SAMRUK-ENERGY JSC

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

31 December 2021

Contents

Independent auditor's report

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

Our opinion

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

What we have audited

The Company's separate financial statements comprise:

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

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the separate 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 separate financial statements.

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Our audit approach

Overview

Materiality	• Overall Company's materiality: 3,000,000 thousand Tenge, which represents 0.49 % of the carrying amount of the Company's total assets.
Key audit matters	• Impairment of investments in the subsidiaries

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate 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.

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

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the separate 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 separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the separate 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 separate financial statements as a whole.

Overall Company materiality	3,000,000 thousand Tenge
How we determined it	0.49 % of total carrying value of assets
Rationale for the materiality benchmark applied	We chose the total carrying amount of the Company's assets as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users and is a generally accepted benchmark. We determined materiality as 0.49%. In practice, we chose 1%, which is consistent with quantitative materiality thresholds used for investment-oriented companies in this sector, however, in this case, we reduced this level down to 0.49% based on our materiality assessment as applied to the consolidated financial statements.

Key audit matters

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

Key audit matter	Audit procedures performed in relation to key audit matters
Impairment of investments in subsidiaries	
See Note 3 of the separate financial statements. The Company performed impairment indicator analysis of investments in subsidiaries 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 investments in subsidiaries, the Management of the Company 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 600MW at the Almaty CHP-2 site. This is an indicator of possible impairment and the management decided to conduct an impairment test for investment in "ALES" JSC. As of 31 December 2021, the carrying value of the Company's investment in "ALES" JSC amounts to Tenge 34,061,653 thousand. We paid special attention to the issue of impairment of investment in subsidiary due to significance of their carrying value, as well as due to the fact that process of assessing by management the value in use of investments in subsidiaries is complex as it is based on the use of significant estimates and judgments with respect to future market and economic conditions and the results of operations of the Company.	The management of the Company performed impairment indicator analysis of investments in subsidiaries Ekibastuz GRES-1 named after Bulat Nurzhanov LLP ("EGRES-1"), Alatau Zharyk Company JSC and Tegis Munay LLP and performed impairment test of investment in subsidiary Almaty Power Stations JSC ("ALES"). Our procedures in respect of management's assessment of the impairment indicators of investments in subsidiaries 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. Our procedures in respect of management's assessment of the impairment of investment in subsidiary included: • assessment of competence, qualifications, experience and objectivity of independent experts,

Key audit matter	Audit procedures performed in relation to key audit matters
	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 Company 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.

Key audit matter	Audit procedures performed in relation to key audit matters
	Also, we paid attention to the adequacy of disclosures in Note 3 to the separate financial statements in accordance with the requirements of IAS 36 "Impairment of Assets".

Other information

Management is responsible for the other information. The other information comprises the Annual report but does not include the separate financial statements and our auditor's report thereon, which is expected to be made available to us after that date.

Our opinion on the separate 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 separate 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 separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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

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

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

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

We communicate with 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, related safeguards.

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

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

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		392,839	311,258
Intangible assets		659,057	636,073
Right-of-use assets		1,172,090	1,397,421
Investments in subsidiaries and joint ventures	6	547,698,014	548,148,318
Loans issued and investments in debt securities	7	47,240,254	39,172,956
Other non-current assets	8	6,935,571	2,236,269
Total non-current assets		**604,097,825**	**591,902,295**
Current assets			
Inventories		53,002	46,544
Loans issued and investments in debt securities	7	26,209,385	18,993,146
Other current assets	9	1,031,615	8,756,460
Cash and cash equivalents	10	1,481,340	1,595,249
Total current assets		**28,775,342**	**29,391,399**
TOTAL ASSETS		**632,873,167**	**621,293,694**
EQUITY			
Share capital	11	376,045,927	376,045,927
Other reserves		89,328,998	89,328,998
Accumulated loss		(33,095,568)	(45,082,442)
TOTAL EQUITY		**432,279,357**	**420,292,483**
LIABILITIES			
Non-current liabilities			
Borrowings	12	163,569,258	150,421,544
Lease liabilities		978,662	1,056,677
Non-current financial guarantee	19	32,343	1,304,607
Total non-current liabilities		**164,580,263**	**152,782,828**
Current liabilities			
Borrowings	12	34,252,374	45,993,024
Lease liabilities		352,000	417,342
Other payables and accrued liabilities		1,322,483	1,718,188
Other taxes payable		86,690	89,829
Total current liabilities		**36,013,547**	**48,218,383**
TOTAL LIABILITIES		**200,593,810**	**201,001,211**
TOTAL LIABILITIES AND EQUITY		**632,873,167**	**621,293,694**
Carrying amount of an ordinary share (in Kazakhstani Tenge)	23	77,050	74,914

Signed on behalf of management on 18 March 2022.

Aidar K. Ryskulov

Managing Director on Economics and Finance

«САМРУК-ЭНЕРГО»
БСН/БИН 070540008194

Saule B. Tulekova

Head of Accounting and Tax Department
Chief Accountant

In thousands of Kazakhstani Tenge	Note	2021	2020
Dividend income	13	34,045,809	34,943,973
Other operating income and expenses (net)	14	(19,813)	(643,112)
General and administrative expenses	15	(5,804,957)	(5,857,898)
Profit from reversal of/(loss from) impairment of financial assets (net)		303,280	(1,296,142)
Operating profit		**28,524,319**	**27,146,821**
Finance income	16	9,060,192	8,759,485
Finance costs	17	(22,007,904)	(23,101,107)
Profit before tax		**15,576,607**	**12,805,199**
Income tax expense	18	(347,590)	(79,874)
Profit for the year		**15,229,017**	**12,725,325**
Other comprehensive loss		-	(1,280)
Total comprehensive profit for the year		**15,229,017**	**12,724,045**
Profit per ordinary share for the year (in Kazakhstani Tenge)	23	2,719	2,272

In thousands of Kazakhstani Tenge	Note	Share capital	Other reserves	Accumulated deficit	Total equity
Balance at 1 January 2020		**373,314,888**	**91,643,030**	**(54,741,536)**	**410,216,382**
Profit for the year			-	12,725,325	12,725,325
Other comprehensive loss		-	(1,280)	-	(1,280)
Total comprehensive (loss)/profit for the year		**-**	**(1,280)**	**12,725,325**	**12,724,045**
Share issue	11	2,731,039	(2,312,752)	-	418,287
Dividends declared	11	-	-	(3,066,231)	(3,066,231)
Balance at 31 December 2020		**376,045,927**	**89,328,998**	**(45,082,442)**	**420,292,483**
Profit for the year		-	-	15,229,017	15,229,017
Total comprehensive (loss)/income for the year		**-**	**-**	15,229,017	15,229,017
Dividends declared	11	-	-	(3,242,143)	(3,242,143)
Balance at 31 December 2021		**376,045,927**	**89,328,998**	**(33,095,568)**	**432,279,357**

