Kazyna NWF JSC, whose contract areas were also located on the territory of the South Kazakhstan State Reserve Zone, but subsequently received permits to conduct mining.

Therefore, Tegis Munai contacted the Ministry of Energy of RK (“ME RK”) with the question of the relevance of production period commencement extension, field facilities construction for gas production, postponement of deadline for the implementation of working program and contract’s validity period since the issue of contract territory separation is not settled yet. In September 2020, the subsurface use expert commission of ME RK decided to postpone the following financing liabilities: education; R&D; social and economic development of the region, and an abandonment was given in terms of working program amendment on investment liabilities under subsurface use contract.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (continued)

On 3 December 2020, Tegis Munai has sent an application to the Supreme Court of RK on invalidation of the ME RK abandonment in terms of working program amendment on investment liabilities under subsurface use contract. On 30 December 2020, Tegis Munai received force-majeure certificate from the Chamber of Commerce of Kazakhstan LLP comprising Atameken NCE confirming that Tegis Munai is not able to perform subsurface use contract commitments prior to the contract territory separation from the protected areas and is not able to perform subsurface use operations. Force-majeure circumstances are in force until the contract territory separation from the protected areas.

On 15 September 2021, due to the ongoing process to withdraw the contract area from the protected area, the Group received a new certificate regarding the duration of circumstances of undetermined force from the Foreign Trade Chamber of Kazakhstan LLP.

Accounting for property, plant and equipment

Property, plant and equipment with a carrying value of Tenge 15,578,365 thousand represent the assets of the First Wind Power Plant (PVES) of Tenge 14,224,527 thousand and Kapchagai Solar Power (Kapchagai SES) of Tenge 1,353,838 thousand.

The Settlement and Financial Centre, KEGOC's subsidiary, acts as an agent that buys the entire volume of electricity generated by renewable energy companies and resells it to stations powered by coal and hydrocarbons. The total volume of electricity is purchased from the power plants at a specified tariff above the market, which is annually adjusted to the inflation rate.

According to IFRS 16, arrangements of this nature may contain a lease. Upon review of IFRS 16 criteria, management concluded that this arrangement is an operating lease, whereby PVES and Kapchagai SES act as lessors. Accordingly, revenue from electricity of these stations was included in rental income from these power plants.

Recognition of revenue from electricity sales

The Group recognises revenue when the electricity is supplied according to the meter readings of the consumers. The meter readings are provided by the customers on a monthly basis and checked by the Group for correctness on a sample basis. Since the procedures for invoicing of the consumed electricity have a cycle nature, the Group sold the significant volume of electricity at the end of the reporting period, for which invoices have not been issued to the customers.

The Group recognises revenue for electricity sold from the moment of the last meter reading taking to the end of the reporting period on the basis of estimate. According to the Group's approach, the daily amount of purchased electricity consumed but not invoiced is determined as at the end of the reporting month which is then multiplied by the selling price.

Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (continued)

The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions.

If the estimated useful lives were different by 10% from management's estimates, the depreciation for the year ended 31 December 2021 would have been higher/lower by Tenge 5,497,703 thousand (31 December 2020: higher/lower by Tenge 5,725,610 thousand).

Balkhash Thermal Power Plant

On 29 October 2019, the Group acquired 50% + 1 share of BTPP from Samsung C&T and became the owner of 100% interest in BTPP. As of the acquisition date, BTPP was on the brink of bankruptcy and did not actually perform any significant activities. Since 2017, creditors and suppliers have repeatedly sued due to the insolvency of BTPP, which in turn led to the seizure of property, and also significantly limited the activities of BTPP. On 6 December 2019, a temporary administrator was appointed by the court to control and conduct the bankruptcy process.

Due to the enactment of quarantine measures and actions taken by state to support national economy, according to the Decree of the Government of the Republic of Kazakhstan dated 14 July 2020 No.443 it was ordered to suspend until 1 October 2020 the bringing before the court by creditors represented by public authorities and quasi-public sector entities of bankruptcy petitions with respect to legal entities and individual entrepreneurs, hence BTPP bankruptcy procedure has been temporarily suspended. As of 31 December 2020, legal proceedings on BTPP are not permitted yet and thus according to the management the Group does not have control and investments in BTPP are impaired in full.

Acquisition of a share in SEGRES-2 by the parent company NWF Samruk-Kazyna

In December 2019, NWF Samruk-Kazyna, the parent company of the Group, declared the acquisition of a 50% share in SEGRES-2 from PJSC Inter RAO UES, and thus received full control over EGRES-2, a 50% ownership interest directly and 50% of the ownership interest through a share in the Group.

In September 2020, NWF Samruk-Kazyna and the Group signed joint management agreement, and its terms and conditions are generally identical to the previous co-management agreement between the Group and PJSC Inter RAO UES. One of the key points of the co-management agreement is the agreement of the parties on "periodic change in the operational and financial management" between the parties.

In accordance with the charter of SEGRES-2, the Group is entitled to a share of profit in SEGRES-2, based solely on the extent of its share in the joint venture, and the charter or agreement does not stipulate that the Group will receive remuneration for managing the joint venture.

Given the above factors and the future terms of the co-management agreement, management believes that the Group did not gain control over SEGRES-2 as a result of changes in the structure of shareholders of SEGRES-2. Accordingly, the management of the Group continues to account for the investment in SEGRES-2 using the equity method, since it believes that the role of the Group in the joint venture has not changed, from the date of acquisition of the share by the parent company to the reporting date.

Payable to the Akimat

In 2009 AZhK was involved in litigation with the Akimat of Almaty city ("Akimat") related to the settlement of AZhK payables to Akimat. On 14 February 2014 AZhK and Akimat signed an amicable agreement for the settlement of AZhK liabilities. To settle the liabilities, among other procedures, AZhK shall accept power lines, being in the communal ownership and under trust management of the Akimat, and Akimat assumes to write-off the liabilities of AZhK. The amount of liabilities of the AZhK to Akimat, after deduction of all payments made during the previous years as part of a settlement, as of 31 December 2021 is Tenge 5,841,514 thousand (31 December 2020: Tenge 5,841,514 thousand). As of 31 December 2021, the transfer of ownership over power lines has not been completed. The Group will derecognise this liability when it is exempted from payments, i.e. at the time of implementation of all actions by the parties to the amicable agreement, particularly at the time of the assuming the ownership over power lines from the Akimat. At the same time, the Group recognises a gain from write-off of the liability in the amount of Tenge 5,841,514 thousand.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (continued)

ECL measurement.

Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 29. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs o the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

5 Segment Information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, segment operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The functions of the CODM are performed by the management board of the Group.

CODM monitors the revenue and operating profit. CODM also monitors the EBITDA, which is calculated as profit/ (loss) for the period before accounting for finance income and finance expense, income tax expenses, depreciation of property, plant and equipment and amortisation of intangible assets, impairment of property plant and equipment and investment property, impairment of goodwill, share of profit/(loss) of associates and joint ventures and effects, related to acquisition and other similar effects. Sequence for identification of adjusted EBITDA by Group might be different from sequence used by other companies.

(a) Description of products and services from which each reportable segment derives its revenue

The Group is organised on the basis of three main business segments:

- Production of electric and heating energy.
- Transmission and distribution of electricity.
- Sale of electricity.

(b) Performance of operating segments

The CODM evaluates performance of each segment based on a measure of revenue and pre-tax profit.

5 Segment Information (Continued)

In thousands of Kazakhstani Tenge	Production of electric and heating energy		Electricity transmission and distribution		Sale of electricity		Other		Total	
	12 months ended		12 months ended		12 months ended		12 months ended		12 months ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Total segment revenue –Sales of electricity	216,821,299	173,120,207	-	-	125,685,450	106,911,553	-	-	342,506,749	280,031,760
Inter-segment revenue	(76,914,281)	(62,621,277)	-	-	(1,049)	(627)	-	-	(76,915,330)	(62,621,904)
External revenue – Sales of electricity	139,907,018	110,498,930	-	-	125,684,401	106,910,926	-	-	265,591,419	217,409,856
Sales of heating energy	18,704,197	19,203,836	-	-	-	-	-	-	18,704,197	19,203,836
Revenue from the service on maintaining electric power capacity	31,953,443	31,290,978	-	-	-	-	-	-	31,953,443	31,290,978
Rental income from renewable energy sources	5,101,336	5,234,553	-	-	-	-	-	-	5,101,336	5,234,553
Total segment revenue –Transmission of electricity	-	-	46,428,445	40,684,758	-	-	-	-	46,428,445	40,684,758
Inter-segment revenue	-	-	(41,552,874)	(36,647,109)	-	-	-	-	(41,552,874)	(36,647,109)
External revenue –Transmission of electricity	-	-	4,875,571	4,037,649	-	-	-	-	4,875,571	4,037,649
Rental income from investment property	-	-	-	-	-	-	3,925,631	4,038,625	3,925,631	4,038,625
Sales of chemically purified water	1,780,575	1,626,083	-	-	-	-	-	-	1,780,575	1,626,083
Total other	2,114,659	168,868	-	-	-	-	1,128,310	1,252,126	3,242,969	1,420,994
Inter-segment revenue – other-	(1,509,687)	-	-	-	-	-	(1,128,310)	(1,252,126)	(2,637,997)	(1,252,126)
External revenue – other	604,972	168,868	-	-	-	-	-	-	604,972	168,868
Total external revenue	**198,051,541**	**168,023,248**	**4,875,571**	**4,037,649**	**125,684,401**	**106,910,926**	**3,925,631**	**4,038,625**	**332,537,144**	**283,010,448**

5 Segment Information (Continued)

In thousands of Kazakhstani Tenge	Production of electric and heating energy		Electricity transmission and distribution		Sale of electricity		Other		Inter-segment transactions		Total	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Cost of sales	(204,681,523)	(176,674,606)	(39,357,772)	(35,561,217)	(128,428,482)	(111,194,501)	(757,547)	(936,367)	118,377,885	99,182,098	(254,847,439)	(225,184,593)
- Less depreciation and amortization	47,122,862	49,651,694	8,122,029	7,864,944	256,061	258,795	701,230	701,532	-	-	56,202,182	58,476,965
(Impairment)/reversal of non-financial assets	20,760,920	131,573	-	(93,579)	-	-	-	93,213	-	-	20,760,920	131,207
Selling expenses	(9,029,370)	(10,201,938)	-	-	-	-	-	-	-	-	(9,029,370)	(10,201,938)
Finance costs	(15,558,707)	(17,409,724)	(1,231,450)	(1,531,420)	(290,329)	(329,571)	(22,278,584)	(23,433,193)	9,220,104	11,100,318	(30,138,966)	(31,603,590)
Less interest expenses	(8,768,991)	(10,395,356)	(554,517)	(705,391)	(248,644)	(271,582)	(13,200,622)	(12,634,400)	755,267	-	(22,017,507)	(24,006,729)
Share in profit of joint venture and associates	-	-	-	-	-	-	13,454,577	9,473,513	-	-	13,454,577	9,473,513
Finance income	3,897,579	5,270,995	107,401	58,630	78,636	63,083	9,193,408	8,890,615	(10,660,849)	(11,367,162)	2,616,175	2,916,161
Capital expenditures	(83,007,326)	(34,189,995)	(9,590,729)	(14,974,875)	(87,197)	(78,359)	(55,259)	(206,121)	16,622	1,204	(92,723,889)	(49,448,146)
Reportable segment assets	714,828,699	697,074,270	147,390,377	140,224,355	17,658,685	13,533,005	161,148,529	148,140,165	(101,206,279)	(113,266,646)	939,820,011	885,705,149
Reportable segment liabilities	271,652,679	243,931,823	47,288,430	42,484,289	24,170,970	18,303,333	203,345,780	203,629,625	(109,278,299)	(113,219,557)	437,179,560	395,129,513

5 Segment Information (Continued)

(c) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

In thousands of Kazakhstani Tenge	2021	2020
Total revenues for reportable segments	448,589,404	378,240,836
Revenues from other operations	5,053,941	5,290,751
Total revenue	**453,643,345**	**383,531,587**
Elimination of sales between segments	(121,106,201)	(100,521,139)
Total consolidated revenues	**332,537,144**	**283,010,448**

In thousands of Kazakhstani Tenge	2021	2020
Total consolidated adjusted EBITDA	114,754,615	91,560,878
Amortization and depreciation	(56,202,182)	(58,476,965)
Finance income	2,616,175	2,916,161
Finance cost	(30,138,966)	(31,603,590)
Share in profit of joint ventures and associates	13,454,577	9,473,513
Impairment of non-financial assets	(20,760,920	(131,207)
Profit for the period before income tax	**23,723,299**	**13,738,790**

The Group's revenues are analysed by products and services in Note 22 (revenue from core activities). Majority of sales of the Group are within Kazakhstan.

