

NC QazaqGaz JSC

**Separate Financial Statements
in accordance with IFRS Accounting Standards
and Independent Auditor's Report**

31 December 2023

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Independent Auditor's Report

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Independent Auditor's Report

To the Shareholder, Board of Directors and Management of NC QazaqGaz JSC:

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of NC QazaqGaz JSC (the "Company") as of 31 December 2023, and the Company's separate financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's separate financial statements comprise:

- the separate statement of financial position as of 31 December 2023;
- the separate statement of 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, comprising material accounting policy information 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.

Independent auditor's report (Continued)

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Our audit approach

Overview

Materiality	<ul style="list-style-type: none">Overall Company materiality: Kazakhstani Tenge ("Tenge") 7,000,000 thousand, which represents 0.75% of revenue.
Key audit matters	<ul style="list-style-type: none">Impairment of investments in subsidiariesAccrued payable for the purchased gas

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	Tenge 7,000,000 thousand
How we determined it	Approximately 0.75% of revenue
Rationale for the materiality benchmark applied	We considered profit before tax as a primary basis for materiality calculation, however, due to its high year-on-year volatility driven by dependency on dividend income, we decided to use revenue, which is a more stable indicator and is also used by the Shareholder to assess the Company's performance. We chose 0.75% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Independent auditor's report (Continued)

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Key audit matters

Key audit matters are those matters that, in our professional judgement, 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	How our audit addressed the key audit matter
<p>Impairment of investments in subsidiaries</p> <p><i>Notes 3 and 6 of the separate financial statements</i></p> <p>During 2023, the subsidiaries' profitability was impacted by increase in borrowing interest rates, reduced gas transit and changes in economic environment in which the subsidiaries operate. These indicate that the Company's investments in subsidiaries with the carrying value of Tenge 961,010,470 thousand as of 31 December 2023 may be impaired. The recoverable amount of the investments was determined as their value in use. Determining the recoverable amount requires significant management judgement and assumptions in respect of projected future cash flows, discount rates and level of main production costs. These projections are exposed to significant variability due to uncertain market conditions.</p> <p>We focused on this area due to the significance of the carrying values of the investments in subsidiaries, and the fact that there is significant judgement involved in determining the recoverable amounts.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We obtained an understanding of internal processes and controls and analysed the methodology applied by the management in assessing the investments in subsidiaries impairment for compliance with IAS 36. • We obtained, understood, and evaluated management's impairment models. We involved our valuation experts to assist in the evaluation of the methodology and assumptions used in the models, such as domestic sales tariffs, export sales prices, transportation and production volumes, discount rates, inflation rates, country specific risks and foreign exchange rates. • We compared future operating and capital expenditures and the revenue projections to the latest approved business plans and budgets. • We compared the key assumptions used within the impairment models to the historic performance of the respective CGUs. • We performed a sensitivity analysis over the key assumptions in order to assess their potential impact on impairment results and ranges of possible outcomes of the recoverable amounts. • We assessed the related disclosures in the separate financial statements for compliance with the requirements of IFRS Accounting Standards.

Independent auditor's report (Continued)

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Key audit matter	How our audit addressed the key audit matter
<p>Accrued payable for the purchased gas</p> <p><i>Notes 3 and 21 to the separate financial statements</i></p> <p>During 2023, the Company purchased commercial gas from one of its key suppliers without the price agreement. As of the date of the separate financial statements, negotiations with the supplier are ongoing and a final decision has not been taken yet.</p> <p>The Company recognised the accrued trade payable in the amount of Tenge 109,818,524 thousand as of 31 December 2023 based on the management's best estimate taking into account historic purchase prices, correspondence and negotiations with the supplier at the level of the Ministry of Energy of the Republic of Kazakhstan, as well as the mechanism for determining the gas purchase price, provided for by the Memorandum of Understanding between the Government of the Republic of Kazakhstan and the supplier.</p> <p>We focused on this area due to the significance of the accrued payable amount and the fact that there is significant judgement involved in determining the accrued payable.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We held discussions with the Company's management to understand the latest development and the status of negotiations between the Company and the supplier. • We inspected the signed Memorandum on Understanding between the Government of the Republic of Kazakhstan and the supplier that stipulates the mechanism to determine the gas purchase price and correspondence with the supplier. • We received the letter from the supplier with their position. • We assessed the reasonableness of the key assumptions used to estimate the accrued payable and compared them to the historic prices of the supplier that were actually settled in 2022 and to the prices of other gas suppliers in 2023. • We tested the mathematical accuracy of the accrued payable calculation. • We performed sensitivity analysis in consideration of the potential impact of reasonably possible changes in the price of gas. • We assessed the related disclosures in the separate financial statements for compliance with IFRS Accounting Standards' requirements.

Independent auditor's report (Continued)

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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 the date of this auditor's report.

Our opinion on the separate financial statements does not cover the other information and we 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 Annual report, 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 IFRS Accounting 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 judgement 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.

Independent auditor's report (Continued)

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- 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Almaz Sadykov.