In thousands of Kazakhstani Tenge	**2021**	**2020**
Cash flows from operating activities:		
Profit before tax:	15,576,607	12,805,199
Adjustments for:		
Dividend income	(34,045,809)	(34,943,973)
Depreciation and amortisation	520,144	516,029
Finance costs	22,007,904	23,101,107
Finance income	(9,060,192)	(8,759,485)
Foreign exchange gain	32,411	(70,114)
(Profit from reversal of)/loss from impairment of assets	(303,280)	2,000,937
Cash used in operating activities before working capital changes:	**(5,272,215)**	**(5,350,300)**
Increase in inventories	(6,458)	(10,113)
Decrease in trade and other receivables and other current and non-current assets	71,926	423,933
(Decrease)/Increase in other payables	(694,388)	84,145
Increase/(decrease) in other taxes payable	217,902	(19,141)
Cash flows used in operating activities	**(5,683,233)**	**(4,871,476)**
Income tax paid	(359,913)	(120,492)
Dividends received	34,045,361	34,997,524
Interest paid	(13,337,654)	(12,691,428)
Net cash from operating activities	**14,664,561**	**17,314,128**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(30,765)	(240,284)
Proceeds from sales of debt instruments	1,839,490	384,601
Contribution to equity of subsidiaries and associates	(1,513,913)	(7,070,045)
Proceeds from the sale of shares in subsidiaries	1,357,524	2,259,088
Loans and financial aid provided to subsidiaries and jointly controlled entities	(8,382,631)	(23,131,000)
Proceeds from repayment of financial assistance granted to subsidiaries and jointly controlled entities, bonds	13,375,746	29,156,826
Purchase of debt instruments	(27,531,800)	-
Proceeds from the repayment of financial instruments by issuers	7,118,180	-
Interest received from loans issued	4,701,739	5,837,020
Return of bank deposits, net	(500)	(5,000)
Interest received on deposits	104,331	140,239
Collection of receivables/(conversion of current deposits to financial receivables) - Tauba Invest LLP	290,820	222,961
Debt repayment of subsidiaries and dependent companies under the provided financial guarantee	2,208,854	-
Other income from investment activities	56,787	-
Net cash (used in)/from investing activities	**(6,406,138)**	**7,554,406**
Cash flows from financing activities:		
Redemption of bonds and repayment of borrowings	(93,277,291)	(39,093,686)
Proceeds from borrowings and bonds issued	88,410,000	17,810,342
Dividends paid	(3,242,143)	(3,066,231)
Finance lease principal repayment	(212,830)	(214,060)
Other payments	(17,516)	(30,556)
Net cash used in financing activities	**(8,339,780)**	**(24,594,191)**
Effect of exchange rate changes on cash and cash equivalents	(32,426)	22,901
Changes in expected credit loss	(126)	-
Net increase in cash and cash equivalents	(113,909)	297,244
Cash and cash equivalents at the beginning of the year	**1,595,249**	**1,298,005**
Cash and cash equivalents at the end of the year	**1,481,340**	**1,595,249**

1 Samruk-Energy and its Operations

These 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").

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 ("RoK").

The Company's sole shareholder is Samruk-Kazyna National Welfare Fund JSC ("Samruk-Kazyna"), which holds 100% of the Company's shares. The Company's ultimate controlling party is the Government of the RoK.

Principal activity

The Company is a holding company (the "Company") controlling the entities (Note 6) which carry out the following activities: on production of electrical electricity and heat using coal, hydrocarbons and water resources; the sale of electricity and heat to households and industrial enterprises; the transmission and technical distribution of electricity; construction of hydro and heat power plants; construction and operation of renewable energy sources; and leasing of property of hydro power plants.

Registered address and place of business

15A, Kabanbay Batyr Avenue, Nur-Sultan, Republic of Kazakhstan.

Presentation currency

All amounts in these financial statements are presented in Kazakhstani Tenge ("Tenge"), unless otherwise stated.

2 Basis of Preparation and Significant Accounting Policies

Basis of preparation

These separate financial statements have been prepared in accordance with IFRS under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value. The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the periods presented.

The Company has prepared these separate financial statements for its management.

In addition, the Company has prepared consolidated financial statements in accordance with IFRS for the Company and its subsidiaries (the "Group"). The operations of the subsidiaries defined as companies in which the Group, directly or indirectly, has an interest of more than one half of the voting shares or otherwise has power to govern the financial and operating policies, are fully consolidated in the consolidated financial statements. The Group's consolidated financial statements are available at the Company's office located at the following address: 15A, Kabanbay Batyr Avenue, Nur-Sultan, Republic of Kazakhstan.

These separate financial statements should be read in conjunction with the consolidated financial statements as of 31 December 2021 and for the year then ended, in order to obtain full information about the financial position, operational performance and changes in the overall financial position of the Company.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in the notes to these separate financial statements. Actual results could differ from those estimates.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Going concern

Management prepared these financial statements on a going concern basis. Management decision is based on the financial position of the Company, its current intentions, profitability of operations and access to financial resources and Government support, as well as on the analysis of the impact of recent changes in macroeconomic conditions on future operations of the Company. As at 31 December 2021, the Company's current liabilities exceed its current assets by Tenge 7,238,205 thousand. The main portin of current liabilities comprises borrowings received from subsidiaries under the cash pooling system on liquidity allocation within the Group. The short-term portion of borrowings received from subsidiaries at 31 December 2021 was Tenge 23,504,716 thousand (31 December 2020: Tenge 38,411,690 thousand).

Foreign exchange rates

At 31 December 2021, the principal rate of exchange used for translating foreign currency balances was US Dollar = Tenge 431.67 (31 December 2020: US Dollar = 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.

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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is written down. All other repairs and maintenance are charged to profit or loss for the reporting period as incurred.

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

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
Other property, plant and equipment	3 – 10

The residual value of an asset is the estimated amount that the Company 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 Company 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.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Intangible assets

All of the Company's intangible assets have definite useful lives and primarily include capitalised computer software. 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 3 to 5 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.

Right-of-use assets

The Company leases various offices. Contracts may contain both lease and non-lease components. The Company 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 Company 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 Company 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
Buidlings and cosntructions (office facilities)	5 – 50

Investments in subsidiaries and entities

For the purpose of these separate financial statements, the Company accounted for these investments using historical cost convention less provision for impairment.

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.

2 Basis of Preparation and Significant Accounting Policies (Continued)

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 21).

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.

2 Basis of Preparation and Significant Accounting Policies (Continued)

(ii) Financial assets

Measurement categories. The Company 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 Company'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 Company manages the assets in order to generate cash flows – whether the Company'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 Company 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 Company 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 Company 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.

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 Company 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 Company 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 Company 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 separate [i]statement of financial position net of the allowance for ECL.

The Company 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 Company 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 Company 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.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the Company 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 Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company 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 Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company 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 Company 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 Company 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 Company 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. The Company 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 Company 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.

2 Basis of Preparation and Significant Accounting Policies (Continued)

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.

(vi) 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.

Advances to suppliers

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 Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. 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.

Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the first in first out (“FIFO”) 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.

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 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.

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.

2 Basis of Preparation and Significant Accounting Policies (Continued)

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 Company under residual value guarantees,
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Extension and termination options are included in a number of property lease agreements across the Company. These terms are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company 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 Company, the Company's incremental borrowing rate is used, being the rate that the Company 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 Company:

- 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 Company 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; the difference between the amount of funds received (net of transaction costs) and the redemption amount is recognized in profit or loss during the loan period using the effective interest method.

In accounting for loans from the shareholders with off market terms, the Company 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 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. Other borrowing costs are recognized as an expense using the effective interest method. The Company capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. The commencement date for capitalisation is when (a) the Company 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.

Borrowings are classified as current liabilities unless the Company 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.

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 Company.

On behalf of its employees, the Company withholds and transfer those statutory pension and post-employment benefit amounts prescribed by the legal requirements of the Republic of Kazakhstan. Upon retirement, the financial obligations of the Company cease and all subsequent payments to retired employees are administered by the national and private pension funds.

Income taxes

Income taxes have been provided for in these separate 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.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Financial guarantees

Financial guarantees are irrevocable contracts that require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the obligation at the end of the reporting period.

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 became effective from 1 January 2022, but did not have any material impact on the Company:

- COVID-19-Related Rent Concessions – Amendment to IFRS 16 (issued on 28 May 2020 and
- Interest rate benchmark (IBOR) reform – phase 2 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 Company's separate financial statements.

New standards and interpretations

A number of new standards and interpretations have been published that are mandatory for annual periods beginning on or after 1 January 2022, and which the Company has not early adopted.

- 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 noted above, these new standards and interpretations are not expected to have a material effect on the Company's separate financial statements.

4 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Company makes estimates and assumptions that affect the amounts recognised in the separate 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 separate separate 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 the end of each reporting period 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 years for separate assets or groups of assets may no longer exist or may have decreased. If any such indication exists, 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 indications also requires the use of judgments and estimates in determining possible technological obsolescence of property, plant and equipment, discontinuing operations, residual useful lives, and other changes in operating conditions.

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

In assessing the recoverable amount of assets, the Company 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.

Measures aimed at containment of COVID-19 significantly restrict economic activity in Kazakhstan, as well as they have and may continue to have an adverse effect on the business 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, contributing to the nature of electricity tariff regulation by the Government to support economy.

As specified in the Group's consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended on 31 December 2021, the management of the Group arrived at a conclusion that as at the reporting date there are indications of impairment of property, plant and equipment of Almaty Power Plants JSC (ALES). In order to prepare these separate financial statements, the management of the Company has considered this fact as an indication of a possible impairment of investments in this entity.