(e) Major customers

In 2021 and 2020, more than 10% of the total revenues were derived from sales to the companies under control of Samruk-Kazyna (Note 6). During the year ended 31 December 2021 and 2020, there were no other customers for which sales of the Group represented 10% or more than 10% of the total revenues.

The Group's revenues are recorded during the period when obligations are performed, in accordance with IFRS 15.

6 Balances and Transactions with Related Parties

Related parties are defined in IAS 24, Related Party Disclosures. Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Company's parent entity and ultimate controlling party are disclosed in Note 1.

The related parties include the companies under control of Samruk-Kazyna. Transactions with government-run companies are not disclosed if they are carried out in the ordinary course of business in accordance with conditions consistent with all public and private companies i) when they are not individually significant; ii) if the Group's services are provided on standard terms available to all consumers, or iii) provided there is no choice of providers of services such as electricity transmission services, telecommunications services, etc.

The Group purchases from and sells goods to a large number of government related entities. Such purchases and sales are individually insignificant and are generally entered into on an arm's length basis. Transactions with the state also include taxes which are detailed in Note 28.

6 Balances and Transactions with Related Parties (continued)

At 31 December 2021, the outstanding balances with related parties were as follows:

In thousands of Kazakhstani Tenge	Companies under common control	JVs and associates of Samruk-Energy	JVs and associates of Samruk-Kazyna	Shareholder	Government related entities
Trade and other receivables	1,108,679	20,130	16,128	-	14,834,694
Cash and cash equivalents	23	-	-	-	-
Other current assets	36,349	458	-	-	10,333
Financial assets	-	-	-	-	9,161,029
Borrowings	-	-	3,760	71,139,308	13,779,537
Finance lease liabilities	33,197	-	-	-	-
Trade and other payables	3,550,512	3,008,234	664	35,164	3,862,471
Other payables	-	1,138	7	-	5,841,513

At 31 December 2020, the outstanding balances with related parties were as follows:

In thousands of Kazakhstani Tenge	Companies under common control	JVs and associates of Samruk-Energy	JVs and associates of Samruk-Kazyna	Shareholder	Government related entities
Trade and other receivables	4,750,550	-	17,611	-	12,258,166
Cash and cash equivalents	236	-	-	-	-
Other current assets	68,100	449	-	-	30
Borrowings	-	-	4,136	67,877,969	15,955,890
Finance lease liabilities	10,344	-	-	-	-
Trade and other payables	5,307,340	3,497,636	-	40,129	218,586
Other payables	-	-	-	-	5,841,514

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

In thousands of Kazakhstani Tenge	Companies under common control	JVs and associates of Samruk-Energy	JVs and associates of Samruk-Kazyna	Shareholder	Government related entities
Revenue	54,520,321	1,400,950	146,816	-	23,036,226
Cost of sales	(70,206,026)	(33,973,770)	-	-	(2,810,917)
General and administrative expenses	(101,676)	-	(5,373)	-	-
Selling expense	(8,898,354)	-	-	-	-
Other expenses	(52,071)	-	-	-	-
Other income	1,284	-	31	-	528,850
Finance costs	(4,602)	-	-	(7,318,194)	(992,081)
Finance income	-	-	-	-	65,718
Foreign exchange gain/(loss)	-	(439)	-	-	(108,502)

6 Balances and Transactions with Related Parties (continued)

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

In thousands of Kazakhstani Tenge	**Companies under common control**	**JVs and associates of Samruk-Energy**	**JVs and associates of Samruk-Kazyna**	**Shareholder**	**Government related entities**
Revenue	51,581,840	1,208,832	130,006	-	22,746,665
Cost of sales	(55,809,874)	(31,667,484)	-	-	(2,441,377)
General and administrative expenses	(499,637)	-	-	-	-
Selling expense	(10,122,353)	-	-	-	-
Other expenses	(1,001)	-	-	(68,650)	-
Other income	11,477	-	-	-	687,358
Finance costs	(2,233)	-	-	(6,890,764)	(1,188,770)
Finance income	-	-	-	-	-
Foreign exchange gain/(loss)	-	53,595	10	-	(716,517)

At 31 December 2021, the Group has following outstanding guarantees from related parties:

- Corporate guarantee from Samruk-Kazyna in the amount of Tenge 12,285,000 thousand for outstanding loan to Development Bank of Kazakhstan JSC (2020: Tenge 12,285,000 thousand).
- Governmental guarantee in the amount of US Dollars 25,000,000 for outstanding loan to Development Bank of Kazakhstan JSC (2020: US Dollars 25,000,000).

Key management compensation is presented below:

In thousands of Kazakhstani Tenge	**2021**	**2020**
Key management compensation	318,044	210,832
Total key management compensation	**318,044**	**210,832**

Key management personnel compensation represents the salaries, bonuses and other short-term employee benefits. Key management personnel as at 31 December 2021 include 4 persons (31 December 2020: 5 persons).

Transactions with related parties are made on terms agreed between the parties that do not necessarily correspond to market rates, with the exception of regulated services that are provided on the basis of the tariffs approved by the Order of the Minister of Energy *On Approval of Cap rates for Electricity for a Group of Energy-Producing Companies*.

7 Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

In thousands of Kazakhstani Tenge	Oil and gas assets	Buildings and construc-tions	Machinery and equipment	Other	Construction in progress	Total
Cost at 1 January 2020	cc	256,773,383	645,809,825	16,223,688	114,933,919	1,049,028,719
Accumulated depreciation and impairment	-	(71,104,020)	(215,650,854)	(6,484,138)	(2,800,443)	(296,039,455)
Carrying amount at 1 January 2020	**15,287,904**	**185,669,363**	**430,158,971**	**9,739,550**	**112,133,476**	**752,989,264**
Additions	51,922	1,301,455	2,774,973	527,669	33,235,089	37,891,108
Change in accounting estimates	(476,209)	569,629	-	-	-	93,420
Transfers	-	23,543,432	10,965,857	320,510	(34,829,799)	-
Transfers to other assets	-	(2)	(5,708)	(646)	(1,537,662)	(1,544,018)
Disposal	-	(180,604)	(1,040,460)	(230,401)	(99,354)	(1,550,819)
Depreciation	-	(13,247,990)	(43,274,605)	(733,504)	-	(57,256,099)
Depreciation on disposal	-	32,268	898,658	217,541	-	1,148,467
Accrual for/reversal of impairment	(315,663)	20,931	8,363	557	154,605	(131,207)
Cost at 31 December 2020	14,863,617	282,007,293	658,504,487	16,840,820	111,702,193	1,083,918,410
Accumulated depreciation and impairment	(315,663)	(84,298,811)	(258,018,438)	(6,999,544)	(2,645,838)	(352,278,294)
Carrying amount at 31 December 2020	**14,547,954**	**197,708,482**	**400,486,049**	**9,841,276**	**109,056,355**	**731,640,116**
Additions	9,955	45,773	2,088,614	715,672	44,618,354	47,478,368
Change in accounting estimates	-	(260,589)	-	-	-	(260,589)
Transfers	-	5,798,164	24,504,561	1,227,842	(31,530,567)	-
Transfers to other assets	-	(156,124)	(509)	-	(34,796)	(191,429)
Disposal	-	(5,241,724)	(1,437,226)	(358,875)	-	(7,037,825)
Depreciation	-	(12,723,705)	(41,243,987)	(1,009,337)	-	(54,977,029)
Depreciation on disposal	-	5,211,509	1,284,156	305,859	-	6,801,524
Accrual for/reversal of impairment	-	(7,848,819)	(12,414,248)	(54,721)	(426,240)	(20,744,028)
Cost at 31 December 2021	14,873,572	282,192,793	683,659,927	18,425,459	124,755,184	1,123,906,935
Accumulated depreciation and impairment	(315,663)	(99,659,826)	(310,392,517)	(7,757,743)	(3,072,078)	(421,197,827)
Carrying amount at 31 December 2021	**14,557,909**	**182,532,967**	**373,267,410**	**10,667,716**	**121,683,106**	**702,709,108**

7 Property, Plant and Equipment (continued)

Additions include capitalised borrowing costs of Tenge 2,882,180 thousand (2020: Tenge 814,179 thousand). The average capitalization rate on interest expenses was 11.44% (2020: 11.72%).

As at 31 December 2021 property, plant and equipment and construction in progress were excluded from a collateral agreement for borrowings (31 December 2020: Tenge 6,036,147 thousand) received by the Group from Development Bank of Kazakhstan JSC ("Development Bank of Kazakhstan") .

Depreciation charge is allocated to the following items of profit and loss for the year:

In thousands of Kazakhstani Tenge	**2021**	**2020**
Cost of sales	54,527,611	56,779,276
General and administrative expenses	353,984	440,345
Other operating expenses	76,980	20,464
Capitalized to construction in progress	18,454	16,014
Total depreciation charges	**54,977,029**	**57,256,099**

8 Intangible Assets

In thousands of Kazakhstani Tenge	**Licenses**	**Computer software**	**Other**	**Total**
Cost at 1 January 2020	475,615	4,773,956	1,342,579	6,592,150
Accumulated amortisation	(292,665)	(1,883,777)	(723,763)	(2,900,205)
Carrying amount at 1 January 2020	**182,950**	**2,890,179**	**618,816**	**3,691,945**
Additions	67,827	196,519	4,691	269,037
Disposal	(177,933)	(170,766)	-	(348,699)
Depreciation on disposal	177,933	170,290	-	348,223
Transfers	143	111,098	-	111,241
Amortisation charge	(43,322)	(285,017)	(173,010)	(501,349)
Cost at 31 December 2020	365,652	4,910,807	1,347,270	6,623,729
Accumulated amortisation	(158,054)	(1,998,504)	(896,773)	(3,053,331)
Carrying amount at 31 December 2020	**207,598**	**2,912,303**	**450,497**	**3,570,398**
Additions	245,867	794,868	1,980	1,042,716
Disposal	(5,344)	(66,466)	-	(71,810)
Depreciation on disposal	5,344	65,502	-	70,846
Transfers	92,063	7,840	-	99,903
Amortisation charge	(114,442)	(352,261)	(80,205)	(546,908)
Cost at 31 December 2021	698,238	5,647,050	1,349,250	7,694,538
Accumulated amortisation	(267,152)	(2,285,263)	(976,978)	(3,529,393)
Carrying amount at 31 December 2021	**431,086**	**3,361,787**	**372,272**	**4,165,145**

9 Right-of-use Assets and Lease Liabilities

The table below summarises the movements in the carrying amount of right-of-use assets:

In thousands of Kazakhstani Tenge	Buildings and constructions	Machines	Land	Total
Carrying amount at 1 January 2020	2,152,215	53,867	643,935	2,850,017
Additions	693,608	19,646	320,112	1,033,366
Depreciation	(581,608)	(10,104)	(40,704)	(632,416)
Depreciation on disposal	63,907	5,840	-	69,747
Disposals	-	-	-	-
Carrying amount at 31 December 2020	**2,177,503**	**37,394**	**922,727**	**3,137,624**
Additions	259,847	-	265,525	525,372
Change in accounting estimates	97,377	-	-	97,377
Depreciation	(525,481)	(9,511)	(55,139)	(590,131)
Depreciation on disposal	318,469	10,667	-	329,136
Disposals	(585,603)	(32,000)	-	(617,603)
Carrying amount at 31 December 2021	**1,742,112**	**6,550**	**1,133,113**	**2,881,775**

The Group recognised the following lease liabilities:

In thousands of Kazakhstani Tenge	31 December 2021	31 December 2020
Current lease liabilities	927,267	1,106,004
Non-current lease liabilities	1,495,895	1,696,109
Total lease liabilities	**2,423,162**	**2,802,113**

Interest expenses included in finance costs in 2021 amounted to Tenge 288,250 thousand (2020: Tenge 275,850 thousand). The costs of variable lease payments not included in lease liabilities that are attributed to general and administrative expenses in 2021 amounted to Tenge 120,354 thousand (2020: Tenge 114,180 thousand).

10 Investments in Joint Ventures and Associates

The table below summarises the movements in the carrying amount of the Group's investment in joint ventures and associates.

	Joint ventures		Associates	
In thousands of Kazakhstani Tenge	SEGRES-2	Forum Muider B.V.	Energiya-Semirechya	Total
Balance at 1 January 2020	17,787,425	33,938,422	2,417,657	54,143,504
Share of profit/(loss) for the year	(1,853,112)	11,504,368	(177,743)	9,473,513
Dividends accrued	-	(3,005,818)	-	(3,005,818)
Balance at 31 December 2020	**15,934,313**	**42,436,972**	**2,239,914**	**60,611,199**
Share of profit/(loss) for the year	2,206,295	11,382,632	(134,350)	13,454,577
Dividends accrued	-	(72,455)	-	(72,455)
Balance at 31 December 2021	**18,140,608**	**53,747,149**	**2,105,564**	**73,993,321**

At 31 December 2021 and 2020, the Group has interests in the following jointly controlled entities:

- SEGRES-2 – 50%. The remaining 50% interest is owned by National Welfare Fund Saruk-Kazyna JSC (Note 4).
- Forum Muider – 50%. The remaining 50% is owned by UC RUSAL.