On behalf of PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Approved by:

AKorbatbaev

Azamat Konratbaev
Managing Director
PricewaterhouseCoopers LLP
(General State License of the Ministry of
Finance of the Republic of Kazakhstan
№00000005 dated 21 October 1999)

Signed by:

Almaz Sadykov

Almaz Sadykov
Auditor in charge
(Qualified Auditor's Certificate
№00000745 dated 8 February 2019)

28 February 2024

Astana, Kazakhstan

NC QazaqGaz JSC
Separate Statement of Financial Position as at 31 December 2023

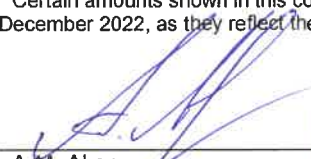
<i>In thousands of Tenge</i>	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	5	21,982,267	5,065,060
Exploration and evaluation assets		2,193,772	2,184,762
Right-of-use assets		–	505,495
Intangible assets		693,423	577,328
Investment property		92,110	94,113
Investments in subsidiaries	6	961,010,470	665,891,253
Investments in joint ventures	7	90,387,688	90,387,688
Advances paid for non-current assets	8	1,836,519	15,015,169
Loans to related parties	9	45,533,726	45,751,096
VAT recoverable	10	60,412,513	78,048,802
Other non-current financial assets	11	9,664,721	9,248,858
Deferred tax assets	31	8,645,453	–
Other non-current non-financial assets	12	–	2,278,997
Bank deposits		380,489	495,472
		1,202,833,151	915,544,093
Current assets			
Inventories	13	54,616,846	31,819,017
Trade and other receivables	15	287,614,003	151,192,449
Advances paid	8	503,421	2,785,317
Loans to related parties	9	46,358,949	10,895,130
Financial lease receivables		3,282,962	3,600,948
Prepaid taxes other than income tax	10	70,034,579	27,034,111
Corporate income tax prepaid	31	22,387,901	26,712,072
Other current financial assets	11	65,144,391	30,028,538
Other current assets	12	3,570,981	6,083,468
Bank deposits		3,946	1,680,479
Cash and cash equivalents	14	19,215,687	467,248,977
		572,733,666	759,080,506
TOTAL ASSETS		1,775,566,817	1,674,624,599

The accounting policies and notes on pages 6 to 50 are an integral part of these separate financial statements.

NC QazaqGaz JSC
Separate Statement of Financial Position as at 31 December 2023 (Continued)

<i>In thousands of Tenge</i>	Note	31 December 2023	31 December 2022*
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	447,874,886	430,959,489
Additional paid-in capital		23,470,656	23,470,656
Retained earnings		609,552,485	617,802,008
		1,080,898,027	1,072,232,153
LIABILITIES			
Non-current liabilities			
Debt securities issued	17	320,650,765	326,247,992
Borrowings	19	–	8,109,740
Lease liabilities		–	343,743
Liabilities under financial guarantee contracts	20	1,497,152	348,454
Deferred tax liabilities	31	–	32,028,783
Other non-current financial liabilities	22	679,744	1,285,954
		322,827,661	368,364,666
Current liabilities			
Trade payables	21	355,599,861	110,971,591
Debt securities issued	17	3,706,738	3,679,148
Bank loans	18	–	92,373,724
Borrowings	19	7,968,020	7,737,372
Lease liabilities		–	161,751
Liabilities under financial guarantee contracts	20	371,961	677,702
Taxes payable other than income tax		447,089	266,399
Other current financial liabilities	22	3,677,160	18,122,321
Other current liabilities		70,300	37,772
		371,841,129	234,027,780
TOTAL LIABILITIES		694,668,790	602,392,446
TOTAL EQUITY AND LIABILITIES		1,775,566,817	1,674,624,599

* Certain amounts shown in this column do not correspond to the amounts in the separate financial statements for the year ended 31 December 2022, as they reflect the restatement of comparative information disclosed in Note 2.


A.M. Akan
Deputy Chairman of the Management
Board on Economics and Finance




E.N. Bokayev
Acting Chief Accountant

NC QazaqGaz JSC
Separate Statement of Comprehensive Income for the year ended 31 December 2023

In thousands of Tenge	Note	For the year ended 31 December	
		2023	2022
Revenue from contracts with customers	23	958,505,920	765,815,933
Cost of sales	24	(556,009,093)	(356,208,024)
Gross profit		402,496,827	409,607,909
General and administrative expenses	25	(37,546,490)	(10,764,130)
Distribution costs	26	(417,777,013)	(387,371,068)
Net expected credit losses		(1,389,746)	(1,730,856)
Other operating income		1,198,232	2,650,260
Other operating expenses		(2,884,444)	(2,002)
Operating profit		(55,902,634)	12,390,113
Dividend income	27	27,866,614	90,097,703
Interest income calculated using the effective interest method	28	35,566,525	30,595,895
Finance income	29	935,843	9,205,133
Finance costs	30	(35,103,949)	(31,166,997)
Foreign exchange gain, net		20,234,592	7,536,582
Impairment loss on investments in subsidiary	6	(4,851,696)	(918,305)
(Loss)/profit before income tax		(11,254,705)	117,740,124
Income tax benefit/(expenses)	31	30,070,546	(12,974,135)
NET PROFIT FOR THE YEAR		18,815,841	104,765,989
Other comprehensive income for the year		-	-
Total comprehensive income for the year less income tax		18,815,841	104,765,989
Earnings per share			
Basic and diluted earnings per share for the year attributable to the parent company	16	0.05	0.28

A.M. Akan
Deputy Chairman of the Management
Board on Economics and Finance




E.N. Bokayev
Acting Chief Accountant


NC QazaqGaz JSC
Separate Statement of Cash Flows for the year ended 31 December 2023