The Company's management considers investment in every subsidiary and joint venture as a single cash generating unit since it is the smallest identifiable asset that generates cash inflows, to a large extent, independent of the cash flows of other assets, and it is the lowest level at which every subsidiary monitors recovery of the assets' cost. Management estimated the recoverable amount of investment in subsidiaries and joint ventures based on value in use determined as estimated discounted future cash flows that the Company expects to obtain from their use.

The Company engaged independent experts for ALES asset impairment testing, and for performing the analysis of the impairment indications of property, plant and equipment of subsidiaries Ekibastuz GRES-1 named after Bulat Nurzhanov LLP ("EGRES-1"), Alatau Zharyk Company JSC ("AzhK") and Tegis Munay LLP and Mangyshylak Munay LPP ("Tegiz Munay") and also investments in joint venture JSC "Station Ekibastuzskaya GRES-2" ("SEGRES-2") in accordance with IAS 36 "Impairment of Assets". The recoverable amount of investments in subsidiaries and joint ventures was determined using the estimate of expected future cash inflows and outflows from use of the assets, discount rate, and other factors.

Impairment test of investment in ALES

As at 31 December 2021, the Company's management considered that the receipt of an affirmative opinion of RSE "Gosexpertiza" No. 02-0210/21 on the feasibility study of the CHP-2 modernization project with mitigation of environmental impact, with the option of building a new gas station of up to 600 MW capacity at the Almaty CHP-2 site is an indicator of impairment, and decided to assess the recoverable amount of property, plant and equipment.

In accordance with the Law of the Republic of Kazakhstan "On Power Energy", the energy producing organisation independently sets the selling price for electric energy, but not higher than the marginal tariff for electric energy of the corresponding group of energy producing organisations selling electric energy, and it can be adjusted as appropriate.

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

The marginal tariff is approved by the Ministry of Energy of the Republic of Kazakhstan for groups of energy producing organizations, formed by the type of power plants, available capacity, type of fuel used, and distance from the location of the fuel.

Order of the Minister of Energy of the Republic of Kazakhstan No. 475 "On Approval of a Group of Energy Producing Organisations Selling Electricity" dated 5 December 2018, defines the Company as a separate 26 group of energy producing organisations. Order of the Ministry of Energy of the Republic of Kazakhstan No. 211 "On Amendments to the Order of the Minister of Energy of the Republic of Kazakhstan No. 514 dated 14 December 2018 "On Approval of Maximum Tariffs for Electricity" dated 24 June 2021, defines the tariff for electric energy of ALES of 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 Article 7-1.(3.4) of 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 of 1 electric energy consumption zone is qual to the amount of 1.57 Tenge/kWh (excluding VAT) for 2021 and the amount of 1.58 Tenge/kWh (excluding VAT) for 2022. Thus, the selling tariff of ALES for electricity is 11.80 Tenge/kWh (excluding VAT) in 2021 and 11.81 Tenge/kWh (excluding VAT) in 2022.

In the event that the current marginal tariff for electrical energy does not cover the costs of its production, in accordance with the Rules for approving the marginal tariff for electrical energy, the marginal tariff for balancing electricity and the marginal tariff for the service for maintaining the readiness of electrical capacity, approved by Order of the Ministry of Energy of the Republic No. 147 dated 27 February 2015, energy-producing organisations have the right, before September 1, to submit to the authorised body information on the projected increase in the main costs of electricity production. They should attach support documents, financial statements for the previous year, as well as calculations taking into account the projected inflation rate provided for medium-term plans for the social and economic development of the Republic of Kazakhstan.

In accordance with the instruction of the President, a moratorium on raising tariffs for regulated utilities had been imposed, in particular, for water supply, sewerage, heat supply, gas supply and electricity supply until 1 July 2022. The projected maximum tariff for electricity per unit kWh. in the first half of 2022 is based on the tariff approved by the Order of the Minister of Energy of the Republic of Kazakhstan No. 211 dated 24 June 2021. From the second half of 2022, the projected tariff was calculated using the rules on approving the marginal tariff for electricity, the methodology for determining the fixed profit taken into account when approving the marginal tariffs for electricity, as well as the fixed profit for balancing, taken into account when approving the marginal tariffs for the balancing electricity", approved by the Order of the Minister of Energy of the Republic of Kazakhstan No. 205 dated 22 May 2020, based on the projected costs in accordance with the Development Plan for 2022-2026. The tariff for electricity in 2027 is calculated taking into account the disposal of the existing CHP-2. The surcharge to support the use of renewable energy sources for conditional consumers in the period from 2022 to 2027 was adopted at the level of 2022 of 1.58 Tenge/kWh (excl.VAT).

The sales volume forecast was made based on information for prior years and management's expectations in accordance with the Company's Development Plan for 2022-2026. It was assumed that the volume of electricity sales will remain approximately at the level of 2022 and taking into account the disposal of CHP-2 in 2027. The cash flows were discounted using an after-tax interest rate of 12.68% per annum, which was determined based on the Company's weighted average cost of capital.

As a result of the test, the value in use of property, plant and equipment as at 31 December 2021 was equal to Tenge 71,215,042 thousand, which is below their carrying amount for Tenge 20,696,649 thousand. Accordingly, in 2021 ALES recognised an impairment loss on property, plant and equipment of Tenge 20,696,649 thousand. The management of the Company assessed the impact on investment in ALES and arrived at a conclusion that there is no impairment loss as the recoverable amount exceeds the carrying amount of the investment.

Sensitivity analysis for main parametres:

If the discount increases/decreases by 1%, the replacement costs of fixed assets will decrease by Tenge 4,877,072 thousand / increase by Tenge 5,892,082 thousand. The long-term inflation rate used to calculate the terminal value is 3.24% per annum.

In the event that the marginal tariff for electricity is fixed at 11.81 Tenge/kWh in the period 2022-2026, the replacement costs of property, plant and equipment will decrease by Tenge 33,761,418 thousand.

In the event of a decrease/increase in sales of electricity, heat and chemically treated water by 10%, the replacement costs of property, plant and equipment will decrease by Tenge 34,955,769 thousand / increase by Tenge 12,492,227 thousand.

In the event of a 10% decrease/increase in the marginal tariffs for the sale of electricity, heat and chemically treated water, the replacement costs of fixed assets will decrease by Tenge 25,393,396 thousand / increase by Tenge 25,373,831 thousand.

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

Analysis of the impairment indications of property, plant and equipment

The Company's management performed the analysis of the impairment indications 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" ("Tegis Munai"), as well as investments in the joint venture JSC "Station Ekibastuzskaya GRES-2" ("SEGRES-2") in accordance with IAS 36 "Impairment of Assets".

The principal facts and assumptions used during the analysis of the impairment indications are as follows:

- lack of adverse changes in the economic efficiency of subsidiaries for the reporting period;
- changes in interest rates on loans and long-term inflation rate are not substantial;
- lack of substantial 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 the "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 line with the Methodology for determining the rate of return.
- legal developments 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 referred to as the "RES"). These developments 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.

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

- over achievement of the target 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 indications of impairment for SEGRES-2:

- over achievement of the target 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 achievement of the target 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 Company's management has arrived at a conclusion that there are no impairment indications as of the analysis date. Therefore, the Company'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 expected that natural gas production will commence in 2024, and it is assumed that 65% of gas production will be exported starting from 2024.

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

Commencement activities on gas production are postponed because the contract area is located on the territory of South-Kazakhstan State Conservation Area. It is prohibited to perform field facilities construction and development unless the contract area is separated from the conservation area. The Group's management is under way to coordinate the expansion of the boundaries of the conservation area, taking into account the separation of the contract area, together with authorised state institutions. Management believes that there is a high probability of an affirmative 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 Conservation area, and they managed to subsequently receive permits to conduct mining. Therefore, Tegis Munai contacted the Ministry of Energy of RK ("ME RK") with the request to extend the commencement activities on production, 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 addressed yet. In September 2020, the subsurface use expert commission of ME RK decided to postpone the following financing liabilities: training; R&D; social and economic development of the region. At the same time, the resuest to amend the working program on investment liabilities under subsurface use contract has been rejected.

On 3 December 2020, Tegis Munai has sent an application to the Supreme Court of RK on invalidation of the ME RK rejection on 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 unable to perform subsurface use contract commitments prior to the contract territory separation from the conservation areas, and is not able to perform subsurface use operations. Force-majeure circumstances are in force until the contract territory separation from the conservation areas.