10 Investments in Joint Ventures and Associates (continued)

In December 2019, Samruk-Kazyna NWF acquired 50% ownership interest from PJSC Inter-RAO UES for US Dollars 25 million.

The Group has a share in the Energiya-Semirechya LLP associate (25%). Energiya-Semirechya LLP plans to build a renewable energy source station. The shareholders of Energiya-Semirechya LLP are Hydrochina Corporation (interest share of 50%), Samruk Energy JSC (interest share of 25%), Powerchina Chegdu Engineering Corporation (interest share of 15%), and Powerchina Resourses Ltd (interest share of 10%).

The only difference at reconciliation of the amounts below and carrying values of investments in associates and joint ventures is the excluded share of other investors in these associates and joint ventures.

The Group's management believes that the Group's share in net assets in associates and joint ventures is limited to the investment in the associate.

Contingencies related to the Group's share in joint ventures are disclosed in Note 29. Related party balances and transactions are presented in Note 6.

Presented below is summarised financial information of joint ventures and associates as at 31 December 2021 and 2020 and for the years then ended:

	SEGRES-2		**Forum Muider**		**Energiya-Semirechya**	
In thousands of Kazakhstani Tenge	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**
Current assets, including	24,234,294	16,930,950	28,498,531	34,903,234	1,966,343	223,682
Cash and cash equivalents	2,182,968	5,594,063	6,907,154	9,091,014	1,954,456	206,631
Non-current assets	123,317,966	123,446,740	165,164,875	134,249,113	28,131,560	25,035,034
Current liabilities, including	(11,117,120)	(7,029,847)	(32,569,413)	(26,502,805)	(21,675,646)	(16,299,060)
Current financial liabilities (excluding trade and other payables and provisions)	(3,628,077)	(2,719,554)	(1,803,068)	(1,637,304)	(21,532,084)	(15,566,270)
Non-current liabilities, including	(100,153,924)	(101,479,217)	(53,599,695)	(57,775,598)	-	-
Non-current financial liabilities (excluding trade and other payables and provisions)	(97,167,584)	(97,891,008)	(48,235,367)	(52,563,816)	-	-
Net assets	**36,281,216**	**31,868,626**	**107,494,298**	**84,873,944**	**8,422,257**	**8,959,656**
Share of the Group	50%	50%	50%	50%	25%	25%
Group's share in net assets	**18,140,608**	**15,934,313**	**53,747,149**	**42,436,972**	**2,105,564**	**2,239,914**
Revenue	65,822,553	46,415,485	103,081,358	100,937,040	-	-
Depreciation and amortization of property, plant and equipment and intangible assets	(1,648,253)	(3,264,370)	(8,218,255)	(7,322,519)	(7,619)	(7,655)
Interest income	1,110,662	161,418	3,804,909	500,158	-	-
Interest expense	(12,491,945)	(13,036,582)	(798,478)	(3,110,175)	-	-
Income tax	(5,071,764)	(2,505,027)	(6,837,767)	(5,967,623)	-	-
Profit/(loss) for the year	**4,395,244**	**(3,732,805)**	**22,821,907**	**23,108,293**	**(537,400)**	**(710,972)**
Total comprehensive income/(loss)	**4,412,591**	**(3,706,224)**	**22,765,263**	**23,008,736**	**(537,400)**	**(710,972)**

11 Other Non-Current Assets

In thousands of Kazakhstani Tenge	31 December 2021	31 December 2020
Long-term receivables	9,025,111	727,652
Bonds	653,108	1,513,701
Restricted cash	54,265	54,265
Other non-current financial assets	97,960	143,699
Less: impairment provision	(1,392,709)	(105,749)
Total other non-current financial assets	**8,437,735**	**2,333,568**
Prepayments for non-current assets	68,667,682	10,589,179
Non-current VAT recoverable	548,292	546,752
Other non-current assets	307,124	197,604
Total other non-current assets	**77,960,833**	**13,667,103**

In connection with the request of OESK Holding LLP (formerly East Kazakhstan Energy Company LLP) to grant a deferral payment due to negative consequences of force majeure circumstances related to the COVID-19 pandemic, the Company's management decided to extend the term debt repayment till 1 October 2023 subject to indexation of the purchase price. As at 31 December 2021, the carrying amount of receivables from OESK Holding LLP is Tenge 7,561,445 thousand. As at 31 December 2021, the Company assigned a rating of 'SK C' and recognised an expected credit losses to the debt of OESK Holding LLP in the amount of Tenge 1,440,209 thousand.

At 31 December 2021, long-term receivables of Tenge 712,490 thousand are long-term receivables from Inform System LLP with the internal rating of SK C (2020: Tenge 727,652 thousand). As of 31 December 2021, the Group this long-term receivable is neither not impaired nor past due.

Gross amount of other non-current assets includes advances and prepayments for the following types of construction and property, plant and equipment:

In thousands of Kazakhstani Tenge	31 December 2021	31 December 2020
Restoration of unit No. 1 of LLP "Ekibastuz SDPP-1 named after B. Nurzhanov" with the installation of electrostatic precipitators	51,250,884	10,107,411
Construction of 50 MW WPP in Ereymentau city	14,928,278	481,768
Overhaul of power units LLP "Ekibastuz SDPP-1 named after B. Nurzhanov"	1,257,704	-
Construction and reconstruction of substations in Almaty and Almaty region	698,804	-
Other	532,012	-
Total prepayments for non-current assets	**68,667,682**	**10,589,179**

12 Inventories

In thousands of Kazakhstani Tenge	31 December 2021	31 December 2020
Auxiliary production materials	5,470,720	4,406,474
Fuel	5,272,379	4,986,888
Spare parts	3,465,632	2,985,075
Other materials	436,570	382,530
Raw materials	31,370	28,159
Less: provision for write down to net realisable value and provision for slow-moving and obsolete inventories	(1,089,507)	(1,114,980)
Total inventories	**13,587,164**	**11,674,146**

12 Inventories (continued)

Presented below are movements in the Group's inventory provision:

In thousands of Kazakhstani Tenge	2021	2020
Provision at 1 January	1,114,980	1,014,691
Provision reversed	(111,456)	(34,920)
Accrual for provision	85,983	135,209
Provision at 31 December	**1,089,507**	**1,114,980**

13 Trade and Other Receivables

In thousands of Kazakhstani Tenge	31 December 2021	31 December 2020
Trade receivables	34,132,361	38,617,270
Less: impairment provision	(2,116,932)	(1,721,433)
Total financial trade receivables	**32,015,429**	**36,895,837**
Other receivables	3,682,143	4,341,451
Less: impairment provision	(3,260,504)	(3,576,976)
Total trade and other receivables	**32,437,068**	**37,660,312**

Carrying amount of financial receivables approximates fair value due to its short-term nature. As at 31 December 2021, other receivables of Maikuben-West LLP were impaired in the amount of Tenge 3,165,768 thousand (2020: Tenge 3,437,607 thousand).

Financial receivables are denominated in the following currencies:

In thousands of Kazakhstani Tenge	31 December 2021	31 December 2020
Tenge	32,015,429	34,409,006
USD	-	2,486,831
Total financial receivables	**32,015,429**	**36,895,837**

Movements in the impairment provision for trade and other receivables are as follows:

	2021		2020	
In thousands of Kazakhstani Tenge	Trade receivables	Other receivables	Trade receivables	Other receivables
Provision for impairment at 1 January	1,721,433	3,576,976	1,102,970	3,540,314
Accrual for impairment provision	1,340,060	159,571	774,915	59,319
Reversal of provision during the year	(937,250)	(476,043)	(139,524)	(21,045)
Amounts written off during the year	(7,311)	-	(16,928)	(1,612)
Provision for impairment at 31 December	**2,116,932**	**3,260,504**	**1,721,433**	**3,576,976**

14 Other Current Assets

In thousands of Kazakhstani Tenge	31 December 2021	31 December 2020
Debt securities and notes of the National Bank of Kazakhstan	9,554,477	409,094
Other trade receivables	1,430,438	9,894,767
Restricted cash	310,773	313,343
Term deposits	255,820	169,050
Dividends receivable	458	449
Other financial current assets	114,283	120,487
Less: impairment provision	(1,034,517)	(1,786,339)
Total other current financial assets	**10,631,732**	**9,120,851**
VAT recoverable and prepaid taxes	3,008,370	1,993,903
Advances to suppliers	2,768,042	1,076,683
Other non-financial current assets	2,448,699	479,381
Less: impairment provision	(404,786)	(362,282)
Total other current assets	**18,452,057**	**12,308,536**

Debt securities and notes of the National Bank of Kazakhstan

On 20 December 2021 the Group invested the amount equal to Tenge 9,131,800 thousand in short term notes of the National bank of Kazakhstan with maturity 19 January 2022.

15 Cash and Cash Equivalents

In thousands of Kazakhstani Tenge	31 December 2021	31 December 2020
Cash at current bank accounts	5,430,166	6,138,299
Term deposits	6,691,733	3,740,118
Cash on hand	16,272	15,461
Total cash and cash equivalents	**12,138,171**	**9,893,878**

Term deposits and current deposits have contractual maturity terms less than three months or are available on demand.

Cash and cash equivalents balances are denominated in the following currencies:

In thousands of Kazakhstani Tenge	31 December 2021	31 December 2020
Kazakhstani Tenge	10,679,910	8,422,523
Euro	1,458,257	1,470,898
US Dollar	3	452
Other currencies	1	5
Total cash and cash equivalents	**12,138,171**	**9,893,878**

16 Equity

Authorised capital

As at 31 December 2021, 5,601,812 of issued ordinary shares were fully paid in the amount of Tenge 376,045,927 thousand (31 December 2020: 5,601,812 shares). Each ordinary share equals to one vote. The Company has no preferred shares. There are 8,602,187 authorised shares. As at 31 December 2021, Samruk-Kazyna NWF JSC is a 100% shareholder of the Company (2020: 100%).

16 Equity (continued)

On 30 March 2021, the Company declared dividends payment to the Sole Shareholder in the amount of Tenge 3,242,143 thousand – Tenge 578.77 per share (9 June 2020: Tenge 3,066,231 thousand). On 28 June 2021, the Group has fully paid dividends in amount Tenge 3,242,143 thousand to the sole Shareholder.

Other reserves

In thousands of Kazakhstani Tenge	Merger reserve	Result of transactions with shareholder	Other comprehensive loss	Total
Balance at 1 January 2021	37,282,287	90,607,549	(2,721,789)	125,168,047
Other comprehensive loss	-	-	(39,588)	(39,588)
Balance at 31 December 2021	**37,282,287**	**90,607,549**	**2,761,377**	**125,128,459**

17 Ash dump restoration provision

Movements in provision for ash dump restoration are as follows:

In thousands of Kazakhstani Tenge	2021	2020
Provision at 1 January	3,423,974	2,331,591
Change in accounting estimates	(661,370)	906,305
Provision for the year	857	125,323
Increase by discount amount	250,453	135,788
Utilization of provision	(187,322)	(75,033)
Provision at 31 December	**2,826,592**	**3,423,974**

18 Borrowings

In thousands of Kazakhstani Tenge	31 December 2021	31 December 2020
Non-current portion		
Bank term loans	100,262,795	117,484,894
Loans from Samruk-Kazyna	68,565,478	65,293,870
Bonds issued	40,103,965	24,819,396
Loans from customers	916,021	1,047,210
Total non-current borrowings	**209,848,259**	**208,645,370**
Current portion		
Bank term loans	78,425,759	52,011,263
Loans from Samruk-Kazyna	2,573,832	2,584,099
Bonds issued	3,681,824	360,287
Loans from customers	364,992	352,157
Total current borrowings	**85,046,407**	**55,307,806**
Total borrowings	**294,894,666**	**263,953,176**

18 Borrowings (continued)

Borrowings of the Group are denominated in the following currencies:

In thousands of Kazakhstani Tenge	31 December 2021	31 December 2020
Borrowings denominated in:		
- Tenge	290,820,743	259,093,063
- US Dollars	4,073,923	4,860,113
Total borrowings	**294,894,666**	**263,953,176**

An analysis of the amount of net debt and movements in the Group's liabilities arising from financial activities for each of the periods presented are provided in the table below. Items of these liabilities are reported in the consolidated statement of cash flows as part of financial activities.