In thousands of Tenge	Note	For the year ended 31 December	
		2023	2022*
Cash flows from operating activities			
Receipts from customers		880,553,751	856,452,529
VAT refund from tax authorities		–	20,696,748
Interest received		16,100,410	21,922,331
Proceeds from QG litigations	33	–	14,565,318
Other receipts		2,875,721	2,629,885
Payments to suppliers		(873,846,231)	(880,919,101)
Income tax paid		(5,801,756)	(23,117,600)
Other taxes and payments to the budget and funds		(7,394,310)	(5,666,672)
Interest paid	34	(21,981,225)	(26,740,338)
Payments to employees		(3,768,883)	(2,959,782)
Other payments		(6,011,369)	(7,656,655)
Net cash flows used in operating activities		(19,273,892)	(30,793,337)
Cash flows from investing activities			
Proceeds from the sale of joint ventures		–	80
Return of bank deposits		1,922,794	43,122,741
Dividends received from subsidiaries and joint ventures	32	27,866,614	98,578,741
Proceeds from the sale of other assets		1,527,233	–
Proceeds from redemption of notes of the National Bank of the Republic of Kazakhstan	11	100,256,959	67,892,313
Loans repaid by related party		54,516,116	209,647,925
Acquisition of financial assets		(63,260,261)	(673,261)
Placement of bank deposits		(15,634)	(28,529,188)
Acquisition of property, plant and equipment, intangible assets and exploration and evaluation assets		(160,349)	(557,789)
Loans provided to related parties		(95,551,186)	(18,309,181)
Purchase of notes of the National Bank of the Republic of Kazakhstan	11	(70,256,959)	(97,892,313)
Investments in subsidiaries	6	(276,590,724)	(9,218,345)
Acquisition of a subsidiary	3, 6, 8	–	(13,178,650)
Net cash flows (used in)/from investing activities		(319,745,397)	250,883,073
Cash flows from financing activities			
Contributions from the Sole Shareholder	16	–	13,178,650
Dividends paid to the Sole Shareholder	16, 32	(27,065,364)	–
Repayment of lease liabilities	34	(60,268)	(111,787)
Repayment of interest-bearing loans	18, 34	(73,646,650)	(5,130,790)
Repayment of loans from related party	19, 34	(8,504,752)	(8,614,964)
Net cash flows used in financing activities		(109,277,034)	(678,891)
Net changes in cash and cash equivalents		(448,296,323)	219,410,845
Net foreign exchange difference on cash and cash equivalents		263,033	13,836,264
Cash and cash equivalents at the beginning of the year		467,248,977	234,001,868
Cash and cash equivalents at the end of the year	14	19,215,687	467,248,977

* Certain amounts shown in this column do not correspond to the amounts in the separate financial statements for the year ended 31 December 2022, as they reflect the restatement of comparative information disclosed in Note 2.



A.M. Akan
Deputy Chairman of the Management
Board on Economics and Finance





E.N. Bokayev
Acting Chief Accountant

NC QazaqGaz JSC
Separate Statement of Changes in Equity for the year ended 31 December 2023

<i>In thousands of Tenge</i>	Note	Share capital	Additional paid-in capital	Retained earnings	Total
As at 31 December 2021		417,780,839	23,470,656	513,036,019	954,287,514
Net profit for the year		-	-	104,765,989	104,765,989
Total comprehensive income for the year		-	-	104,765,989	104,765,989
Issue of shares	16	13,178,650	-	-	13,178,650
As at 31 December 2022		430,959,489	23,470,656	617,802,008	1,072,232,153
Net profit for the year		-	-	18,815,841	18,815,841
Total comprehensive income for the year		-	-	18,815,841	18,815,841
Issue of shares	16	16,915,397	-	-	16,915,397
Dividends	16	-	-	(27,065,364)	(27,065,364)
As at 31 December 2023		447,874,886	23,470,656	609,552,485	1,080,898,027


A.M. Akan
Deputy Chairman of the Management
Board on Economics and Finance




E.N. Bokayev
Acting Chief Accountant

1 Corporate Information

NC QazaqGaz JSC (hereinafter the "Company" or "QG") is a joint stock company established in accordance with the Decree of the Government of the Republic of Kazakhstan (the "Government") No.173 dated 5 February 2000 and registered as a closed joint stock company on 13 March 2000. On 9 June 2004, the Company was re-registered as a joint stock company under the laws of the Republic of Kazakhstan. The Company's head office is registered at 12, Alikhan Bokeykhan Avenue, Yesil district, Astana, Republic of Kazakhstan.

As at 31 December 2023, Joint Stock Company "Sovereign Wealth Fund "Samruk-Kazyna" (hereinafter "Samruk-Kazyna" or "Sole Shareholder") is the sole shareholder of QG, and all subsidiaries of Samruk-Kazyna are considered as related parties of the Company (Note 32).

In accordance with the Resolution of the Government of the RK No. 914 dated 5 July 2012, NC KazTransGas JSC was determined a national operator in the area of gas and gas supply. According to the Decree of the Government of the Republic of Kazakhstan dated 30 November 2021 No. 852, KazTransGas was given the status of a National Company. According to the Decree of the Government of the Republic of Kazakhstan No. 982 dated 31 December 2023, NC KazTransGas JSC was renamed into NC QazaqGaz JSC. The Company's main objective as a national operator is to reliably satisfy Kazakhstan's domestic commercial gas needs.

The main activities of the Company also include the following:

- managing investment activities for the overall development of the main gas pipeline system within Kazakhstan;
- managing investment activities for the development of gas fields within Kazakhstan;
- providing consultancy services in research and development for gas industry;
- sale of gas in foreign and domestic markets;
- participation in the development and implementation of the state program for the development of gas industry.