On 15 September 2021, due to the ongoing process to separate the contract area from the conservation area, the Group received a new certificate regarding the duration of force- majeure effects from the Foreign Trade Chamber of Kazakhstan LLP.

Balkhash Thermal Power Plant

On 29 October 2019, the Company 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 relevant activities. Since 2017, creditors and suppliers have repeatedly brought a suit due to the insolvency of BTPP, which in turn led to the seizure of property, and also substantially limited the activities of BTPP. On 6 December 2019, a temporary administrator was appointed by the court to control and conduct the bankruptcy process.

In the light of quarantine measures and actions taken by the government to support national economy, according to the Decree of the Government of the Republic of Kazakhstan dated 14 July 2020 No.443, creditors represented by public authorities and quasi-public sector entities have been instructed to suspend the process of bringing before the court bankruptcy petitions with respect to legal entities and individual entrepreneurs until 1 October 2020. Hence BTPP bankruptcy procedure has been temporarily suspended. On 29 December 2021, the Company applied to the court for voluntary bankruptcy. Therefore, management believes that the Group has no control and the investment in BTPP is fully impaired.

5 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. The Kazakhstani state has significant influence over the Company. The Company decided to apply the exemption from disclosure of individually insignificant transactions and balances with the Government related entities because the Government has control, joint control or significant influence over such party.

The Company 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.

5 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	**Shareholder**	**Companies under common control**	**Subsidiaries and Joint ventures**
Loan issued to subsidiaries	-	-	63,109,167
Trade receivables	-	-	2,732
Interest income on loans issued	-	-	435,344
Dividends receivable	-	-	458
Trade payables	-	35,204	348,573
Borrowings and bonds	71,139,311	-	23,504,716

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

In thousands of Kazakhstani Tenge	**Shareholder**	**Companies under common control**	**Subsidiaries and Joint ventures**
Loan issued to subsidiaries	-	-	56,246,478
Trade receivables	-	-	1,542,542
Interest income on loans issued	-	-	405,887
Dividends receivable	-	-	449
Trade payables	-	7,372	297,753
Borrowings and bonds	67,887,857	-	38,411,690

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

In thousands of Kazakhstani Tenge	**Shareholder**	**Companies under common control**	**Subsidiaries and Joint ventures**
Dividend income	-	-	34,045,809
Finance income	-	-	6,520,957
Finance cost	7,257,814		2,915,572
Impairment losses (financial assets)	-	-	(79,361)
General and administrative expenses	-	120,722	832,214
Foreign exchange gains (net)	-	-	(260)

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

In thousands of Kazakhstani Tenge	**Shareholder**	**Companies under common control**	**Subsidiaries and Joint ventures**
Dividend income	-	-	34,943,973
Finance income	-	-	6,730,767
Finance cost	6,822,113	-	4,700,278
Impairment losses (financial assets)	-	-	(23,624)
General and administrative expenses	-	38,434	787,810
Foreign exchange gains (net)	-	-	53,774

The Company also provided guarantees to its subsidiaries as disclosed in Note 19.

Key management personnel compensation for the year ended 31 December 2021 represents the salaries, bonuses and other short-term employee benefits and amounts to Tenge 318 044 thousand (31 December 2020: Tenge 210,832 thousand). Key management personnel as at 31 December 2021 include 4 persons (31 December 2020: 5 persons).

6 Investments in Subsidiaries and Joint ventures

Table below summarises the cost of investments as at 31 December 2021:

			31 December 2020		31 December 2019	
	Acquisition date	Country of registration	Cost of investments (in thousands of Tenge)	Percentage of ownership	Cost of investments (in thousands of Tenge)	Percentage of ownership
Subsidiaries						
Ekibastuzskaya GRES-1 named after Bulat Nurzhanov	31.10.2012	Kazakhstan	331,003,748	100%	333,382,126	100%
Alatau Zharyk Company JSC	29.07.2009	Kazakhstan	62,914,945	100%	62,914,945	100%
Almaty Power Stations JSC	26.07.2011	Kazakhstan	34,061,653	100%	34,061,653	100%
Moinak HPS JSC	04.01.2008	Kazakhstan	21,864,616	100%	21,864,616	100%
Tegis Munay LLP	29.12.2012	Kazakhstan	17,531,389	100%	17,373,473	100%
First Wind Turbine LLP	28.05.2016	Kazakhstan	14,914,271	100%	14,914,271	100%
Shardara HPS JSC	03.06.2011	Kazakhstan	2,524,772	100%	2,524,772	100%
Ereymentau Wind Power LLP	28.05.2016	Kazakhstan	8,401,189	100%	6,658,306	100%
Bukhtarminskaya HPS JSC	04.01.2008	Kazakhstan	1,050,790	90%	1,050,790	90%
KazGidroTekhEnergo LLP	31.03.2014	Kazakhstan	326,840	100%	299,565	100%
AlmatyEnergoSbyt LLP	26.07.2011	Kazakhstan	136,003	100%	136,003	100%
Energy Solutions Center LLP	16.03.2019	Kazakhstan	52,998	100%	52,998	100%
Joint ventures and associates						
Forum Muider B.V.	23.12.2008	Netherlands	41,759,543	50%	41,759,543	50%
Ekibastuz SEGRES-2 JSC	04.01.2008	Kazakhstan	8,725,133	50%	8,725,133	50%
Energiya Semirechiya LLP	28.05.2016	Kazakhstan	2,411,010	25%	2,411,010	25%
Impaired investments						
Balkhash Termal Power Plant (Note 4)	24.06.2008	Kazakhstan	32,085,280	100%	32,085,280	100%
Samruk-Green Energy LLP	13.06.2012	Kazakhstan	5,684,653	100%	5,684,653	100%
Shulbinskaya HPS NJSC	04.01.2008	Kazakhstan	1,230,658	92.14%	1,230,658	92.14%
Ust-Kamenogorskaya HPS JSC	04.01.2008	Kazakhstan	465,019	89.99%	465,019	89.99%
Less:						
Impairment of investments			(39,446,496)		(39,446,496)	
Total investments			**547,698,014**		**548,148,318**	

As at 31 December 2021 and 2020, the Company has ownership interests in the jointly controlled entities as follows:

- SEGRES -2 - 50%. The remaining 50% share is held by Samruk-Kazyna National Welfare Fund JSC.
- Forum Muider - 50%. The remaining 50% is held by UC RUSAL.

The Company has ownership interest in the Energiya Semirechiya LLP associated company (25%). Energiya Semirechiya LLP plans to build a renewable energy station. The shareholders of Energiya Semirechiya LLP are Hydrochina Corporation (50%), Samruk Energy JSC (25%), Powerchina Chegdu Engineering Corporation (15%), and Powerchina Resourses Ltd (participation 10%). The Company's ownership interest in Energiya Semirechiya LLP has not changed due to the proportional contribution to the authorized capital by all shareholders according to their ownership interests.

7 Loans Issued and Investments in Debt Securities

In thousands of Kazakhstani Tenge	**31 December 2021**	**31 December 2020**
Non-current portion		
Bonds of Moinak HPP JSC	26,000,000	33,000,000
Bonds of Shardarinskaya HPP JSC	15,500,000	-
Loan issued to Alatau Zharyk Company JSC	5,596,912	5,231,035
Bonds of Mangistau Electricity Distribution Company JSC	340,157	686,610
Bonds of «First Heartland Jusan Bank» JSC (former -Tsesnabank JSC)	28,470	24,909
Bonds of Special Financial Company DSFK LLP	-	418,604
Less: impairment provision	(225,285)	(188,202)
Total Loans issued and investments in debt securities – non-current borrowings	**47,240,254**	**39,172,956**
Current portion		
Short-term notes of State Institution "National Bank of the Republic of Kazakhstan"	9,161,029	-
Bonds of Moinak HPP JSC	7,000,000	7,000,000
Financial aid issued to "Ereymentau Wind Power" LLP	3,868,922	-
Bonds of Shardarinskaya HPP JSC	2,900,000	-
Loan issued to Almaty Power Stations JSC	1,112,631	3,400,000
Loan issued to Shardara HPS JSC	950,000	950,000
Loan issued to "Ereymentau Wind Power" LLP	400,000	-
Bonds of Mangistau Electricity Distribution Company JSC	384,600	384,600
Loan issued to Balkhash Termal Power Plant JSC	377,301	377,301
Accrued interest on bonds	363,986	182,055
Accrued interest on loans issued	278,418	246,998
Financial assistance to Ust-Kamenogorskaya HPS JSC	30,390	30,390
Loans issued to Zhambyl GRES named after T.I.Baturov JSC	5,442	5,442
Loan issued to Ekibastuz GRES-1	-	7,000,000
Less: impairment provision	(623,334)	(583,640)
Total Loans issued and investments in debt securities – current borrowings	**26,209,385**	**18,993,146**

Bonds of Moinak HPP JSC

On 18 June 2019, the Company acquired bonds of Moinak HPP JSC issued on the AIX stock exchange for Tenge 47,000,000 thousand, with a maturity of 7 years, and coupon rate of 11% per annum. As at 31 December 2021, the balance of the nominal value of the bonds is Tenge 33,000,000 thousand (2020: Tenge 40,000,000 thousand).