In thousands of Kazakhstani Tenge	2021	2020
Borrowings at 1 January	263,953,176	269,939,683
Proceeds from borrowings and bonds issued	159,998,976	83,996,315
Borrowings repaid	(135,670,371)	(97,142,953)
Interest accrued	22,017,507	24,006,729
Capitalised interest (Note 7)	2,882,180	814,179
Interest repaid	(22,826,741)	(23,473,792)
Capitalised interest repaid	(1,859,277)	(814,179)
Foreign exchange adjustments	107,479	578,375
Unwinding of present value discount	6,674,722	5,946,982
Discount accrual	(83,974)	(27,096)
Other payments	(299,091)	411,792
Borrowings at 31 December	**294,894,666**	**263,953,176**

Samruk-Energy JSC

Samruk-Kazyna SWF JSC

On 17 March 2010 the Group signed a loan agreement with Samruk-Kazyna for amount of Tenge 48,200,000 thousand for the purpose of re-financing of debt arising as the result of acquisition of 50% interest in Forum Muider. The loan carries an interest rate of 1.2% per annum with maturity not later than 15 September 2029. The principal amount is payable in equal annual instalments and interest is payable by semi-annual payments starting from the following reporting year after the receipt of loan.

On 14 January 2011 the Company signed a loan agreement with Samruk-Kazyna for the amount of Tenge 7,000,000 thousand for the purpose of financing construction of substation of Alatau Zharyk Company JSC. The loan carries an interest rate of 2% per annum with maturity not later than 25 January 2024. The principal amount is payable at maturity and interest is payable by semi-annual payments.

On 16 January 2014 the Company signed a loan agreement with Samruk-Kazyna for amount of Tenge 200,000,000 thousand for the purpose of acquisition of remaining share in EGRES-1. The principal amount is payable on 1 December 2028 and interest at 7.8% is payable by semi-annual payments.

On 3 October 2014 the loan agreement was substantially modified pursuant to the addendum No.1 to the loan agreement No.369 in the following way:

- Principal amount of Tenge 100,000,000 thousand was converted to the Company’s shares
- Interest rate on the remaining principal amount was increased to 9%.

18 Borrowings (continued)

On 25 December 2015 the loan agreement was significantly amended in accordance with the addendum No.2 to credit agreement No.369-I, the interest rate on the principal amount was reduced to 1% per annum. Management estimates that the reduction of the interest rate to a non-market rate of 1% and the change of the priority of a loan to a subordinated one represent a significant modification in the loan terms. Management believes that such change in the conditions of the loan should be considered as a settlement of the original loan and recognition of a new loan at a fair value. At the loan origination date, the market rate was 12.8% per annum. The Company recognised a gain on initial recognition of the loan of Tenge 72,581,903 thousand as part of other reserves. Management believes that by providing a loan at the below-market rate, Samruk-Kazyna acted as the Company shareholder. Gain on initial recognition of the loan was recorded as the difference between the nominal value and fair value at the recognition date, calculated using the discounted cash flow method at the effective rate of 12.8% per annum.

Bonds

In August and September 2017, the Company issued and placed bonds for a total of Tenge 20,000,000 thousand and Tenge 28,000,000 thousand, respectively, with a nominal value of Tenge 1,000 per bond with a five-year term. The coupon rate was 13% per annum and 12.5% per annum, respectively, and is payable twice a year and on a quarterly basis, respectively. On 18 February 2019, the Company performed a buyback of the bonds of the second tranche in the amount of Tenge 28,000,000 thousand. In April 2019, the Company performed a buyback of 16,872,498 bonds of the first tranche at a market price of tenge 17,655,846 thousand. As of 31 December 2021, the balance of the main debt for the first tranche is Tenge 3,127,502 thousand (2020: Tenge 3,127,502 thousand).

In November 2018, the Company issued and placed bonds in the amount of Tenge 21,736,200 thousand with a nominal value of 1,000 Tenge per 1 bond for a period of seven years. The coupon interest rate was 11.2% per annum and is payable twice a year.

On 25 November 2021, the Company issued and placed 184 units of green bonds in the amount of Tenge 18,400,000 thousand, with a par value of 100,000,000 tenge per 1 bond with a term of 6.5 years. The coupon rate was 11.4% per annum and is payable twice a year.

European Bank for Reconstruction and Development

In December 2016 the Company opened a non-revolving line of credit for Euro 100 million to refinance Eurobonds. In September 2019 the Company received two tranches of Tenge 39,114,450 thousand within this credit facility All-in-cost, which is calculated based on inflation, plus margin of 3.5% and 4.5% per annum. Changes in the independent indicative interest rate are recorded on a quarterly basis. The principal is payable twice a year and at maturity. As of 31 December 2021, the nominal balance of debt principal on the first tranche is Tenge 12,672,975 thousand.

Asian Development Bank

On 8 November and 5 December 2018, the Company opened non-revolving credit facilities in the amount of USD 120 million with the Asian Development Bank in order to increase the operational efficiency of core activities and identify opportunities associated with renewable energy sources. In 2019, the Company received three tranches under Credit facilities for a total of Tenge 45,860,800 thousand with maturities of tranche A and B after 5 years, tranche C after 7 years. The interest rate is set on the basis of actual inflation indicators of the Republic of Kazakhstan (All-in-cost), plus bank margin (3.75% on Tranches A and B, 4.50% on Tranche C). Debt principal is payable on maturity: for Tranches A and B – in 2024, for tranche C – in 2026.

18 Borrowings (continued)

Alatau Zharyk Company JSC

Halyk Bank of Kazakhstan JSC

In 2015, the AZhK entered into a credit facility agreement with Halyk Bank of Kazakhstan JSC ("Halyk Bank") (the "Agreement"). In accordance with the Agreement, the total amount of the credit facility is Tenge 27,514,358 thousand, of which:

- Tenge 1,745,211 thousand with an interest rate of 12% per annum in Tenge for 5 years until 1 July 2022 ("Limit 1"). Purpose of Limit 1 - construction and installation work on reconstruction and construction of a new HV line - 0,4 kW according to REN-5 with transfer to a self-supporting insulated wire, reconstruction of inappropriate TS-6-10/0,4 kW operational requirements and construction of TS-6-10 / 0.4 kW;
- Tenge 4,748,991 thousand with an interest rate of 12% per annum for 5 years until 24 November 2020 ("Limit 3"). The purpose of Limit 3 is work related to the transfer of part of the loads from the existing substation No. 4 to the newly built substation 110/10-10 kW Alatau;
- Tenge 8,056,670 thousand with an interest rate of 12% per annum for the period until 1 July 2022 ("Limit 4"). The purpose of Limit 4 is to transfer existing 6 kW to 10 kW networks from PDS-41, transfer existing 6 kW to 10 kV networks across REN-1 in the area of substation-1A, transfer part of the loads from existing substation-5A, substation-17A and substation-132A to the newly built substation 110/10 Otrar;
- Tenge 7,500,000 thousand with an interest rate of 12.5% per annum until 1 July 2022 ("Limit 6"). Purpose of Limit 6 is the repayment of debt on issued bonds (refinancing);
- Tenge 800,000 thousand tenge with an interest rate of 12.0% per annum until 1 March 2020 ("Limit "). Purpose of Limit 9 is the payment under contracts;
- Tenge 4,463,486 thousand with an interest rate of 12.5% per annum until 31 August 2023 ("Limit 10"). Purpose of Limit 10 is the repayment of debt on issued bonds (refinancing).

Within credit Limit - 4 tranches were received for the total amount of Tenge 2,256,448 thousand, the remaining Limits were spent in full, with the exception of Limit - 3. The loan amount shall be repaid monthly, in equal installments, starting from the date of the loan. Repayment is regulated by repayment schedules in accordance with loan agreements.

In accordance with the addendum, starting from 1 September 2021, cash in amount equal to Tenge 2,195,580 thousand were allocated from Limit-3 to Limit-4.

In accordance with the addendum, starting from 20 October 2021, fixed rates of interest were changed by 11.5% for previously issued and newly issued borrowings.

As collateral for borrowings under the Agreement, it was provided (will be provided) to the Halyk Bank of Kazakhstan JSC as a pledge – cash in current account in Halyk Bank of Kazakhstan JSC.

Ereymentau Wind Power LLP

Eurasian Development Bank

Under non-revolving credit facility agreement No.193 dated 31 October 2019, Ereymentau Wind Power LLP ("EWP") raised a long-term loan for construction of a wind power electric plant in Akmola region. The interest rate for tranches issued during seven years from the enforcement date of credit facility agreement is 11.5% per annum, for tranches expiring after the first seven years of the agreement – base rate amount plus margin.

Almaty Electric Stations JSC

Halyk Bank of Kazakhstan JSC

26 November 2014 the Company signed a credit facility agreement with Halyk Bank of Kazakhstan JSC ("Agreement"). The effective interest rate is 12.7% - 15.2%. Loan is repayable in 2021-2025.

The purpose of the loan is to refinance loan associated with the Company's investment project "Almaty CHP-2 Reconstruction and Expansion. III Phase. Boiler Unit No.8", refinance payables on the index-linked bonds in issue, refinance payables to the BankCenterCredit JSC, finance investment project "Reconstruction of CHP-3 ash dump". These loans are collateralized by cash to be received in future under contract with Almatyenergysbyt LLP, Alatau Zharyk Company JSC, and Almaty Heating Networks LLP.

18 Borrowings (continued)

Moinak HPS JSC

Development Bank of Kazakhstan JSC

On 14 December 2005 and 16 January 2008, the Company received a loan in two tranches from the Development Bank of Kazakhstan JSC, a related party, in the amount of US Dollars 25,000,000 and US Dollars 26,058,000 at an interest rate of 1.15*6MLIBOR + 1.5% and 8% per annum, accordingly. Loans were granted for 20 years. On 6 December 2012, the Company signed an addendum to amend the interest rate of the second tranche from 8% to 7.55%, relating to the amount of US Dollars 1,563,053 for further borrowings.

On 28 November 2019, the Company signed an additional agreement on changing the loan currency for the second tranche from US dollars to tenge and changing the interest rate to 10.72%.

On 17 June 2011 the Company signed a contract with the Development Bank of Kazakhstan JSC for the third tranche of Tenge 12,285,000 thousand at an interest rate of 12% per annum. The loan has been provided for 17 years. On 6 December 2012, the Company signed an addendum on amending the interest rate of the third tranche from 12% to 7.55%, relating to borrowings after this date in the amount of Tenge 8,924,392 thousand.

During 2021, the amount of loan payments was Tenge 3,301,927 thousand (2020: Tenge 3,508,415 thousand).

The loans are secured as follows:

- Government guarantee of the Ministry of Finance of the Republic of Kazakhstan of US Dollars 25,000,000. Uncovered counter-guarantee for the guarantee of the Ministry of Finance of the Republic of Kazakhstan Halyk Savings Bank of Kazakhstan JSC for US Dollars 2,304,331;
- Guarantee of Samruk-Energy JSC for Tenge 1,079,213 thousand dated 13 December 2012;
- Guarantee of Samruk-Kazyna SWF JSC for Tenge 12,285,000 thousand dated 1 July 2011;
- Guarantee of Samruk-Energy JSC for Tenge 4,545,554 thousand dated 28 November 2019;

Shardara HPS JSC

European Bank of Reconstruction and Development

On 24 August 2012 the Shardara HPS JSC ("SHPS") entered into loan agreement with the European Bank of Reconstruction and Development ("EBRD") on loan in the amount of Tenge 9,150,000 thousand. On 28 February 2014 the amount of the agreement increased to Tenge 14,350,000 thousand (tranche No.1). The funds under tranche No. 1 were received in full during 2015-2017. On 18 April 2019, addendum No. 7 was signed on the provision of tranche No. 2, for an amount of up to Tenge 11,520,000 thousand, the Company received funds in full in May 2019. The principal amount on tranche No. 1 is repayable in 40 equal quarterly instalments. The first payment date is the 3rd quarter of 2018, the last payment date is the 2nd quarter of 2028. The principal amount under tranche No. 2 is repayable in 33 equal quarterly instalments. The first payment date is the 2nd quarter of 2020, the last payment date is the 2nd quarter of 2028. Interest is payable quarterly, other commissions are payable upon receipt of the invoice.

All liabilities to the bank were repaid ahead of schedule in November 2021.

Ekibastuz GRES-1

Sberbank SB JSC

During 2021, debt principal of Tenge 3,625,000 thousand was repaid, including Tenge 2,500,000 thousand pursuant to repayment schedule and Tenge 1,000,000 thousand pre-termly, and interest of Tenge 1,851,358 thousand. In September 2021, an addendum was executed with Sberbank SB JSC on prolongation of the repayment of principal debt of Tenge 7,475,000 thousand until 29 August 2022.

On September 27 of the current year, additional agreements were concluded with SB Sberbank JSC regarding the reduction of the interest rate to 10.85% per annum.