As of 31 December 2023 and 2022, the Company had ownership interest in the following companies:

Name	Place of incorporation	Principal activities	Ownership interest	
			2023	2022
Intergas Central Asia JSC (ICA)	Kazakhstan	Transportation and storage of gas and rendering technical services for gas pipelines in Kazakhstan	100%	100%
KazTransGas Aimak JSC (KTG Aimak)	Kazakhstan	Sale of gas to local power distributors, legal entities and individuals	100%	100%
QazaqGaz Onimderi LLP	Kazakhstan	Transportation services	100%	100%
Exploration and Production QazaqGaz (EP QazaqGaz)	Kazakhstan	Production of natural gas and gas condensate	100%	100%
TOO «QazaqGaz Scientific and Technical Center» («QazaqGaz STC»)	Kazakhstan	Engineering design, research activities Repair and renewal operations and modernization of the main gas pipeline "Bukhara gas area - Tashkent - Bishkek - Almaty"	100%	100%
KazTransGas Bishkek LLC	Kyrgyzstan	Financial activities	100%	100%
KTG Finance B.V.	Netherlands		100%	100%
KazMunayGas Service-NS JSC	Kazakhstan	Construction and operation of Golf Club		
Tegis Munay LLP (Tegis Munay)	Kazakhstan	Production of natural gas	100%	-
Mangyshlak Munay LLP (Mangyshlak Munay)	Kazakhstan	Geological exploration and surveys	100%	-
Asian Gas Pipeline LLP (AGP)	Kazakhstan	Construction and operation of Kazakhstan-China gas pipeline	50%	50%
Beineu-Shymkent Gas Pipeline LLP (BShP)	Kazakhstan	Construction and operation of Beineu-Bozoi-Shymkent gas pipeline	50%	50%
Otan Gas LLP (OG)	Kazakhstan	Construction of gas processing plant	50%	50%

In 2022, Amangeldy Gas LLP was renamed to Exploration and Production QazaqGaz LLP.

1 Corporate Information (continued)

In 2023, Qazaq Gas Qurylys LLP was renamed to QazaqGaz Scientific and Technical Center LLP.

In 2023, KazTransGaz Onimderi LLP was renamed to QazaqGaz Onimderi LLP.

On 28 December 2022, the Company entered into a purchase and sale agreement with Samruk-Energy JSC for 100% interest in the authorized capital of Tegis Munay LLP. On 13 January 2023, the re-registration process was completed.

On 31 May 2023, a decision was made to reduce the authorized capital of Tegis Munay LLP by transferring a 100% interest in the authorized capital of Mangyshlak-Munay LLP to NC QazaqGaz JSC. Mangyshlak-Munay LLP was a 100% subsidiary of Tegis Munay LLP.

In 2021, the Company purchased 50% shares of PVH Development LLP for Tenge 80 thousand. The ownership takes effect at the time of re-registration. In 2022, the process of re-registration was completed, and PVH Development LLP was renamed to CCGT Turkestan LLP. On 12 September 2022, the Group sold 50% of the shares of CCGT Turkestan LLP for Tenge 80 thousand to Samruk-Kazyna.

The accompanying separate financial statements were authorized for issue by the Deputy Chairman of the Management Board for Economics and Finance and Acting Chief Accountant of the Company on 28 February 2024.

These separate financial statements have been issued in addition to the consolidated financial statements of NC QazaqGaz JSC and its subsidiaries. The consolidated financial statements of the QG group were approved for issue by the Deputy Chairman of the Management Board for Economics and Finance and the Acting Chief Accountant of the Company on 28 February 2024.

In 2023, audit and non-audit services provided to the Company by the current auditor PricewaterhouseCoopers LLP amounted to Tenge 27,313 thousand and Tenge 81,700 thousand (2022: nil and Tenge 48,500 thousand), respectively.

2 Basis of Preparation

The accompanying separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB").

The separate financial statements have been prepared under the historical cost convention, except for assets and liabilities measured at fair value as described in the accounting policies and notes to these separate financial statements. All values in these separate financial statements are rounded to the nearest thousands, unless otherwise stated.

The separate financial statements have been prepared based on a going concern basis. To assess this assumption, the Company performed a liquidity forecast based on various stress tests to ensure that it continues to apply the going concern principle in preparing these separate financial statements.

Foreign currency translation

Functional and presentation currency

The separate financial statements are presented in Kazakhstani Tenge ("Tenge"), which is the functional currency of the Company.

Foreign exchange rates

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

As at 31 December 2023, the currency exchange rate of KASE was 454.56 Tenge per 1 US Dollar and 5.06 Tenge per 1 Russian Ruble. These rates were used for translation of monetary assets and liabilities denominated in US Dollars and Russian Rubles at 31 December 2023 (2022: 462,65 Tenge per 1 US Dollar and 6,43 Tenge per 1 Russian Ruble).

2 Basis of Preparation (continued)

Operating environment

In November 2023, the international rating agency Fitch Ratings confirmed the sovereign rating of Kazakhstan at the level of "BBB-" with a "stable" outlook, this rating reflects strong budget and external balances resistant to external shocks, and financial flexibility backed up by accumulated savings from oil revenues. These strengths are opposed by high dependence on primary commodities, high inflation, which partially reflects underdeveloped macroeconomic policy compared to similar countries in the BBB category, and poor management indicators.

Crude oil and oil condensate still make a major contribution to the budget income and export, and the share of this export accounts for 17% of the GDP, which can expose the economy to external shocks. The efforts are being undertaken to diversify the economy, implementation of which would require time due to the present problems related to business environment and shortage of skilled manpower.

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. It is particularly sensitive to prices on oil and gas and other commodities, which constitute major part of the country's export. These characteristics include, but are not limited to, the existence of national currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets. Ongoing political tension in the region, volatility of the exchange rate have had and may continue to have negative impact on the economy of the Republic of Kazakhstan, including on the Company's operations and financial position.