Bonds of Shardarinskaya HPP JSC

On 26 November 2021, the Company purchased bonds of Shardarinskaya HPP JSC placed on the Astana International Exchange (“AIX”) stock exchange. The total amount is Tenge 18,400,000 thousand, with a maturity of 6.5 years, and a coupon rate of 13% per annum. The bonds purchased in order to refinance borrowings of Shardarinskaya HPP JSC obtained from the European Bank for Reconstruction and Development.

Bonds of First Heartland Jusan Bank JSC (formerly TsesnaBank JSC)

In November 2018, the Company’s cash placed with Tsesnabank JSC was converted to bonds of Tenge 153,236 thousand in accordance with the Government Decree. The carrying amount of the bonds is the present value of future cash flows discounted at 14 %. on 18 January 2019, the National Bank of the Republic of Kazakhstan registered changes to the bond issue prospectus, according to which the interest rate was changed from 4% to 0.1% per annum.

Loan issued to Alatau Zharyk Company JSC

On 31 January 2011, the Company provided a loan to Alatau Zharyk Company JSC of Tenge 7,000,000 thousand for construction and reconstruction of substations and other facilities. The loan maturity is 21 January 2024, the interest rate is 2% per annum, payable on a quarterly basis. The outstanding amount as at 31 December 2021 is Tenge 5,644,518 thousand (31 December 2020: Tenge 5,281,507 thousand). The carrying amount of the loan is the present value of future cash flows discounted at 12.5%. A difference between the loan’s fair value on origination and its nominal value of Tenge 3,675,691 thousand, less income tax, was recognised as additional investments in Alatau Zharyk Company JSC.

Loan and financial aid issued by Ereymentau Wind Power LLP

7 Loans Issued and Investments in Debt Securities (Continued)

During 2021, the Company issued a loan of Tenge 400,000 thousand to Ereymentau Wind Power LLP at an interest rate of 8% for a period of 12 months, and also provided financial assistance of Tenge 4,100,000 thousand for the implementation of the investment project "Construction of a wind farm of 50 MW capacity near Eereymentau town". The carrying value of the financial assistance issued is the present value of future cash flows, discounted using rates of 11.2-11.3%. The difference between the fair value of financial assistance at the date initial recognition and its nominal value of Tenge 414,162 thousand was recognized as an additional investment in Ereymentau Wind Power LLP.

Short-term notes of the State Institution of the National Bank of the Republic of Kazakhstan

On 20 December 2021, the Company invested Tenge 9,131,800 thousand in short-term notes of the National Bank of the Republic of Kazakhstan with a maturity date on 19 January 2022.

Debt reconciliation

The table below sets out an analysis of net debt and the movements in the Company's assets from financing activities for each of the periods presented. The items of these assets are those that are reported as financing in the statement of cash flows.

In thousands of Kazakhstani Tenge	**2021**	**2020**
Loans issued and investments in debt securities at 1 January	**58,166,102**	**63,625,509**
Loans issued and financial aid issued	8,382,631	23,131,000
Purchase of debt instruments	18,400,000	-
Purchase of notes of the National Bank of the Republic of Kazakhstan	9,131,800	-
Repayment of loans and bonds purchased	(20,493,926)	(29,156,826)
Interest obtained	(4,701,739)	(5,837,019)
Sales of debt instruments	(1,839,490)	(384,601)
Interest income on loans issued and bonds	4,945,664	5,832,282
Gain/(loss) from modification of loans issued	-	105,291
Discount when organizing the issued financial assistance	(414,162)	-
Finance income on amortization of discount on financial assistance provided	1,022,68	879,656
Other movements	12,323	(10,745)
Reversal/(accrual for) of impairment provision (net)	837,754	(18,445)
Loans and and investments in debt securities at 31 December	**73,449,639**	**58,166,102**

All loans issued and investments in debt instruments are classified as stage 1 as at 31 December 2021 (2020: all loans issued and investments in debt instruments were classified as stage 1, except for the Bonds of Special Financial Company DSFK (DSFK) LLP) .

8 Other Non-Current Assets

In thousands of Kazakhstani Tenge	**31 December 2021**	**31 December 2020**
Trade receivables from acquirers of disposed subsidiaries	8,273,935	727,652
Receivables under financial guarantee issued to First Wind Turbine LLP	-	1,547,542
Other receivables from employees	54,345	71,814
Less: provision for impairment	(1,392,709)	(110,739)
Total other non-current financial assets	**6,935,571**	**2,236,269**

Accounts receivable primarily comprise the short-term portion of the debt of OESK Holding LLP (former – LLP VKEK) in the amount of Tenge 7,561,445 thousand for sale of shares of EKREC JSC, which were sold during 2017. According to the OESK Holding LLP's request for a payment deferral due to negative consequences because of force majeure circumstances related to COVID-19 pandemic, the Company's management decided to extend the debt maturity until 1 October 2023 subject to purchase price indexation. As of 31 December 2021, the Company assigned a 'SK C' rating and recognised impairment provision on receivables from OESK Holding LLP (former – LLP VKEK) of Tenge 1,440,209 thousand, from which Tenge 1,305,021 thousand related to the long term portion.

8 Other Non-Current Assets (Continued)

At 31 December 2021, accounts receivable of Tenge 712,490 thousand are financial receivables from Inform System LLP (2020: Tenge 727,652 thousand). At 31 December 2021, receivables are neither past due nor impaired and are fully denominated in Tenge with internal credit rating "SK C".

9 Other Current Assets

In thousands of Kazakhstani Tenge	**31 December 2021**	**31 December 2020**
Trade receivables from acquirers of disposed subsidiaries	851,457	9,022,234
Receivables from Tauba Invest	469,205	760,025
Term deposits	5,804	5,304
Dividends receivable	458	449
Less: provision for impairment	(612,434)	(1,360,055)
Total other current financial assets	**714,490**	**8,427,957**
Advances paid	19,908	20,074
Other	297,217	308,429
Total other current assets	**1,031,615**	**8,756,460**

Trade and other receivables

Accounts receivable primarily comprise the short-term portion of the debt of OESK Holding LLP (former – LLP VKEK) of Tenge 783,296 thousand for the shares of EKREC JSC, which were sold during 2017 (Refer to Note 8).

The receivables from Tauba Invest LLP are secured by the pledge agreement for immovable property dated 26 April 2018. In the reporting period, Tauba Invest LLP paid off Tenge 290,820 thousand. Due to the lack of relevant information on Tauba Invest LLP in calculating the expected credit loss model, the Company assigned a "SK D" rating, and recognized full impairment.

10 Cash and Cash Equivalents

In thousands of Kazakhstani Tenge	**31 December 2021**	**31 December 2020**
Term deposits up to 3 months - Tenge	810,000	550,000
Cash at current bank accounts – Euro	556,245	516,304
Cash at current bank accounts – Tenge	112,140	526,439
Cash on hand	3,321	2,737
Cash at current bank accounts – US Dollar	2	12
Less: provision for impairment	(368)	(243)
Total cash and cash equivalents	**1,481,340**	**1,595,249**

The credit quality of cash and cash equivalents balances may be summarised as follows as of 31 December 2021. At 31 December 2021 and 2020, cash and cash equivalents are not past due.