18 Borrowings (continued)

Halyk Bank of Kazakhstan JSC

During 2021, within the general agreement of SOCL KS 01-15-06 of 04/08/2015 received tranches for the total amount of the principal debt of Tenge 74,188,013 thousand from Halyk Bank of Kazakhstan JSC, including for capital projects in the amount of Tenge 51,088,013 thousand, for replenishment of working capital Tenge 23,100,000 thousand. During this period, EGRES-1 repaid loans from Halyk Bank of Kazakhstan JSC in the amount of Tenge 28,090,000 thousand.

As of 31 December 2021, EGRES-1's debt on loans from Halyk Bank of Kazakhstan JSC is Tenge 64,888,193 thousand. On 5 January 2022, the Company entered into additional agreements with Halyk Bank of Kazakhstan JSC to extend the term of loans in the amount of Tenge 37,132,612 thousand until 2029.

AlmatyEnergoSbyt

Halyk Bank of Kazakhstan JSC

AlmatyEnergoSbyt LLP has opened a short-term credit facility at Halyk Bank of Kazakhstan JSC to replenish working capital since 22 April 2015. Under this credit facility, the Company received loans for Tenge 8,300,000 thousand in 2020. During 2020, interest rate in Tenge was reduced from 12.5% to 11.0% per annum. Loans were provided to replenish working capital.

19 Other Non-Current Liabilities

In thousands of Kazakhstani Tenge	31 December 2021	31 December 2020
Historical costs associated with obtaining subsoil use rights	1,868,803	1,704,370
Trade payables	-	1,470,769
Total financial non-current liabilities	**1,868,803**	**3,175,139**
Deferred income	352,209	591,994
Other	186,597	185,017
Total other non-current liabilities	**2,407,609**	**3,952,150**

Deferred income represents the difference between the nominal value of loans from AZhK customers for construction and reconstruction of new and existing power transmission lines and infrastructure to connect to electricity transmission lines and the fair value of these loans at initial recognition. The associated deferred income is subsequently recognised in profit or loss over the useful lives of property, plant and equipment.

Historical costs associated with obtaining subsoil use rights are denominated in US Dollars.

20 Trade and Other Payables

In thousands of Kazakhstani Tenge	31 December 2021	31 December 2020
Trade payables	32,133,619	19,421,734
Salary payables	1,890,163	1,566,489
Dividends payable	421,413	428,543
Other financial payables	2,440,701	3,650,677
Total financial trade payables	**36,885,896**	**25,067,443**
Payables to Almaty Akimat (Note 4)	5,841,514	5,841,514
Advances received from customers	4,618,465	2,536,883
Accrued provisions for unused vacations	2,152,545	2,141,294
Other non-financial payables	658,619	185,320
Total trade and other payables	**50,157,039**	**35,772,454**

20 Trade and Other Payables (continued)

Financial payables are denominated in the following currencies:

In thousands of Kazakhstani Tenge	31 December 2021	31 December 2020
Tenge	35,234,828	23,102,788
Euro	255,681	6,039
US Dollars	1,394,979	1,958,616
Other currencies	408	-
Total trade and other payables	**36,885,896**	**25,067,443**

21 Taxes payable and other payables to budget

In thousands of Kazakhstani Tenge	31 December 2021	31 December 2020
VAT	2,806,478	2,161,892
Provision for quotes	2,438,179	-
Emissions	1,506,590	1,536,616
Personal income tax	558,498	434,097
Social tax	476,576	360,096
Mineral extraction tax	12,085	12,600
Property tax	9,757	8,725
Withholding CIT	9,025	9,333
Other	33,317	34,441
Total taxes payable and other payables to budget	**7,850,505**	**4,557,802**

22 Revenue

In thousands of Kazakhstani Tenge	2021	2020
Sale of electricity	265,591,419	217,409,856
Income from services on maintenance of electric power capacity	31,953,443	31,290,978
Sale of heating energy	18,704,197	19,203,836
Income from lease of renewable energy power plants	5,101,336	5,234,553
Electricity transmission and distribution	4,875,571	4,037,649
Income from lease of investment property	3,925,631	4,038,625
Sale of chemically purified water	1,780,575	1,626,083
Other	604,973	168,868
Total revenue	**332,537,144**	**283,010,448**

23 Cost of Sales

In thousands of Kazakhstani Tenge	2021	2020
Fuel	60,320,131	59,108,926
Depreciation of property, plant and equipment and amortisation of intangible assets	55,167,570	57,330,866
Cost of power energy purchased	34,120,284	22,865,434
Payroll and related expenses	42,426,131	29,394,461
Electricity transmission and other services	13,238,843	11,493,612
Taxes other than on income	12,725,421	9,320,263
Repair and maintenance	9,901,025	8,519,991
Services on maintenance of electric power capacity	8,717,775	10,094,187
Water supply	6,329,442	4,846,782
Third party services	5,649,055	6,003,100
Materials	1,930,087	1,712,542
Security services	1,122,620	1,110,084
Accrual for provision on obsolete and slow-moving inventories	19,284	99,869
Rental expenses	3,600	24,403
Network losses	2,034	2,255
Other	3,174,137	3,257,818
Total cost of sales	**254,847,439**	**225,184,593**

24 Selling Expenses

In thousands of Kazakhstani Tenge	2021	2020
Dispatch and electricity control	7,985,697	7,562,233
Electricity transmission	979,871	2,577,301
Payroll and related expenses	62,845	61,108
Other	957	1,296
Total selling expense	**9,029,370**	**10,201,938**

25 General and Administrative Expenses

In thousands of Kazakhstani Tenge	2021	2020
Payroll and related expenses	7,732,538	6,867,990
Depreciation of property, plant and equipment and amortisation of intangible assets	957,633	1,125,637
Taxes other than on income	789,768	2,244,266
Consulting and other professional services	656,964	466,892
State duties	463,135	819,647
Security services	450,792	450,824
Materials	264,009	208,123
Business trips and representative expenses	233,875	116,787
Software maintenance	178,139	89,926
Repair and maintenance	153,066	152,489
Insurance	125,131	101,798
Rent expense	120,354	114,180
Communication costs	86,494	90,438
Transport expenses	49,163	39,254
Bank fees	40,590	64,778
Provision for legal proceedings	-	739,801
Other	2,491,182	1,497,638
Total general and administrative expenses	**14,792,833**	**15,190,468**

26 Other Income, Net

In thousands of Kazakhstani Tenge	2021	2020
Income from reimbursement of costs on electric power commodity exchange	1,914,325	1,282,133
Income from sale of inventory	673,209	450,782
Income from gratuitously received services and property, plant and equipment	992,256	909,100
Income on fines and penalties, forfeit	196,248	128,878
Foreign exchange gains less losses	-	108,274
Other operating income	615,895	770,916
Other other income	**4,391,933**	**3,650,083**
Foreign exchange loss	(317,376)	(341,153)
Loss on disposal of property, plant and equipment and other non-financial assets less profit	(31,080)	-
Expenses on fines, penalties, and forfeits	-	(17,055)
Other operating expenses	(187,315)	(676,567)
Total other expense	**(535,771)**	**(1,034,775)**
Total other income, net	**3,856,162**	**2,615,308**

27 Finance Income

In thousands of Kazakhstani Tenge	2021	2020
Interest income on bank deposits	1,123,680	891,722
Income from unwinding of discount on non-current receivables	786,986	661,045
Income from unwinding of discount on bonds and loans	484,379	639,875
Income from modification of receivables	-	661,324
Other	221,130	62,195
Total finance income	**2,616,175**	**2,916,161**

28 Finance Costs

In thousands of Kazakhstani Tenge	2021	2020
Interest expense on borrowings and bonds	22,017,507	24,006,729
Dividends on preference shares of subsidiaries	91,143	141,107
Unwinding of the present value of discount:	6,674,722	5,858,677
Foreign exchange losses less gains	107,479	578,375
Other	1,248,115	1,018,702
Total finance costs recognized in profit or loss	**30,138,966**	**31,603,590**
Capitalized borrowing costs (Note 7)	2,882,180	814,179
Total finance costs	**33,021,146**	**32,417,769**

29 Income Tax

In thousands of Kazakhstani Tenge	2021	2020
Current income tax expense – current period	12,027,469	6,978,989
Current income tax expense – prior periods	2,893,978	-
Deferred income tax benefit	(6,544,694)	(1,323,624)
Total income tax expense	**8,376,753**	**5,655,365**

Reconciliation between the expected and the actual taxation charge is provided below:

In thousands of Kazakhstani Tenge	2021	2020
Profit before tax under IFRS	23,723,299	13,738,790
Theoretical income tax expense at statutory rate of 20% (2020: 20%)	4,744,660	2,747,758
Adjustments for:		
Share in profit of joint ventures and associates not subject to income tax	(2,690,915)	(1,894,703)
Other non-deductible expenses	840,039	1,124,946
Expiration of the limitation period for tax losses carried forward	2,498,496	1,484,799
Vat expenses of Bukhtarminskaya HPS JSC	-	472,148
Withholding income tax	347,590	79,874
Temporary differences to be recognised upon termination of investment contract	-	131,886
Profit of Moinak HPS exempted from income tax	(1,736,263)	(1,811,054)
Changes in unrecognised deferred income tax asset	1,479,168	3,319,711
Taxes related to prior period	2,893,978	-
Total income tax expense	**8,376,753**	**5,655,365**

Differences between IFRS and Kazakhstani statutory taxation regulations 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 are detailed below and are recorded at the rate applicable to the period of reversal of temporary differences.

29 Income Tax (Continued)

In thousands of Kazakhstani Tenge	1 January 2021	Charged to profit or loss	31 December 2021
Tax effect of deductible temporary differences			
Tax losses carried forward	16,990,482	(2,440,197)	14,550,285
Employee benefit obligation	164,321	147	164,468
Bonds	696,505	(415,404)	281,101
Ash dump restoration provision	678,528	(144,127)	534,401
Inventories	86,988	(9,803)	77,185
Trade and other receivables	827,757	329,188	1,156,945
Taxes other than income tax	104,253	518,656	622,909
Provision for unused vacation	476,563	(33,418)	443,145
Provision for the impairment of investments	614,263	83,908	698,171
Other	-	-	-
Gross deferred income tax assets	**20,639,660**	**(2,111,050)**	**18,528,610**
Unrecognised deferred income tax assets	(3,508,610)	(1,479,168)	(4,987,778)
Less offsetting with deferred income tax liabilities	17,131,050	(3,590,218)	13,540,832
Recognised deferred income tax assets	**-**	-	-
Tax effect of taxable temporary differences			
Property, plant and equipment	(82,827,015)	8,237,499	(74,589,516)
Borrowings	(13,047,287)	1,897,410	(11,149,877)
Gross deferred income tax liabilities	**(95,874,302)**	**10,134,909**	**(85,739,393)**
Less offsetting with deferred income tax assets	17,131,050	(3,590,218)	13,540,832
Recognised deferred income tax liabilities	**(78,743,252)**	**6,544,694**	**(72,198,561)**

In thousands of Kazakhstani Tenge	1 January 2020	Charged to profit or loss	Charged to other capital	31 December 2020
Tax effect of deductible temporary differences				
Tax losses carried forward	16,314,556	675,926	-	16,990,482
Employee benefit obligation	226,888	(62,567)	-	164,321
Bonds	1,643,557	(947,052)	-	696,505
Ash dump restoration provision	636,589	41,939	-	678,528
Inventories	85,558	1,430	-	86,988
Trade and other receivables	569,212	258,545	-	827,757
Taxes other than income tax	92,096	12,157	-	104,253
Provision for unused vacation	458,514	18,049	-	476,563
Provision for the impairment of investments	-	-	-	-
Other	295,756	318,507	-	614,263
Gross deferred income tax assets	**20,322,726**	**316,934**	**-**	**20,639,660**
Unrecognised deferred income tax assets	(188,898)	(3,319,712)	-	(3,508,610)
Less offsetting with deferred income tax liabilities	20,133,828	(3,002,778)	-	17,131,050
Recognised deferred income tax assets	**-**	**-**	**-**	**-**
Tax effect of taxable temporary differences				
Property, plant and equipment	(86,326,368)	3,036,803	462,550	(82,827,015)
Borrowings	(14,336,887)	1,289,600	-	(13,047,287)
Other	-	-	-	-
Gross deferred income tax liabilities	**(100,663,255)**	**4,326,403**	**462,550**	**(95,874,302)**
Less offsetting with deferred income tax assets	20,133,828	(3,002,778)	-	17,131,050
Recognised deferred income tax liabilities	**(80,529,427)**	**1,323,625**	**462,550**	**(78,743,252)**

29 Income Tax (Continued)

In the context of the Group's current structure, tax losses and current tax assets of different companies of the Group cannot be offset with the current tax liabilities and tax benefits of other companies of the Group, and accordingly, taxes can be charged even in case of consolidated tax loss. Therefore, deferred income tax assets and liabilities are offset only if they are related to the same taxable company.