The conflict on the territory of Ukraine and impact of anti-Russian sanctions

The conflict in Ukraine, which began in 2022, has led to a number of IFRS accounting peculiarities affecting financial reporting. Many countries have already imposed and continue to impose new sanctions on certain Russian legal entities and Russian citizens, including a ban on Russian banks to use the Swift system. The current situation itself, as well as potential fluctuations in commodity prices, exchange rates, import and export restrictions, availability of local materials and services and access to local resources have directly affected companies with significant activities in the CIS territories.

Russia is Kazakhstan's largest trade partner. Russia is also the key country of trade transit, notably via the Caspian Pipeline Consortium (CPC) pipeline, which carries up to 80% of oil exports. The Kazakhstani authorities are currently considering alternative oil export routes, including through the Baku–Tbilisi–Ceyhan (BTC) pipeline, but the implementation of these initiatives would require significant investments in infrastructure.

The ongoing conflict may lead to the risk of a shortage of commercial gas in the event of a cessation of purchases from Russian suppliers, especially during the heating season, the risk of counter-sanctions from the Russian Federation and/or individual Russian companies, expressed in refusal to supply Russian gas, processing Kazakh gas, restrictions on oil transportation through the CPC system (reduction of associated gas production). Additional indirect consequences may include potential fluctuations in commodity prices, exchange rates, import and export restrictions, availability of local materials and services, and access to local resources.

As part of its activities, the Company purchases and transits Russian gas. During 2023, the share of Russian gas volume was 35% of the total volume of purchased gas (in 2022: 31%).

Continuing transactions with Russia may result in the risk of secondary sanctions being imposed on the Company's activities. According to the sanctions list published by the USA, some Russian companies are included in the "Non-SDN" (non-blocking sanctions) list, which prohibits financing transactions and other transactions involving new debt with a maturity of more than 14 days or new equity capital. The Company's management is assessing the potential impact of anti-Russian sanctions on the Company's operations and will take all possible steps to reduce the risks. In turn, the Company is in the process of engaging an external expert to assess sanction risks.

2 Basis of Preparation (continued)

The current conflict and economic sanctions have not yet had a significant impact on the Company, but significant uncertainty regarding the outcome of the conflict and future economic sanctions remains. The Company takes into account the impact of anti-Russian sanctions in its activities and monitors them on an ongoing basis to minimise negative effects.

Based on the initial risk assessment and subsequent updates to sanctions programs and lists, the Company has developed an action plan to minimise possible negative consequences. This action plan is updated as new risks are identified or programs and sanction lists are updated. During 2023, there were no delays in payments from the end of Russian companies, and there were no problems with the transfer of payments in favor of Russian companies.

On 8 February 2024, Fitch Ratings agency downgraded the long-term default ratings of NC QazaqGaz JSC from 'BBB-' to 'BB+' with a 'stable' outlook. The revision was due to (i) the cessation of gas transit from Central Asia to Russia, (ii) still unprofitable domestic gas tariffs and (iii) rising domestic consumption of natural gas in Kazakhstan.

The Company's management believes that internal tariffs will be adjusted according to the minutes of the meeting of the Energy Council under the President of the Republic of Kazakhstan dated 16 January 2024, under which it was decided to increase prices for the sale and transportation of gas within the country by 20%.

The inflation rate was 9.8% in December 2023 after reaching its peak of 21.3% in February 2023. The economy grew by 4.8% in 2023, and according to analysts, the growth rate of the national economy will be just below 4% on average per year in the next three years. The economic environment has a significant impact on the Company's operations and financial position.

Besides, the oil and gas sector in the Republic of Kazakhstan are still impacted by political, legislative, fiscal and regulatory changes. 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 and improvements, which are beyond the Company's control.

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, as part of its normal business on a regular basis, uses all available mechanisms to prevent cooperation with companies on the sanction lists of the European Union, the Office of Foreign Assets Control (OFAC) and any other applicable sanctions, and takes all necessary measures to maintain the sustainability and growth of the Company's activities in the current circumstances.

Restatement of comparatives

Certain amounts in the separate statement of financial position and statement of cash flows for the year ended 31 December 2022 have been reclassified pursuant to the presentation adopted in the separate financial statements for the year ended 31 December 2023.

Previously, the Company presented its liabilities for accrued employee bonuses as Other liabilities in the separate statement of financial position. However, management believes that it is more appropriate for all accrued employee benefit obligations to be presented within Other financial liabilities in the separate statement of financial position. Comparatives for previous years as at 31 December 2022 have been restated by reclassifying Tenge 2,268,266 thousand from Other current liabilities to Other current financial liabilities.

Proceeds and acquisitions from reverse repurchase transactions in the separate statement of cash flows for 2022 were netted consistent with the presentation adopted in the separate financial statements for 2023. The Company also reclassified the amount of proceeds from the QG litigations into a separate line item from Other income from operating activities.

The Company has changed the presentation of its separate financial statements since the new presentation provides information that is more relevant to users of the separate financial statements and also meets the requirements of IAS 1, Presentation of Financial Statements.

3 Critical Accounting Estimates, Judgements and Assumptions

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

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the separate financial statements:

Provision for VAT recoverable

The Company determines whether VAT recoverable amount is doubtful at least on an annual basis. Provision for doubtful VAT recoverable is based on the management's expectations of future turnovers subject to VAT and VAT refund in cash. Significant management judgement is required to determine whether the Company can further defend its right for VAT refund or offset. Further details are provided in Note 10.