In thousands of Kazakhstani Tenge	**Rating (S&P)**	**31 December 2021**	**31 December 2020**
Neither past due nor impaired:			
Altyn Bank JSC	BBB-	1,166	221
Sberbank Russian SB JSC	BBB-	78,200	500,442
Halyk Bank of Kazakhstan JSC	BB+	16,542	18,302
VTB Bank SB JSC	BB+	556,322	516,171
Alfa-Bank SB JSC	BB-	10,408	556,064
First Heartland Jusan Bank JSC	B-	-	921
ForteBank JSC	B-	815,749	634
Total cash and cash equivalents		**1,478,387**	**1,592,755**

11 Share Capital

At 31 December 2021, 5,601,812 issued ordinary shares were fully paid in the amount of Tenge 376,045,927 thousand (2020: 5,601,812 shares). Each ordinary share carries one vote. The Company does not have any preference shares. The number of authorised shares is 8,602,187. As at 31 December 2021, SWF Samruk-Kazyna holds 100% shares in the Company (2020: 100%).

On 30 March 2021, the Company announced a dividend payment to the Sole Shareholder in the amount of Tenge 3,242,143 thousand - Tenge 578.77 per share (June 9, 2020: Tenge 3,066,231 thousand - Tenge 547.38 per share). On 28 June 2021, Samruk-Energy JSC fully paid the declared dividends to the Sole Shareholder in the amount of Tenge 3,242,143 thousand.

12 Borrowings

In thousands of Kazakhstani Tenge	31 December 2021	31 December 2020
Non-current portion		
Loans from JSC SWF Samruk-Kazyna	68,565,478	60,308,279
Bank loans	54,899,816	65,293,870
Bonds issued	40,103,964	24,819,395
Total non-current borrowings	**163,569,258**	**150,421,544**
Current portion		
Loans from subsidiaries	23,504,716	38,411,690
Bonds issued	3,117,605	-
Current bank loans	3,042,235	3,042,235
Loans from JSC SWF Samruk-Kazyna	2,381,109	2,381,109
Interests accrued – bonds issued	564,220	360,287
Interests accrued – bank loans	1,449,766	1,584,825
Interests accrued – loans from JSC SWF Samruk-Kazyna and subsidiaries	192,723	212,878
Total current borrowings	**34,252,374**	**45,993,024**
Total borrowings	**197,821,632**	**196,414,568**

Carrying amounts and fair value of borrowings are analysed below:

	31 December 2021		31 December 2020	
In thousands of Kazakhstani Tenge	Carrying amount	Fair value	Carrying amount	Fair value
Loans from JSC SWF Samruk-Kazyna and subsidiaries	94,644,026	90,544,180	106,299,547	106,249,976
Bank loans	59,391,817	59,391,817	64,935,339	64,935,339
Bonds	43,785,789	39,571,453	25,179,682	25,546,862
Total borrowings	**197,821,632**	**189,507,450**	**196,414,568**	**196,732,177**

Borrowings form JSC SWF Samruk-Kazyna

On 17 March 2010, the Company signed a loan agreement with JSC SWF Samruk-Kazyna for Tenge 48,200,000 thousand to refinance the debt arising as the result of the 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 JSC SWF Samruk-Kazyna for Tenge 7,000,000 thousand to finance the construction of substation of Alatau Zharyk Company JSC. The interest rate is 2% per annum, the maturity is 25 January 2024. The principal amount is payable at maturity and interest is payable by semi-annual payments. On 25 January 2021, the Company made a partial repayment of the principal debt in the amount of Tenge 205,746 thousand.

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

12 Borrowings (Continued)

On 3 October 2014 the loan agreement was substantially modified pursuant to addendum No. 1 to loan agreement No. 369 as follows:

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

On 25 December 2015 the loan agreement was significantly modified in accordance with the addendum No.2 to loan 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 modification 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, JSC SWF Samruk-Kazyna acted as a 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.

Bank loans: European Bank for Reconstruction and Development

In December 2016, the Company opened a non-revolving credit facility for EUR 100 million to refinance Eurobonds. In September 2019, the Company received two tranches of Tenge 39,114,450 thousand within this credit facility. The interest rate is set based on the independent indicative interest rate for loans on All-in-cost basis, 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.

Bank loans: Asian Development Bank

On 8 November and 5 December 2018, the Company opened non-revolving credit facilities for 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, plus bank margin. Principal debt is payable at maturity: for tranche A and B – in 2024, for tranche C – in 2026.

Bonds issued

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 1000 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.

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 placed 184 green bonds of Tenge 18,400,000 thousand, with a par value of 100,000,000 Tenge per 1 bond for 6.5 years. The coupon rate was 11.4% per annum and is payable twice a year. The bonds issued in order to refinance the borrowings of Shardarinskaya HPP JSC, which obtained from the European Bank for Reconstruction and Development through the purchase of bonds of Shardarinskaya HPP JSC.

12 Borrowings (Continued)

Debt reconciliation. The table below sets out an analysis of liabilities from financing activities and the movements in the Company's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows.

In thousands of Kazakhstani Tenge	**2021**	**2020**
Borrowings at 1 January	**196,414,568**	**207,398,917**
Proceeds from borrowings obtained and issued bonds	88,410,000	17,810,342
Repayment of borrowings and bonds	(93,277,291)	(39,093,686)
Interest paid	(13,151,902)	(12,559,564)
Interest accrued	13,200,621	12,696,645
Unwinding of present value discount	8,621,530	10,191,991
Discount on origination of borrowings received	(2,378,379)	-
Other payments	(17,515)	(30,077)
Borrowings at 31 December	**197,821,632**	**196,414,568**

13 Dividend Income

In thousands of Kazakhstani Tenge	**2021**	**2020**
Dividends from Ekibastuzskaya GRES-1 n.a. Bulat Nurzhanov LLP	29,000,000	29,000,000
Dividends from Bukhtarminskaya HPS JSC	2,201,254	1,373,311
Dividends from PVES LLP	1,410,354	600,000
Dividends from Almaty Power Stations JSC	852,741	610,921
Dividends from Alatau Zharyk Company JSC	504,551	407,518
Dividends from Forum Muider B.V	72,905	2,952,223
Other	4,004	-
Total dividend income	**34,045,809**	**34,943,973**

14 Other Operating Income and Expenses (net)

In thousands of Kazakhstani Tenge	2021	2020
Other income	12,947	70,445
Other expenses	(32,760)	(8,893)
(Impairment)/recovery of impairment of investments in subsidiaries and associates (net)	-	(704,664)
Total other operating income and expenses	**(19,813)**	**(643,112)**

15 General and Administrative Expenses

In thousands of Kazakhstani Tenge	2021	2020
Payroll and related expenses	3,071,392	2,656,472
Office maintenance services	675,836	676,590
Depreciation of property, plant and equipment and amortisation of intangible assets	520,144	516,029
Consulting and other professional services	209,100	224,004
Taxes	188,606	129,448
Information system maintenance	180,572	195,384
Business trip expenses	113,728	65,077
Membership fee	113,204	96,526
Employee training and related expenses	79,203	43,375
Insurance	43,630	41,988
Communication	28,110	22,480
Rent expense	3,331	3,169
Provision for legal proceedings (Note 19)	-	739,802
Other	578,101	447,554
Total general and administrative expenses	**5,804,957**	**5,857,898**

16 Finance Income

In thousands of Kazakhstani Tenge	2021	2020
Interest income on bonds and loans issued	4,945,664	5,832,282
Unwinding of discount on financial assets	2,450,653	1,920,523
Income from issued guarantees	1,350,008	88,681
Income from modification of receivables	197,935	661,324
Interest income on bank deposits	104,331	140,239
Gain on modification of loans	-	105,290
Other	11,601	11,146
Total finance income	**9,060,192**	**8,759,485**

17 Finance Costs

In thousands of Kazakhstani Tenge	2021	2020
Interest expense on borrowings and bonds	13,200,621	12,696,645
Amortisation of present value discount on loans and financial assistance	8,621,530	10,191,991
Unwinding of discount on leases	185,753	125,914
Discounting of loans issued and non-current receivables	-	83,813
Other	-	2,744
Total finance costs	**22,007,904**	**23,101,107**

18 Income Taxes

In thousands of Kazakhstani Tenge	2021	2020
Current income tax	347,590	79,874
Total income tax expense	**347,590**	**79,874**

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

In thousands of Kazakhstani Tenge	2021	2020
Profit under IFRS before tax	**15,576,607**	**12,805,199**
Theoretical tax expense at statutory rate of 20% (2020: 20%)	3,115,321	2,561,040
Adjustments for:		
Dividend income	(6,809,161)	(6,988,795)
Withholding tax	347,590	79,874
Other non-deductible expenses/(non-taxable income)	52,083	5,754
Changes in unrecognised deferred income tax assets	800,662	4,422,001
Prior year adjustments including related to expiry of the statute of limitation on tax loss carry forwards	2,841,095	-
Total income tax expense	**347,590**	**79,874**

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 when the temporary differences will reverse.