The Group has potential deferred tax assets in respect of unused tax losses carry forwards. The above tax losses carry forwards expire in 2027.

The Group did not recognise deferred tax liabilities in 2021 (2020: no deferred tax liabilities) in respect of temporary differences associated with investments in joint ventures as the Group is able to control the timing of the reversal of those temporary differences and does not intend to reverse them in the foreseeable future.

30 Contingencies, Commitments and Operating Risks

Political and economic situation in the Republic of Kazakhstan

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 commodities, 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 428.32 per US Dollar 1 compared to Tenge 431.67 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 sovereign credit rating of Kazakhstan of "BBB-". The outlook on sovereign credit rating is stable. 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 the analysts' forecasts, the growth rate of the national economy in 2021-2024 will amount, on average, to about 3.6%.

The economic environment has a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group'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, energy 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 Group's control.

For the purpose of measurement of expected credit losses (hereinafter – "ECL") the Group 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.

30 Contingencies, Commitments and Operating Risks (continued)

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, the Kazakhstani authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. Some of the above measures were subsequently relaxed. The Group's activities for the period of quarantine were not suspended, the work of office employees was organized remotely.

COVID-19 epidemic is spreading globally, having a severe negative effect on the entire world economy. As of the date of the issuance of these financial statements, the situation is still developing; however, the future effect is difficult to predict. Management will continue to monitor the potential effect of the above events and will take all necessary actions 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/Group'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 Group.

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 Group in the future. Management believes that it is taking all necessary measures to maintain the sustainability and growth of the Group in current circumstances.

In the opinion of the Group'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.

Tax legislation

Kazakhstani tax legislation and practice is in a state of continuous development and therefore is subject to varying interpretations and frequent changes, which may be retroactive. In some cases, in order to determine the taxable base, the tax law refers to the provisions of IFRS, and the interpretation of the relevant provisions of IFRS by Kazakhstani tax authorities may differ from the accounting policies, judgments and estimates applied by management in the preparation of these consolidated financial statements, which may lead to additional tax liabilities of the Group. Fiscal periods remain open to review by the authorities in respect of taxes for five years after the end of the fiscal year.

The Group management believes that its interpretation of the relevant legislation is appropriate and the Group's tax positions will be sustained. In the opinion of the Group management, no material losses will be incurred in respect of existing and potential tax claims in excess of provision that have been made in these consolidated financial statements.

From July 2020, the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan (hereinafter - "SRC") launched a pilot project to introduce horizontal monitoring, which will last until 31 December 2023. The main goal of horizontal monitoring is to create partnerships between tax authorities and large taxpayers by timely response and prevention of their risky transactions that may lead to violations of tax, currency and other legislation, which is controlled by tax authorities. In order to implement the pilot project of SRC, together with the business community, the rules for its implementation were developed and approved, and the categories of taxpayers were determined.

In 2021, SRC, as part of a pilot project on horizontal monitoring, inspected the historical data of the EGRES-1 for the period from 2016-2020. Based on the results of the analysis, in February 2022, SRC signed a Protocol with recommendations. The main recommendation is related to the discrepancy between fixed assets by belonging to asset groups according to the National Classifier of Fixed Assets. EGRES-1 expressed its disagreement with this recommendation and continues to work to clarification its position.

Legal proceedings

Maikuben-West LLP

Since 2016, the Group has been involved in legal proceedings with Maikuben-West Holding (Member of Maikuben-West LLP). The Group filed a lawsuit in the specialized inter-district economic court ("SIEC") of Pavlodar region for collection of debt of Tenge 333 million tenge from Maikuben-West LLP, as well as a government fee of Tenge 10 million. By the decision of the SIEC of Pavlodar region dated 10 June 2016 the claim has been successful. Part of debt in the amount of Tenge 28 million was recovered from Maikuben-West LLP. As to the remaining debt of Maikuben-West LLP of Tenge 315 million, the following measures were taken: seizure of funds and property of Maikuben-West LLP, recommendations were sent to the SIEC of Pavlodar region to suspend licenses and permits issued by Maikuben LLP -West.

30 Contingencies, Commitments and Operating Risks (continued)

In 2019, the Group filed a claim with the SIEC of Pavlodar region for the recovery of debt from Maikuben-West LLP in the amount of Tenge 1,632,148 thousand, including principal debt of Tenge 1,324,023 thousand, lost profits of Tenge 161,286 thousand, penalty (penalty) of Tenge 99,302 thousand and state duty of Tenge 47,538 thousand.

On 11 June 2019, the SIEC of Pavlodar region made a decision to approve the Group's claim in full. On 3 December 2019, enforcement proceedings were initiated to collect debts from Maikuben-West LLP of Tenge 1.6 billion.

In the period from 15 July 2019 to 22 February 2020, in connection with the lawsuit filed by Maikuben-West LLP on the application of the rehabilitation procedure, enforcement proceedings were suspended. At the moment, private bailiffs are conducting enforcement proceedings, and enforcement actions are being carried out. A part of the debt in the amount of Tenge 40,375 thousand was recovered from Maikuben-West LLP under both decisions.

In March 2021, an agreement was concluded with Maikuben-West LLP to repay the debt in installments by the end of 2026 and forgive part of the debt according to the schedule until 2026.

Due to ongoing legal proceedings between the parties, the receivables of Maikuben-West LLP as of 31 December 2021 were fully impaired (31 December 2020: fully impaired).

Insurance

The insurance industry in the Republic of Kazakhstan is in a developing stage and many forms of insurance protection common in other parts of the word are not yet generally available in the Republic of Kazakhstan. The Group does not have full coverage for its plant facilities, losses caused by business interruptions or third party liabilities in respect of property or environmental damage arising from accidents or the Group’s activities. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group’s operations and financial position.

Environmental matters

The enforcement of environmental regulation in the Republic of Kazakhstan is evolving and the enforcement posture of government authorities of the Republic of Kazakhstan is continually being reconsidered. The Group periodically evaluates its environmental commitments. As obligations are determined, they are recognised immediately in the consolidated financial statements. Potential obligations, which can arise as a result of changes to effective regulations, as a result of a civil action or per legislation, cannot be estimated but can be material. However, per the current interpretation of the current legislation, management believes that the Group does not have material obligations in addition to the amounts already accrued and recorded in these consolidated financial statements, which would have a material adverse effect on the operating results or the financial position of the Group.

Under the environmental exemption, the Group is legally obligated to acquire additional gas emission allowances. As at 31 December 2021, the carrying amount of the provision for the purchase of additional gas emission allowances Tenge 2,438,179 thousand (December 31, 2020: nil). In accordance with paragraph 1 of Art. 295 of the Environmental Code of the Republic of Kazakhstan, the subject of quotas engages the authorized body in the field of environmental protection to increase the level of the carbon quota in the absence or insufficiency of the main carbon quota in the event of an increase in the capacity of the quota plant during the period of reduction of carbon quotas. Include that production volumes have increased, that consumption of electricity has increased, for emerging risk groups for a shortage of greenhouse gas quotas by the Carbon Emission Project for 2022-2025. On January 2, 2021, the President of the Republic of Kazakhstan signed a new Environmental Code of the Republic of Kazakhstan, which comes into force on July 1, 2021. According to the new Environmental Code, from 2025, the TOP-50 obligations are voluntarily transferred to the Integrated Environmental Permit (hereinafter referred to as the “IEC”). The TOP-50 enterprises included AlES JSC and EGRES-1. This document requires mastering the best available techniques (hereinafter referred to as “BAT”) and complying with the regulatory requirements specific to BAT. Lists of BAT must be appointed by the authorized body in the field of environmental protection before July 1, 2023. The entire process of switching to CEP is voluntary, however, if a decision is made to switch to CEP, then as an incentive measure, he is exempt from payments for payments, and if he refuses, then payments for payments increase by 2 times from 2025, 4 times from 2028 year, 8 times since 2031. AlES JSC decided to introduce the best available technologies on its energy sources, with a corresponding transition to the KEP at the beginning of the installation. Currently, GRES-1 is a preliminary plan for the reconstruction of equipment for 2025-2034 for the reconstruction of burnt structures for attractions and the reconstruction of filters for attractions. As at 31 December 2021, the introduction of the new Environmental Code did not have a significant impact on the Group's consolidated financial statements.

30 Contingencies, Commitments and Operating Risks (continued)

Ash dump liquidation provision

In accordance with nature protection legislation, the Group is legally obliged to liquidate ash dump sites representing landfill sites for the Group's operating activities. As of 31 December 2021, the carrying amount of ash dump liquidation provision was Tenge 2,826,592 thousand (31 December 2020: Tenge 3,423,974 thousand). The assessment of the current ash dump liquidation provision is based on the Group's interpretation of the environmental legislation of RK in force, supported by feasibility study and engineering research in accordance with current norms of restoration methods and reclamation works. This assessment may change upon completion of subsequent nature protection research works and review of existing reclamation and restoration programmes.

Capital expenditure commitments

The Group has analysed its exposure to seasonal and other arising business risks, but did not determine any risks, which could have impact on financial indicators or position of the Group as of 31 December 2020. The Group has relevant funds and financing sources to implement capital expenditure commitments and maintain working capital.

As of 31 December 2021, the Group had contractual commitments on acquisition of property, plant and equipment totalling Tenge 84,376,182 thousand (31 December 2020: Tenge 76,074,066 thousand).

Capital expenditure commitments of joint ventures and associates

As of 31 December 2021, the Group's share in non-current contractual commitments of Forum Muider and SEGRES-2 liabilities was Tenge 5,942,347 thousand and Tenge 12,892,412 thousand accordingly (31 December 2020: Tenge 13,800,248 thousand and Tenge 13,198,220 thousand accordingly).

Modernisation of Almaty CHP-2 with the minimization of the environmental impact

Under the project "Reconstruction of the Almaty CHPP-3," "Institute "KazNIPIEnergoprom" JSC is currently working on the development of a feasibility study for the project. The feasibility study of the project considers the use of the best available technologies on natural gas and with the prospect of using hydrogen with an increase in installed capacity from 173 MW to 450 MW with the ability to operate in a shunting mode.

The project is to be financed through the sale of shunting capacity at auctions. Auction sales for the construction of a station with a shunting generation mode are planned for 2022.

Borrowing covenants

The Group is subject to certain covenants related primarily to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and declaration of default. Upon the results of 2021, the Group was in compliance with covenants on borrowings, and received waivers on reduction of thresholds, when a violation forecasted. Non-controlling Interest

31 Non-controlling interest

The following table provides information about each subsidiary that has non-controlling interest that is material to the Group.

In thousands of Kazakhstani Tenge	Place of business (and country of incorporation if different)	Proportion of non-controlling interest	Proportion of non-controlling interest's voting rights held	Profit or loss attributable to non-controlling interest	Accumulated non-control-ling interest in the subsidiary	Dividends paid to non-controlling interest during the year
Year ended 31 December 2021						
Bukhtarminskaya HPS JSC	Kazakhstan	10%	10%	301,877	1,516,952	98,238
Shulbinskaya HPS JSC	Kazakhstan	7.86%	7.86%	(1,375)	24,547	-
Ust-Kamenogorskaya HPS JSC	Kazakhstan	10.01%	10.01%	(267)	2,604	-
Total				**300,235**	**1,544,103**	**98,238**
Year ended 31 December 2020						
Bukhtarminskaya HPS JSC	Kazakhstan	10%	10%	77,034	1,215,074	754,700
Shulbinskaya HPS JSC	Kazakhstan	7,86%	7,86%	(882)	25,922	-
Ust-Kamenogorskaya HPS JSC	Kazakhstan	10,01%	10,01%	(350)	2,872	-
Total				**75,802**	**1,243,868**	**754,700**

In thousands of Kazakhstani Tenge	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit/ (loss)	Total compre-hensive income	Cash flows
Year ended 31 December 2021								
Bukhtarminskaya HPS JSC	2,087,488	1,238,493	121,368	145,964	3,927,241	3,018,774	3,109,943	770,712
Shulbinskaya HPS JSC	-	-	586,143	10,492	-	(17,490)	(17,490)	-
Ust-Kamenogorskaya HPS JSC	-	-	107,511	10,297	-	(2,672)	(2,672)	-
Total	**2,087,488**	**1,238,493**	**815,022**	**166,753**	**3,927,241**	**2,998,612**	**3,089,781**	**770,712**
Year ended 31 December 2020								
Bukhtarminskaya HPS JSC	1,293,675	1,224,305	130,129	146,722	4,040,147	770,336	911,443	174,610
Shulbinskaya HPS JSC	-	-	570,444	8,701	-	(11,226)	(11,226)	-
Ust-Kamenogorskaya HPS JSC	-	-	115,919	8,519	-	(3,484)	(3,484)	-
Total	**1,293,675**	**1,224,305**	**816,492**	**163,942**	**4,040,147**	**755,626**	**896,733**	**174,610**