Accrued payable for gas purchase agreements

As at 31 December 2023, the Company has trade payables for the purchase of gas totaling Tenge 109,818,524 thousand without price agreement (Note 21), since previous contracts were terminated, and the procedure for agreeing prices and concluding new contracts has not yet been completed.

The Company recognised trade payables based on the management's best estimate. When estimating accounts payable, management took into account gas purchase prices based on the previous contracts, the geographic distribution of purchased gas and analysis of the cost of supplies by region, correspondence with the supplier, the status of negotiations with the supplier at the level of the Ministry of Energy of the Republic of Kazakhstan and Samruk-Kazyna JSC, as well as the mechanism for determining the gas purchase price provided for in the Memorandum of Understanding between the Government of the Republic of Kazakhstan and the supplier.

Application of the maximum purchase price after the discount offered by the supplier during negotiations, would lead to an increase in accounts payable as of 31 December 2023 by Tenge 65,319,311 thousand, an increase in the inventory balances as at 31 December 2023 by Tenge 8,673,744 thousand and an increase in cost of sales for 2023 by Tenge 56,645,567 thousand.

At the issue date of these separate financial statements, management is still negotiating and expects to agree on prices and sign contracts by the end of the 1st half of 2024.

Impairment of investments in subsidiaries and joint ventures

At each reporting date, the Company assesses whether there is objective evidence that investments in subsidiaries and joint ventures are impaired. If such evidence exists, the Company estimates the recoverable amount of the investment for investments assessed on an individual basis. The recoverable amount of an investment is the higher of the investment's fair value less costs to sell and its value in use. If the cost of an investment exceeds its recoverable amount, the investment is considered impaired, and the cost of the investment is written down to its recoverable amount. Value in use is the discounted value of estimated future cash flows calculated using current market interest rates adjusted for the risks applicable to the investment.

An increase in borrowing interest rates, a significant decrease in Central Asian transit volumes in 2023 compared to 2022 and changes in macroeconomic forecasts were identified as the main indicators of impairment of investments in certain subsidiaries.

Recoverable amount is most sensitive to the discount rate used in the discounted cash flow model and to the expected cash inflows and growth rates used for extrapolation purposes. The Company assessed the recoverable amount of investments in ICA, KTG Aimak, RD QazaqGaz, QazaqGaz STC LLP, Tegis Munay LLP, KazMunayGas Service-NS JSC, and Mangyshlak Munay.

3 Critical Accounting Estimates, Judgements and Assumptions (continued)

Impairment of investments in subsidiaries and joint ventures (continued)

Investments in Intergas Central Asia JSC (ICA)

The recoverable amount of investments in ICA was determined based on value in use method using a discounted cash flow model. The discount rate was derived from the weighted average cost of capital before tax. The weighted average cost of capital takes into account both debt and equity capital. The cost of equity is derived from the expected return on ICA investments. The cost of debt capital is based on the interest-bearing loans that ICA is obligated to service. Inherent risk was included by applying an individual beta factor. Beta factor was estimated based on publicly available market data. The business plan, approved on an annual basis, is the main source of information for projected cash flows. It contains forecasts for gas transportation volumes, revenues, expenses and capital expenditures.

Various assumptions, such as transportation rates as well as inflation rates for expenses take into account existing prices, other macroeconomic factors and historical trends and fluctuations. Cash flow projections were based on the ICA's five-year business plan, considering a reverse transit agreement, transportation under which was commenced in the fourth quarter of 2023, and projections through 2055 calculated using management's current estimates of potential changes in operating cost and capital expenditures at the level of tariff growth. The main assumptions used in the calculation were projected as follows:

- Transportation volume – average annual growth rate over the five-year forecast period; based on historical results and management's expectations regarding market developments;
- Transportation tariff – based on tariffs approved by the Committee for the Regulation of Natural Monopolies (CRNM) for the domestic market and tariffs under contracts with international counterparties for transportation for export and transit, taking into account the average annual growth rate and long-term inflation forecasts after a five-year forecast period;
- Annual capital expenditures – based on management's historical experience and planned costs to maintain production assets and other property, plant and equipment directly involved in the production activities, as well as investments in new projects.

Cash flows beyond the five-year period are extrapolated using the assumed growth rates shown below. These growth rates are in line with forecasts for the gas industry.

Assumptions regarding the recoverable amount:	31 December 2023	31 December 2022
Growth rates over 5 years	4%	4%
Discount rate before tax	16.96%;	16.60%
Transportation volumes:		
- transportation within Kazakhstan	1,073 bln.cubic meters	2,084 bln.cubic meters
- transportation of gas for export	17 bln.cubic meters	72 bln.cubic meters
- international transit	1,245 bln.cubic meters	1,308 bln.cubic meters
Transportation tariffs:		
- transportation within Kazakhstan (thousand cubic meters)	From 5,425.26 Tenge	5,285.66 Tenge
- transportation of gas for export (thousand m3/100 km)	2.42 US Dollars – 5 US Dollars	2.42 US Dollars – 5 US Dollars
- international transit (thousand m3/100 km)	2.42 US Dollars – 2.9 US Dollars	2.42 US Dollars – 2.9 US Dollars

As at 31 December 2023, the recoverable amount of investment amounted to Tenge 1,249,897,550 thousand (31 December 2022: Tenge 1,154,259,076 thousand). The recoverable amount of investments exceeded their carrying amount by Tenge 545,749,719 thousand (31 December 2022: by Tenge 735,005,474 thousand).