18 Income Taxes (Continued)

In thousands of Kazakhstani Tenge	1 January 2021	Charged/ (credited) to profit or loss	31 December 2021
Tax effect of deductible temporary differences			
Tax loss carry forwards	13,741,811	(89,871)	13,651,940
Loans issued and investments in debt securities	1,015,190	(525,935)	489,255
Investments in subsidiaries, joint ventures and associates	1,676,381	392,843	2,069,224
Other receivables	877,645	(49,450)	828,195
Guarantee	254,453	(254,453)	-
Gross deferred income tax assets	**17,565,480**	**(526,866)**	**17,038,614**
Unrecognised tax assets	(4,698,636)	(800,662)	(5,499,298)
Less offsetting with deferred income tax liabilities	**(12,866,844)**	**1,327,528**	**(11,539,316)**
Recognised deferred income tax assets	-	-	-
Tax effect of taxable temporary differences			
Property, plant and equipment	(371,929)	72,629	(299,300)
Borrowings	(12,494,915)	1,254,899	(11,240,016)
Gross deferred income tax liabilities	**(12,866,844)**	**1,327,528**	**(11,539,316)**
Less offsetting with deferred income tax assets	**12,866,844**	**(1,327,528)**	**11,539,315**
Recognised deferred income tax liabilities	-	-	-

The Company does not expect to obtain taxable income in the foreseeable future other than income subject to withholding tax.

In thousands of Kazakhstani Tenge	1 January 2020	Charged/ (credited) to profit or loss	31 December 2020
Tax effect of deductible temporary differences			
Tax loss carry forwards	11,771,276	1,970,535	13,741,811
Loans issued and investments in debt securities	1,198,290	(183,100)	1,015,190
Investments in subsidiaries, joint ventures and associates	1,072,898	603,483	1,676,381
Other receivables	827,857	49,788	877,645
Guarantee	287,950	(33,497)	254,453
Gross deferred income tax assets	**15,158,271**	**2,407,209**	**17,565,480**
Unrecognised tax assets	(276,635)	(4,422,001)	(4,698,636)
Less offsetting with deferred income tax liabilities	**(14,881,636)**	**2,014,792**	**(12,866,844)**
Recognised deferred income tax assets	-	-	-
Tax effect of taxable temporary differences			
Property, plant and equipment	(326,950)	(44,979)	(371,929)
Borrowings	(14,554,686)	2,059,771	(12,494,915)
Gross deferred income tax liabilities	**(14,881,636)**	**2,014,792**	**(12,866,844)**
Less offsetting with deferred income tax assets	**14,881,636**	**(2,014,792)**	**12,866,844**
Recognised deferred income tax liabilities	-	-	-

18 Income Taxes (Continued)

At 31 December 2021, the Company did not recognise deferred income tax assets in relation to unused tax loss carry forwards of Tenge 5,499,298 thousand (31 December 2020: Tenge 4,698,636 thousand).

19 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 prices 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 have 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 506.14 per USD 1, compared to Tenge 431.80 per USD 1 as at 31 December 2021 (31 December 2020: Tenge 420,91 per USD 1). Therefore, uncertainty remains in relation to exchange rate of Tenge and future action 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 Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict, and management's current expectations and estimates could differ from actual results.

Additionally, 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 Company'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.

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 Company's activities for the period of quarantine were not suspended, the work of office employees was organized remotely.

19 Contingencies, Commitments and Operating Risks (Continued)

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 and to date there has not been any significant effect on the Company's revenues and deliveries; 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 Company.

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

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

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 financial statements, which may lead to additional tax liabilities of the Company. Fiscal periods remain open to review by the authorities in respect of taxes for five years after the end of the fiscal year.

The Company management believes that its interpretation of the relevant legislation is appropriate and the Company's tax positions will be sustained. In the opinion of the Company 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 financial statements.

Insurance

The insurance market in the Republic of Kazakhstan is at the stage of early development, and many types of insurance that are widespread in other countries are not available in Kazakhstan. The Company does not have full insurance protection with respect to its production premises, losses caused by stoppage of operations or liabilities payable to third parties due to damage caused to real estate or environment as a result of accident or Company's operations. Unless the Company has a full insurance coverage, there is a risk that loss or damage of particular assets might have material adverse effect on the Company's operations and financial position.

Legal proceedings

The Company takes part in certain other legal proceedings arising in the ordinary course of business. Management believes that there are currently no ongoing other legal proceedings or other pending claims that could have a substantial adverse effect on the Company's financial position.

From the second quarter of 2020, the Company is involved in legal proceedings with Transtelecom JSC. Transtelecom JSC sued legal actions for the recovery of actually rendered services and incurred expenses under Procurement Contract "Consulting services on implementation of target (base) processes of Samruk-Energy JSC" of Tenge 1,100,045 thousand. On 16 April 2020, preparation was held to legal proceeding in Nur-Sultan SIEC. On 3 August 2020, legal proceedings were held in Nur-Sultan SIEC on a civil case under Transtelecom JSC's claim to Samruk-Energy JSC on recovery of debt amount. According to court ruling dated 3 August 2020 and 25 August 2020 on this case, legal economic evaluation and legal merchandising expert review have been assigned. On 15 December 2020, court made a decision of partial satisfaction. The court decided to recover from Samruk-Energy JSC in favour of Transtelecom JSC the amount of Tenge 718,254 thousand and judicial costs on state duty payment of Tenge 21,548 thousand. The court denied the remaining portion of Transtelecom JSC's demand for Tenge 381,791 thousand. On 3 February 2021, the court approved mediation agreement executed between Samruk-Energy JSC and Transtelecom JSC dated 2 February 2021, according to which Samruk-Energy JSC on 8 February 2021 repaid the amount for actually performed works of Tenge 700,000 thousand. The Company created provision for Tenge 739,802 within general and administrative expenses as of 31 December 2020. As of the approval date of these consolidated financial statements an agreement between Samruk-Energy JSC and Transtelecom JSC was executed.

Compliance with covenants

19 Contingencies, Commitments and Operating Risks (Continued)

The Company has certain covenants on loans and bonds. Failure to comply with these covenants may result in negative consequences for the Company, including the growth of borrowing costs and the announcement of a default. Based on the 2021-year results, the Company complied with the loan covenants and received waivers in case of any violation (2020: complied).

Long-term financial guarantees

At 1 January 2021, the Company had guarantees issued in relation to the loans of its subsidiary Shardara HPS JSC. Fair value of guarantees at initial recognition was determined as the amount resulted from application to the guaranteed amount of interest rates, being the difference between the interest rate at which the borrower obtained a loan secured by the Company, and the interest rate that would be applied if the Company had not issued a guarantee. The cost of guarantees is deemed as an investment in a subsidiary. In November 2021, Shardara HPS JSC fully repaid borrowings from the European Bank for Reconstruction and Development.

In thousands of Kazakhstani Tenge	**Long-term financial guarantee**		**Amount of liabilities guaranteed**		**Guarantee period**		**Estimated**
Company	**31 December 2021**	**31 December 2020**	**31 December 2021**	**31 December 2020**	**Issue date**	**Validity period**	**rate under guarantee**
Shardara HPS JSC	-	1,272,264	-	21,235,227	2015 г.	13 лет	3%
Total	**-**	**1,272,264**	**-**	**21,235,227**			

20 Financial Risk Management

Financial risk factors

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

Risk management is carried out by management under policies, which provides principles for risk management, covering specific areas, such as credit risk, liquidity risk, and market risk.

(a) Credit risk

The Company 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 Company's lending and other transactions with counterparties, giving rise to financial assets.

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

Credit risk management

Credit risk is the single largest risk for the Company'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 Company 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.

20 Financial Risk Management (Continued)

The IRB system is designed internally and ratings are estimated by management. Various credit-risk estimation techniques are used by the Company depending on the class of the asset.