32 Principal Subsidiaries, Associates and Joint Venture

Name	Nature of business	Percentage of voting rights	Percentage of ownership	Country of registration
Subsidiaries:				
Alatau Zharyk Company JSC	Electricity transmission and distribution in Almaty and the Almaty region	100%	100%	Kazakhstan
Almaty Power Stations JSC	Production of electrical, heating energy and hot water in Almaty and the Almaty region	100%	100%	Kazakhstan
AlmatyEnergoSbyt LLP	Sale of electricity in Almaty and the Almaty region	100%	100%	Kazakhstan
Shardara HPS JSC	Power generation at in Almaty and the Almaty region in the Southern Kazakhstan	100%	100%	Kazakhstan
Moinak HPS JSC	Power generation at in Almaty and the Almaty region in the Almaty region	100%	100%	Kazakhstan
Ekibastuz GRES-1 named after Bulat Nurzhanov	Production of electrical and heating energy on the basis of coal	100%	100%	Kazakhstan
Bukhtarminskaya HPS	Owner of Bukhtarminskaya hydropower station transferred under lease arrangement	90%	90%	Kazakhstan
Ust-Kamenogorskaya HPS	Since hydropower station is under lease, this company is inoperative	89.99%	89.99%	Kazakhstan
Shulbinskaya HPS	Since hydropower station is under lease, this company is inoperative	92.14%	92.14%	Kazakhstan
Samruk Green Energy LLP	Development of renewable electricity	100%	100%	Kazakhstan
First Wind Turbine LLP	Power generation at the wind-power station	100%	100%	Kazakhstan
KazGidroTekhEnergo LLP	Implementation of projects on renewable energy sources	100%	100%	Kazakhstan
TeploEnergoMash LLP	Implementation of projects on renewable energy sources	95%	95%	Kazakhstan
Energy Solutions LLP	Transportation and other services	100%	100%	Kazakhstan
Tegis Munay LLP and Mangyshlak Munay LLP	Exploration and development of a gas field	100%	100%	Kazakhstan
Balkhash TPP JSC	Construction of Balkhash TPP	100%	100%	Kazakhstan
Ereymentau Wind Power LLP	Power generation at the wind-power station	100%	100%	Kazakhstan
Associates:				
Energiya Semirechiya LLP	Power generation at the solar plant near Almaty city	25%	25%	Kazakhstan
Joint ventures:				
Station Ekibastuz GRES-2 JSC	Production of electrical and heating energy on the basis of coal	50%	50%	Kazakhstan
Forum Muider BV	Company holding 100% charter in Bogatyr Komir (Company involved in production of power generating coal) and a range of companies incorporated in the Russian Federation and the Republic of Cyprus, and not engaged in significant operations	50%	50%	Netherlands

33 Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge risk exposures.

Risk management is carried out by management under policies set by the Group's ultimate parent (Note 1), which provides principles for risk management, covering specific areas, such as credit risk, liquidity risk, and market risk.

(a) Credit risk

The Group exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties, giving rise to financial assets.

33 Financial Risk Management (continued)

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the consolidated statement of financial position.

Credit risk management

Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk.

The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

Credit risk grading system

For measuring credit risk and grading financial instruments by the amount of credit risk, the Group applies two approaches – an Internal Risk-Based (IRB) rating system or risk grades estimated by external international rating agencies (Standard & Poor's – "S&P", Fitch, Moody's). Internal and external credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default. The IRB system is designed internally, and ratings are estimated by management. Various credit-risk estimation techniques are used by the Group depending on the class of the asset.

The Group applies IRB systems for measuring credit risk for non-current receivables.

The rating models are regularly reviewed, backtested on actual default data and updated, if necessary. Despite the method used, the Group regularly validates the accuracy of ratings estimates and appraises the predictive power of the models.

External ratings are assigned to counterparties by independent international rating agencies, such as S&P, Moody's and Fitch. These ratings are publicly available. Such ratings and the corresponding range of probabilities of default ("PD") are applied for all financial assets other than trade receivables and non-current receivables

Expected credit loss (ECL) measurement

ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. The EAD on credit related commitments is estimated using Credit Conversion Factor ("CCF"). CCF is a coefficient that shows the probability of conversion of the commitment amounts to an on-balance sheet exposure within a defined period. PD an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

Expected credit losses are modelled over instrument's *lifetime period.* The *lifetime period* is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any.

Management models *Lifetime ECL,* that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The *12-month ECL,* represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining *lifetime period* of the financial instrument if it is less than a year.

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider *forward looking information,* that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

33 Financial Risk Management (continued)

The ECL modelling does not differ for Purchased or Originated Credit Impaired ("POCI") financial assets, except that (a) gross carrying value and discount rate are based on cash flows that were recoverable at initial recognition of the asset, rather than based on contractual cash flows, and (b) the ECL is always a lifetime ECL. POCI assets are financial assets that are credit-impaired upon initial recognition, such as impaired loans acquired in a past business combination.

For purposes of measuring PD, the Group defines default as a situation when the exposure meets one or more of the following criteria:

- the borrower is more than 90 days past due on its contractual payments;
- international rating agencies have classified the borrower in the default rating class;
- the borrower meets the unlikeliness-to-pay criteria listed below:
    - suspending accrual of interest/reduction in the interest rate on a financial asset;
    - writing-off the principal amount;
    - sales of a financial asset at a significant discount to its nominal value;
    - restructuring that will result in reduction in/write-off of the loan/debt release;
    - increase in the maturity of a financial asset;
    - granting of indulgence on the principal/interests;
    - filing a bankruptcy claim against the counterparty in line with the legislation of the Republic of Kazakhstan;
    - bankruptcy claim filed by the counterparty;
    - liabilities covered by the guarantee agreement or payment under the guarantee agreement are past due more than 90 days.

For purposes of disclosure, the Group fully aligned the definition of default with the definition of credit-impaired assets. The default definition stated above is applied to all types of financial assets of the Group.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of three months. This period of three months has been determined based on an analysis that considers the likelihood of a financial instrument returning to default status after curing by using different possible definitions of cures.

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an individual basis and on a portfolio basis.

The level of ECL that is recognised in these consolidated financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition. This is a three-stage model for ECL measurement.

A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1).

If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Group monitors whether that indicator continues to exist or has changed.

ECL for POCI financial assets is always measured on a lifetime basis. The Group therefore only recognises the cumulative changes in lifetime expected credit losses

33 Financial Risk Management (continued)

The table below classifies financial assets, such as other long-term receivables and bonds and loans given carried at amortised cost, by separate stage of impairment models. ECL provisions of other financial assets is insignificant as at 31 December 2021.

	ECL allowance				Gross carrying amount			
In thousands of Kazakhstani Tenge	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Other receivables								
At 1 January 2021	(1,281,937)	-	(183,865)	(1,465,802)	9,862,394	-	760,025	10,622,419
New originated or purchased	-	(264,019)	(640,647)	(904,666)	-	-	-	-
Change to another stage	1,176,189	(1,176,189)	-	-	(8,965,446)	8,965,446	-	-
Derecogntion during the period	-	-	355,307	355,307	(56,788)	(1,357,523)	(290,820)	(1,705,131)
Unwinding of discount	-	-	-	-	-	538,883	-	538,883
Other movements	10,019	-	-	10,019	162,778	85,425	-	248,203
Reclassification from trade receivables	-	-	-	-	751,175	-	-	751,175
Total movements with impact on credit loss allowance charge for the year	**1,186,208**	**(1,440,208)**	**(285,340)**	**(539,340)**	**(8,108,281)**	**8,232,231**	**(290,820)**	**(166,870)**
At 31 December 2021	**(95,729)**	**(1,440,208)**	**(469,205)**	**(2,005,142)**	**1,754,113**	**8,232,231**	**469,205**	**10,455,549**

	ECL allowance				Gross carrying amount			
In thousands of Kazakhstani Tenge	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Other receivables								
At 1 January 2020	(99,893)	-	(137,906)	(237,799)	10,686,603	-	1,038,725	11,725,328
New originated or purchased	(1,256,169)	-	(187,194)	(1,443,363)	-	-	-	-
Derecognised during the period	74,125	-	141,235	215,360	(2,203,349)	-	(278,700)	(2,482,049)
Unwinding of discount	-	-	-	-	1,379,140	-	-	1,379,140
Total movements with impact on credit loss allowance charge for the year	**(1,182,044)**	**-**	**(45,959)**	**(1,228,003)**	**(824,209)**	**-**	**(278,700)**	**(1,102,909)**
At 31 December 2020	**(1,281,937)**	**-**	**(183,865)**	**(1,465,802)**	**9,862,394**	**-**	**760,025**	**10,622,419**

The Group has three approaches for ECL measurement: (i) assessment on an individual basis; (ii) assessment on a portfolio basis: internal ratings are estimated on an individual basis but the same credit risk parameters (e.g. PD, LGD) will be applied during the process of ECL calculations for the same credit risk ratings and homogeneous segments of the loan portfolio; and (iii) assessment based on external ratings.

In general, ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained above, and discounted to present value using the instrument's effective interest rate. The ECL is determined by predicting credit risk parameters (EAD, PD and LGD) for each future month during the lifetime period for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has been repaid or defaulted in an earlier month). This effectively calculates an ECL for each future period, that is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

33 Financial Risk Management (continued)

The table below summarises external (if any) and internal credit ratings at the end of the relevant reporting period:

In thousands of Kazakhstani Tenge	Cash	Restricted cash	Term deposits	Bonds and loans
31 December 2021:				
BBB+ (S&P)	-	-	-	-
BBB- (stable) (S&P)	3,599,482	4,586	182,592	9,161,029
BB+ (stable) (S&P)	2,392,210	-	7,254	-
BB (stable) (S&P)	4,083,511	-	-	-
BB- (stable) (S&P)	493,789	5,000	65,974	-
B+ (stable) (S&P)	878,818	-	-	-
B (stable) (S&P)	669,737	-	-	-
B (negative) (S&P)	-	-	-	1,091
B- (stable) (S&P)	-	-	-	-
CCC (negative) (S&P)	-	-	-	-
D (negative) (S&P)	-	-	-	-
n/a	20,624	355,452	-	1,045,465
Total financial assets	**12,138,171**	**365,038**	**255,820**	**10,207,585**

In thousands of Kazakhstani Tenge	Cash	Restricted cash	Term deposits	Bonds and loans
31 December 2020:				
BBB+ (S&P)	-	-	-	-
BBB- (stable) (S&P)	4,373,625	-	140,016	-
BB+ (stable) (S&P)	943,847	-	13,235	-
BB (stable) (S&P)	3,243,134	799	-	
BB- (stable) (S&P)	1,266,011	5,000	9,981	-
B+ (stable) (S&P)	7,215	-	-	-
B (stable) (S&P)	-	-	-	-
B (negative) (S&P)	-	-	-	749,791
B- (stable) (S&P)	25,318	-	4,970	-
CCC (negative) (S&P)	-	-	-	-
D (negative) (S&P)	-	-	-	-
n/a	34,728	48,880	-	1,173,004
Total financial assets	**9,893,878**	**54,679**	**168,202**	**1,922,795**

The Group applies the provision matrix for calculation of ECL on trade receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the overdue days.

The levels of default and calculation of loss allowance at the end of the relevant reporting period were as follows:

In thousands of Kazakhstani Tenge	Trade receivables from legal entities					
	Total	Current	1-30 days	31-60 days	61-90 days	>90 days
Trade receivables at 31 December 2021	28,398,028	16,899,246	4,414,282	2,677,035	877,086	3,530,379
Level of default		3.48%	0.31%	0.98%	1.59%	39.01%
ECL	(2,019,869)	(588,893)	(13,537)	(26,263)	(13,906)	(1,377,270)
Total	**26,378,159**	**16,310,353**	**4,400,745**	**2,650,772**	**863,180**	**2,153,109**

33 Financial Risk Management (continued)

In thousands of Kazakhstani Tenge	Trade receivables from legal entities					
	Total	**Current**	**1-30 days**	**31-60 days**	**61-90 days**	**>90 days**
Trade receivables at 31 December 2020	33,109,246	18,266,039	6,099,077	2,763,886	1,255,412	4,724,832
Level of default		0.114%	0.307%	0.981%	1.585%	2.708%-100%
ECL	(1,584,539)	(20,774)	(18,703)	(27,115)	(19,904)	(1,498,043)
Total	**31,524,707**	**18,245,265**	**6,080,374**	**2,736,771**	**1,235,508**	**3,226,789**

In thousands of Kazakhstani Tenge	Trade receivables from individuals					
	Total	**Current**	**Total**	**31-60 days**	**Total**	**>90 days**
Trade receivables at 31 December 2021	5,734,333	5,400,931	125,761	126,183	7,195	74,263
Level of default		0.25%	3.30%	9.39%	21.18%	88.63%
ECL	(97,063)	(13,723)	(4,145)	(11,851)	(1,524)	(65,820)
Total	**5,637,270**	**5,387,208**	**121,615**	**114,332**	**5,671**	**8,444**

In thousands of Kazakhstani Tenge	Trade receivables from individuals					
	Total	**Current**	**Total**	**31-60 days**	**Total**	**>90 days**
Trade receivables at 31 December 2020	5,508,024	5,195,286	134,879	37,670	12,663	127,526
Level of default		0.254%	3.30%	9%	21%	37.18%-100%
ECL	(136,894)	(13,200)	(4,446)	(3,538)	(2,683)	(113,027)
Total	**5,371,130**	**5,182,086**	**130,433**	**34,132**	**9,980**	**14,499**

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECLs both incorporate supportable forward-looking information. The Group identified certain key economic variables that correlate with developments in credit risk and ECLs: GDP, inflation, exchange rate, oil price, and short-term economic indicator used for description of the economic development trend based on changes in the performance of primary sectors.