3 Critical Accounting Estimates, Judgements and Assumptions (continued)

Investments in Intergas Central Asia JSC (ICA)

A sensitivity analysis for significant assumptions as at 31 December 2023 presented below:

Assumptions	Changes in assumptions	Increase/(decrease) in recoverable amount	Impairment (Yes/No)
Growth rate	1% increase	5,648,265	No
	1% decrease	(5,057,315)	No
Discount rate	1% increase	(95,283,318)	No
	1% decrease	107,685,672	No
Volumes of domestic transportation	1% increase	13,617,005	No
	1% decrease	(13,481,768)	No
Volumes of export transportation	20% increase	25,234,675	No
	20% decrease	(21,075,940)	No
Volumes of transit	1% increase	7,220,920	No
	1% decrease	(7,149,559)	No
Tariffs for domestic transportation	1% increase	13,718,708	No
	1% decrease	(13,582,449)	No
Tariffs for export transportation	20% increase	25,819,232	No
	20% decrease	(21,563,071)	No
Tariffs for transit	1% increase	7,918,616	No
	1% decrease	(7,840,257)	No

Investments in KazTransGas Aimak JSC (KTG Aimak)

The recoverable amount of the cash-generating unit was determined as value in use using a discounted cash flow model. Cash flow estimates include many subjective factors, including operational and financial, using the best available evidence.

The discount rate was derived from the weighted average cost of capital before tax. The weighted average cost of capital takes into account both debt and equity capital. The cost of equity is derived from the expected return on investments of KTG Aimak. The cost of borrowed capital is based on the interest-bearing loans that KTG Aimak is obliged to service. Inherent risk was included by applying an individual beta factor. Beta factor was estimated based on publicly available market data.

Various assumptions, such as transportation rates as well as cost inflation rates take into account existing prices, other macroeconomic factors and historical trends and fluctuations. The main assumptions used in the calculation were predicted as follows:

- Volume of gas purchases and supplies – based on the Comprehensive Development Plan for the Gas Industry of the Republic of Kazakhstan for 2022–2026, approved by the Decree of the Government of the Republic of Kazakhstan, and the Gas Balance of the Republic of Kazakhstan for 2024–2030, approved by Order of the Minister of Energy of the Republic of Kazakhstan;
- Transportation tariffs – based on tariffs approved by the Committee for the Regulation of Natural Monopolies (CRNM) for five years and taking into account the average annual growth rate and long-term inflation forecasts after the five-year forecast period;
- Annual capital expenditures – based on management's historical experience and planned costs to maintain production assets and other property, plant and equipment directly involved in the production process, as well as investments in new projects.

3 Critical Accounting Estimates, Judgements and Assumptions (continued)

Cash flows beyond the five-year period are extrapolated using the assumed growth rates shown below. These growth rates are in line with forecasts for the gas industry.

Assumptions regarding the recoverable amount	At 31 December 2023
Growth rates over 5 years	4.44%
Discount rate	16.42%;
Gas sales volumes until 2030	142.8 bln. cubic meters
Gas transportation volumes until 2030	108.3 bln. cubic meters
Tariffs for:	
- gas sales (thousand cubic meters)	from Tenge 22 thousand
- gas transportation (thousand cubic meters)	from Tenge 4.9 thousand

As at 31 December 2023, the recoverable amount of investment amounted to Tenge 282,729,983 thousand (31 December 2022: Tenge 262,673,748 thousand). The recoverable amount of investments exceeded their carrying amount by Tenge 72,577,508 thousand (31 December 2022: by Tenge 52,521,273 thousand).

A sensitivity analysis for significant assumptions as at 31 December 2023 is presented below:

Assumptions	Changes in assumptions	Increase/(decrease) in recoverable amount	Impairment (Yes/No)
	1% increase	13,050,696	No
Growth rate	1% decrease	(11,040,254)	No
	1% increase	(19,903,719)	No
Discount rate	1% decrease	23,579,291	No
Gas sales and transportation volumes	5% increase	38,609,184	No
	5% decrease	(38,609,184)	No
	1% increase	8,092,583	No
Gas sales tariff	1% decrease	(7,707,222)	No
	1% increase	25,624,167	No
Gas transportation tariff	1% decrease	(24,403,968)	No

Investments in QazaqGaz STC LLP, Tegis Munay LLP, and KazMunayGas Service-NS JSC

Due to the availability of impairment indicators on investments in QazaqGaz STC LLP, Tegis Munay LLP, and KazMunayGas Service-NS JSC, the Company performed impairment assessment as of 31 December 2023. Based on the analysis made, it was identified that the carrying amount of investments in the above companies was higher than the net assets of these companies at 31 December 2023.

As a result of assessing the recoverable amount of investments at 31 December 2023, the impairment was identified, and the Company recognized an impairment loss on investments in subsidiaries QazaqGaz STC, Tegis Munay and KazMunayGas Service-NS in the total amount of Tenge 4,851,696 thousand in the separate statement of comprehensive income (Note 6).

Investments in Exploration and Production QazaqGaz LLP (EP QazaqGaz)

Exploration and evaluation assets are assessed for impairment when facts and circumstances indicate that the carrying amount of these assets may exceed their recoverable amount, which is the case when: the exploration license has expired and is not expected to be renewed; significant expenditures for further exploration are not planned; exploration did not lead to commercial discovery of reserves; there are indications that exploration and evaluation assets will not be fully recovered through successful development or sale.

3 Critical Accounting Estimates, Judgements and Assumptions (continued)

Proved and probable gas reserves are used in the impairment test. There are many uncertainties associated with estimating gas reserves, in particular, assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in forecast commodity prices, exchange rates, production costs, as well as expiration of exploration licenses and failure to commercially discover reserves, could significantly affect recoverable amount.

The recoverable amount of the cash-generating unit was determined as value in use using a discounted cash flow model.