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

The rating models are regularly reviewed, back-tested on actual default data and updated, if necessary. Despite the method used, the Company 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 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 Company: 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.

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 Company 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;

20 Financial Risk Management (Continued)

- 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 Company 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 Company.

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 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 Company monitors whether that indicator continues to exist or has changed.

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

ECL provisions of other financial assets is insignificant as at 31 December 2020.

The Company 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.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECLs both incorporate supportable forward-looking information. The Company 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 Company regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit. Such back-testing is performed at least once a year.

20 Financial Risk Management (Continued)

The results of back-testing the ECL measurement methodology are communicated to Company 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 Company policy on formation and monitoring of development plans the Company manages the liquidity risk using short-term (one month) forecasts and also mid-term forecast for the next five years. In addition, the Company develops and approves development strategy of the Company for the next ten years. In planning cash flows, the Company also accounts for income from temporary excess cash using the bank deposits.

The table below analyses the Company'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	3,538,077	26,623,982	7,644,574	90,004,396	111,716,515
Bonds	-	203,288	4,742,104	40,988,476	21,558,053
Other payables and accrued liabilities	1,168,623	153,860	-	32,343	-
Finance lease	-	-	352,000	1,561,849	-
Financial guarantee	11,026,026	-	-	-	-
Total future payments, including future principal and interest payments	**15,732,726**	**26,981,130**	**12,738,678**	**132,587,064**	**133,274,568**
At 31 December 2020					
Borrowings	3,807,421	31,655,376	20,671,552	89,304,234	134,262,388
Bonds	-	203,288	2,644,504	35,009,536	-
Other payables and accrued liabilities	1,568,373	149,815	-	-	-
Finance lease	-	-	417,342	1,847,452	-
Financial guarantee	32,439,798	-	-	-	-
Total future payments, including future principal and interest payments	**37,815,592**	**32,008,479**	**23,733,398**	**126,161,222**	**134,262,388**

(c) Market risk

Currency risk

Financial assets and liabilities of the Company are mainly denominated in Tenge, as a result, the Company is not significantly exposed to currency risk. However, the Company continues to monitor changes in the financial derivatives market to introduce a hedging structure in the future or, if necessary.

Interest rate risk

Interest rate risk arises from floating interest rate borrowings. The Company is exposed to potential market risk of MosPrime Rate quotas at the Moscow Foreign Exchange. The Company carefully monitors changes in floating interest rates. Additionally, within optimisation of its loan portfolio, the Company reduced rates on existing loans by 1-1.5% on the average. The Company has no formal agreements for the analysis and mitigation of risks related to changes in interest rates.

If at 31 December 2021 interest rates had been 20 basis points lower, with all other variables held constant, profit for the year would have been Tenge 129,447 thousan higher (2020: 118,784 thousand), mainly as a result of lower interest expense on floating interest rate liabilities and Tenge 129,447 thousan lower (2020: 118,784 thousand) as a result of higher interest expense floating interest rate liabilities.

Management of capital

20 Financial Risk Management (Continued)

The Company's objectives when managing capital are to safeguard the Company'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 Company 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 Company 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 separate statement of financial position) less cash and cash equivalents. Total capital is calculated as equity as shown in the separate statement of financial position plus net debt.

In thousands of Kazakhstani Tenge	Note	31 December 2021	31 December 2020
Total borrowings	12	197,821,633	196,414,568
Less:			
Cash and cash equivalents	10	(1,481,340)	(1,595,249)
Net borrowings		196,340,293	194,819,319
Total equity		432,279,357	420,292,483
Total equity		**628,619,650**	**615,111,802**
Gearing ratio		**31%**	**32%**

21 Fair Value Disclosures

Fair value measurement

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

The fair values in level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated 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.

	31 December 2021				31 December 2020			
In thousands of Kazakhstani Tenge	Level 1 fair value	Level 2 fair value	Level 3 fair value	Carrying value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Carrying value
Assets								
Cash and cash equivalents	-	1,481,340	-	1,481,340	-	1,595,249	-	1,595,249
Fixed term deposits	-	5,804	-	5,804	-	5,304	-	5,304
Financial receivables	-	7,680,949	-	7,586,622	-	9,029,447	-	9,039,117
Dividends receivable	-	458	-	458	-	449	-	449
Receivables from subsidiaries under guarantee issued	-	-	-	-	-	1,659,976	-	1,547,542
Loans issued	-	69,525,742	-	73,449,639	-	57,869,854	-	58,166,102
Receivables from employees	-	54,346	-	54,346	-	71,814	-	71,814
Total financial assets	**-**	**78,748,639**	**-**	**82,578,209**	**-**	**70,232,093**	**-**	**70,425,577**
Liabilities								
Borrowings	-	189,507,450	-	197,821,632	-	196,732,177	-	196,414,568
Lease liabilities	-	1,130,446	-	1,330,662	-	1,651,604	-	1,474,019
Financial guarantees	-	-	-	-	-	1,120,906	-	1,272,264
Financial payables	-	1,034,082	-	1,034,082	-	1,196,077	-	1,196,077
Total financial liabilities	**-**	**191,851,978**	**-**	**200,186,376**	**-**	**200,700,764**	**-**	**200,356,928**

21 Fair Value Disclosures (Continued)

Financial assets carried at amortised cost

The fair value of floating rate instruments approximates their carrying amount. 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.

Financial liabilities carried at amortised cost

The fair value of Eurobonds is based on quoted market prices. Fair values of other liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturities were estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

22 Events after the Reporting Period

January protest in the Country

On 2 January 2022 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 Company's operations; however, the tensions remain in the country, and further development of the events and their impact on the Company's operations is not possible to predict.

Situation with 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. Since December 2021, the situation has continued to decline 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 measured.

Due to geopolitical events around Ukraine and Russia, on 24 February 2022, oil prices exceeded USD 100 per barrel. Sanctions were imposed on certain Russian banks, including JSC SB "Bank VTB", where the Company held cash as at 31 December 2021 totaling Tenge 556,322 thousand. The Company is under way to transfer its 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 drastically. As of 18 March 2022, the exchange rate was Tenge 506.14 per US dollar. On 24 February 2022, the National Bank of the Republic of Kazakhstan decided to raise the base rate by 3.25 percentage points up to 13.50% while maintaining the +/-1% band. It is impossible to define how long the increased volatility will last or at what level it will eventually remain.

Investigation

On 3 March 2022, information appeared in the Kazakhstani media that the Anti-corruption Agency of the Republic of Kazakhstan (the "Anti-Corruption Service") is investigating the fact of abuse of official powers by the management of JSC SWF "Samruk-Kazyna", JSC "Samruk-Energo" and JSC "NC "Kazakhstan Temir Zholy" in order to benefit for private companies. At the time of issuing these separate financial statements, the management of the Company concluded that all operations of the Group's activities were carried out in accordance with the legislation and this event does not have an impact on the separate financial statements of the Company. The Company's management monitors this issue and provides the necessary information and support to the Anti-Corruption Service in relation to this issue.

22 Events after the Reporting Period (Continued)

Transactions with financial instruments

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

On 27 January 2022, the Company obtained a borrowing from Halyk Bank of Kazakhstan JSC of Tenge 11,000,000 thousand for a period of 6 months at 10.5% per annum.

On 26 January 2022, the Company made an early repayment of the principal debt on tranche B under a credit facility agreement dated 8 November 2018 with the Asian Development Bank, in the amount of Tenge 16,808,000 thousand.

23 Earnings per Share

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

	2021	**2020**
Profit for the year attributable to the Company's owners (in thousands of Kazakhstani Tenge)	15,229,017	12,725,325
Weighted average number of ordinary shares in issue	5,601,812	5,601,812
Profit for the year attributable to the Company's owners (rounded to Tenge)	**2,719**	**2,272**

Carrying value 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 Company based on the financial statements constituted to Tenge 77,050 (31 December 2020: Tenge 74,914). The table for calculating the carrying amount of one share is as follows:

In thousands of Kazakhstani Tenge	**2021**	**2020**
Total assets	632,873,167	621,293,694
Less: intangible assets	(659,057)	(636,073)
Less: total liabilities	(200,593,810)	(201,001,211)
Net assets for ordinary shares	**431,620,300**	**419,656,410**
Number of ordinary shares at 31 December	5,601,812	5,601,812
Carrying amount of one share, Tenge	77,050	74,914