The impact of the relevant economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact that the changes in these variables historically had on the default rates and on the components of LGD and EAD.

As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected.

The Group regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit. Such backtesting is performed at least once a year.

The results of backtesting the ECL measurement methodology are communicated to Group Management and further steps for tuning models and assumptions are defined after discussions between authorised persons.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. In accordance with the Group policy on formation and monitoring of development plans the Group manages the liquidity risk using short-term (one month) forecasts and also mid-term forecast for the next five years. In addition, the Group develops and approves development strategy of the Group for the next ten years. In planning cash flows, the Group also accounts for income from temporary excess cash using the bank deposits.

33 Financial Risk Management (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including future payment of interest and principal.

In thousands of Kazakhstani Tenge	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years
At 31 December 2021					
Borrowings	7,126,557	35,015,029	57,940,652	176,656,902	153,053,808
Guarantees	11,026,026	-	-	-	-
Other financial liabilities	-	-	-	1,868,803	-
Trade and other payables	34,239,802	751,960	1,466,802	44,077	383,255
Finance lease	59,852	244,771	858,199	2,536,344	339,122
Total future payments, including future principal and interest payments	**52,417,439**	**35,909,922**	**60,203,372**	**180,795,493**	**153,826,061**
At 31 December 2020					
Borrowings	7,326,243	12,964,946	51,222,955	190,889,015	154,738,306
Guarantees	32,439,798				
Other financial liabilities	-	-	-	1,704,370	-
Trade and other payables	23,259,667	830,423	977,353	1,470,769	-
Finance lease	96,141	192,282	865,264	2,680,888	312,394
Total future payments, including future principal and interest payments	**63,121,849**	**13,987,651**	**53,065,572**	**196,745,042**	**155,050,700**

(c) Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements.

Currency risk

The Group's certain borrowings (Note 18) and trade payables (Note 20) are denominated in foreign currencies (US dollars and Euro) and hence the Group is exposed to foreign exchange risk. Due to the fact that the variety of financial derivative instruments on the Kazakhstani market is limited and those instruments are rather expensive the management chooses at the moment not to hedge the Group's foreign exchange risk, as currently the benefits from implementing such instruments do not outweigh the costs. Nevertheless, the Group continues monitoring changes of financial derivatives market in order to implement hedging structure in the future or as needed.

The table below shows the total amount of foreign currency denominated liabilities that give rise to foreign exchange exposure:

In thousands of Kazakhstani Tenge	USD	Euro	Rouble	Total
At 31 December 2021				
Assets	3	1,458,257	1	1,458,261
Liabilities	(6,198,407)	(1,394,979)	(408)	(7,593,794)
Net position	**(6,198,404)**	**63,278**	**(407)**	**(6,135,533)**
At 31 December 2020				
Assets	2,487,283	1,470,898	5	3,958,186
Liabilities	(6,818,729)	(1,476,808)	-	(8,295,537)
Net position	**(4,331,446)**	**(5,910)**	**5**	**(4,337,351)**

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Group entities, with all other variables held constant.

33 Financial Risk Management (continued)

	Impact on profit or loss	
In thousands of Kazakhstani Tenge	**At 31 December 2021**	**At 31 December 2020**
US Dollar strengthening by 10% (2020: strengthening by 14%)	(495,872)	(485,122)
US Dollar weakening by 13% (2020: weakening by 11%)	644,634	381,167
Euro strengthening by 10% (2020: strengthening by 14%)	5,062	(662)
Euro weakening by 13% (2020: weakening by 11%)	(6,581)	520

In general, the Group is not exposed to significant currency risks and is not subject to negative changes in Tenge rate volatility. Currency risks were minimised in previous periods by refinancing foreign currency loans, and at 31 December 2021 the Group has only one loan in foreign currency from the Development Bank of Kazakhstan in US Dollars.

Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Interest rate risk arises from long-term and short-term borrowings. The Group is exposed to potential market risk of LIBOR quotas at London Stock Exchange and All-in-Cost (total bank costs, taking into account the inflation rate in the

Republic of Kazakhstan and other bank charges). Increase in LIBOR and All-in-Cost would have an adverse effect on the Group's cash flows. The Group carefully monitors changes in floating interest rates.

If at 31 December 2021, interest rates had been 125/25 basis points higher/less, with all other variables held constant, profit for the year would have been Tenge 50,924 thousand higher or Tenge 10,185 thousand lower, mainly as a result of higher/lower interest expense on floating interest rate liabilities (31 December 2020: Tenge 60,751 thousand and Tenge 97,202 thousand respectively).

Management of capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt. Management considers the current gearing ratio of 30-40% as acceptable for the risk profit of the Group.

In thousands of Kazakhstani Tenge	**Note**	**31 December 2021**	**31 December 2020**
Total borrowings	18	294,894,666	263,953,176
Less:			
Cash and cash equivalents	15	(12,138,171)	(9,893,878)
Net borrowings		282,756,495	254,059,298
Total equity		**502,640,451**	**490,575,636**
Total capital		**785,396,946**	**744,634,934**
Gearing ratio		**36%**	**34%**

34 Fair Value Disclosures

Fair value measurement

To be indicative of the reliability of the data used in determining fair value, the Group classifies its financial instruments at three levels established in accordance with IFRS. 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 or indirectly (that is, as prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety. Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

	31 December 2021				**31 December 2020**			
In thousands of Kazakhstani Tenge	**Level 1**	**Level 2**	**Level 3**	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Carrying amount**
Assets								
Cash and cash equivalents	-	12,138,171	-	12,138,171	-	9,893,878	-	9,893,878
Restricted cash	-	365,038	-	365,038	-	367,608	-	367,608
Term deposit	-	255,820	-	255,820	-	168,202	-	168,202
Financial receivables	-	32,015,429	-	32,015,429	-	36,895,837	-	36,895,837
Long-term receivables	-	8,240,566	-	8,240,566	-	664,030	-	621,903
Dividends receivable	-	-	458	458	-	-	449	449
Bonds	-	10,220,287	-	10,207,585	1,110,280	-	915,193	1,922,795
Total financial assets	**-**	**63,235,311**	**458**	**63,223,067**	**1,110,280**	**56,411,759**	**915,642**	**58,292,876**
Liabilities								
Borrowings	-	285,788,849	-	294,894,666	-	263,116,478	-	263,953,176
Financial payables	-	36,885,896	-	36,885,896	-	25,067,443	-	25,067,443
Rent	-	2,423,162	-	2,423,162		2,802,113	-	2,802,113
Non-current trade payables	-	-	-	-	-	-	1,470,769	1,470,769
Total financial liabilities	**-**	**325,097,907**	**-**	**334,203,724**	**-**	**290,986,034**	**1,470,769**	**293,293,501**

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 risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty.

Liabilities 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 risks and remaining maturities.

Fair value of investment property

Investment property include the lease agreement of Bukhtarminskaya HPS evaluated based on the present value of future lease payments. Fair value of the investment property is Tenge 1,834,598 thousand (2020: 4,744,719 thousand).

35 Events after the Reporting Period

Protests in Kazakhstan

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 canceled. Utilities and life support systems have been fully restored, and restrictions on communication and transportation of both people and vehicles have been relieved.

The events have not had a material impact on the Group's operations; however, the tensions remain in the country, and further development of the events and their impact on the Group's operations is not possible to predict.

Events in Ukraine

In 2021, ongoing political tensions in the region have intensified as a result of further developments in the situation with Ukraine, which negatively affected commodity and financial markets and increased volatility, especially in exchange rates. From December 2021, the situation has continued to deteriorate and remains highly volatile. There is increased volatility in the financial and commodity markets. Additional sanctions and restrictions on the business activity of organisations operating in Russia are expected, as well as consequences for the economies in the region as a whole, the full range and possible consequences of which cannot be assessed.

Since the end of 2021, there has been increased volatility in the financial and commodity markets. Due to geopolitical events around Ukraine and Russia, on 24 February 2022, oil prices exceeded $100 per barrel. Sanctions were imposed on certain Russian banks, including JSC "Bank VTB", in whose subsidiary the Group held cash (including restricted cash) as at 31 December 2021 in the total amount of 293,538 thousand tenge. The Group is working on transferring funds to other banks.

On 23 February 2022, the exchange rate of the national currency of the Kazakhstani tenge against the US dollar began to weaken sharply. As of date of issue, the exchange rate of the tenge against the US dollar was 506.14 tenge. On 24 February 2022, the National Bank of the Republic of Kazakhstan decided to raise the base rate by 3.25 percentage points to 13.50% while maintaining the +/-1% band.

Investigation

On 3 March 2022, various media reported that the Anti-corruption Agency of the Republic of Kazakhstan (hereinafter referred to as the "Anti-Corruption Service") initiated an investigation of "Samruk-Kazyna National Welfare Fund" JSC, "Samruk-Energo" JSC and "NC Kazakhstan Temir Zholy" JSC concerning an alleged abuse of power, for the benefit of certain private companies. At the date of issue of the consolidated financial statements, management of the Group concluded that all operations of the Group were carried out in accordance with the law and that this event has no impact on the consolidated financial statements of the Group. The Group's management monitors this issue and provides all necessary information and assistance to the Anti-Corruption Service as part of their investigation.

Operations with financial instruments

On 19 January 2022, the short-term notes of "National Bank of the Republic of Kazakhstan" were redeemed in the amount of 9,200,000 thousand tenge.

In January 2022, Samruk-Energy JSC repaid the principal debt and interest under the credit line agreement with the Asian Development Bank under Tranche B in the amount of 16,808,000 thousand Tenge.

In January 2022, a short-term loan was attracted from Halyk Bank of Kazakhstan JSC in the amount of Tenge 11,000,000 thousand for the purpose of early repayment of the principal debt under a credit line agreement with the Asian Development Bank under Tranche B.

In the period from 1 January 2022 to 17 March 2022, JSC AES attracted borrowed funds in the amount of Tenge 4,310,058 thousand, within the revolving credit limits under the Credit Line Agreement No. KS 02-15-09 dated 22 April 2015, concluded with Halyk Bank of Kazakhstan JSC, replenishment of working capital.

36 Earnings per Share and Carrying Amount of one Share

Basic earnings per share are calculated by dividing the profit or loss attributable to owners of the Group by the weighted average number of ordinary shares in issue during the year. The Group has no dilutive potential ordinary shares; therefore, the diluted earnings per share equals the basic earnings per share.

In thousands of Kazakhstani Tenge	**2021**	**2020**
Profit for the year attributable to the Group's owners (in thousands of Kazakhstani Tenge)	15,046,311	8,007,623
Weighted average number of ordinary shares in issue	5,601,812	5,601,812
Profit for the year attributable to the Group's owners (rounded to Tenge)	**2,686**	**1,429**

Carrying amount of one share

Pursuant to the resolution of the Exchange Council of Kazakhstan Stock Exchange JSC ("KASE") dated 4 October 2010, financial statements must contain data on the carrying amount of one share (ordinary and preferred) at the reporting date calculated in accordance with the rules approved by KASE. At 31 December 2021, this indicator calculated by the management of the Group based on the consolidated financial statements amounted to Tenge 88,985 (31 December 2020: Tenge 86,937). The table for calculating the carrying amount of one share is as follows:

In thousands of Kazakhstani Tenge	**2021**	**2020**
Total assets	939,820,011	885,705,149
Less: intangible assets	(4,165,145)	(3,570,398)
Less: total liabilities	(437,179,560)	(395,129,513)
Net assets for ordinary shares	498,475,306	487,005,238
Number of ordinary shares at 31 December	5,601,812	5,601,812
Carrying amount of one share, Tenge	88,985	86,937