The estimated cash flows were based on a five-year business plan with projections through 2054, calculated using management's current estimates of potential changes in operating and capital expenditures and projected field depletion rates. Various assumptions, such as gas and condensate prices and cost inflation rates, take into account existing prices, other macroeconomic factors and historical trends and fluctuations.

The discount rate was derived from the weighted average cost of capital before tax. The weighted average cost of capital takes into account equity. The cost of equity capital is derived from the expected return on investments of QazaqGaz EP. Inherent risk was included by applying an individual beta factor. Beta factor was estimated using publicly available market data. The main assumptions used in the calculation were predicted as follows:

- Production volume – volumes from the approved five-year Business Plan with a further calculated forecast, providing for a natural drop in reservoir pressure as a result of constant gas extraction;
- Selling price for commercial gas – based on a scenario, when a part of the gas can be sold for export at the corresponding market selling prices;
- Condensate sales price – average annual growth rate over the five-year forecast period; based on current industry trends and including long-term inflation forecasts;
- Annual capital expenditures — using historical inflation-adjusted depreciation and amortization, as well as management's historical experience and planned costs to maintain operating assets and other property, plant and equipment directly involved in the production process.

Assumptions regarding the recoverable amount	At 31 December 2023
Discount rate	16.93%
Gas sales volumes	6,534 million m ³
Condensate sales volumes	269 million m ³
Tariffs for:	
- gas sales (thousand cubic meters)	from Tenge 22 thousand
- sales of condensate (thousand cubic meters)	from Tenge 84 thousand

As at 31 December 2023, the recoverable amount of investment amounted to Tenge 44,298,212 thousand (31 December 2022: Tenge 37,527,861 thousand). The recoverable amount of investments exceeded their carrying amount by Tenge 20,893,249 thousand (31 December 2022: by Tenge 14,122,898 thousand).

3 Critical Accounting Estimates, Judgements and Assumptions (continued)

A sensitivity analysis for significant assumptions as of 31 December 2023 is presented below:

Assumptions	Changes in assumptions	Increase/(decrease) in recoverable amount	Impairment (Yes/No)
Discount rate	1% increase	(2,869,414)	No
	1% decrease	3,199,630	No
Gas sales volumes	5% increase	5,464,324	No
	5% decrease	(5,798,462)	No
Condensate sales volumes	5% increase	269,750	No
	5% decrease	(246,022)	No
Gas sales tariff	1% increase	2,818,819	No
	1% decrease	(2,932,833)	No
Condensate sales tariff	1% increase	135,113	No
	1% decrease	(128,838)	No

Investments in Mangyshlak Munay LLP (Mangyshlak Munay)

The recoverable amount of the cash-generating unit was determined as value in use using a discounted cash flow model. The recoverable amount for Mangyshlak Munay was calculated based on probable reserves using forecast gas prices, the US Dollar exchange rate and a discount rate of 18.9%. The financial and economic model is the main source of information for estimated cash flows. It contains forecasts for gas production and sales volumes, revenue, US Dollar exchange rates, expenses and capital expenditures. Various assumptions, such as gas and condensate prices and cost inflation rates take into account prevailing prices and other macroeconomic factors.

The estimated cash flows were based on this financial and economic model using forecast data through 2060, calculated using management's current estimates of potential changes in operating and capital expenditures and projected field depletion rates.

The discount rate was derived from the weighted average cost of capital calculated taking into account average indicators of oil and gas exploration and production industry. Inherent risk was included by applying an individual beta factor. Beta factor was estimated using publicly available market data.

The main assumptions used in the calculation were predicted as follows:

- Production volume – average annual growth rates for the forecast period; expected volumes of natural gas and condensate production, for which Mangyshlak Munay expects to be sold starting from 2027;
- Gas and condensate price – average annual growth rate for the forecast period; based on current industry trends and including long-term inflation forecasts;
- Annual capital expenditures — based on management's historical experience and planned costs to maintain operating assets and other property, plant and equipment directly involved in the production process.

Assumptions regarding the recoverable amount	At 31 December 2023
Discount rate	18.9%
Gas sales volumes	6,003 million m3
Condensate sales volumes	2,592 thousand tons

3 Critical Accounting Estimates, Judgements and Assumptions (continued)

Assumptions regarding the recoverable amount	At 31 December 2023
Tariffs for:	
- gas sales (thousand cubic meters)	from Tenge 60 thousand
- sales of condensate (thousand cubic meters)	from Tenge 103 thousand

As at 31 December 2023, the recoverable amount of investment was Tenge 14,413,442 thousand. The recoverable amount of investments exceeded their carrying amount by Tenge 4,194,113 thousand.

A sensitivity analysis for significant assumptions as of 31 December 2023 is presented below:

Assumptions	Changes in assumptions	Increase/(decrease) in recoverable amount	Impairment (Yes/No)	Impairment amount
Discount rate	1% increase	(4,474,226)	Yes	(280,113)
	1% decrease	5,109,283	No	-
Gas sales volumes	5% increase	2,744,350	No	-
	5% decrease	(2,613,667)	No	-
Condensate sales volumes	5% increase	1,897,292	No	-
	5% decrease	(1,806,945)	No	-
Gas sales tariff	1% increase	607,214	No	-
	1% decrease	(601,202)	No	-
Condensate sales tariff	1% increase	379,458	No	-
	1% decrease	(375,701)	No	-

As at 31 December 2023, the recoverable amount of the cash-generating unit would have been equal to its carrying amount if the key assumptions had changed as follows:

Assumption	Assumption value used	Assumption value at which recoverable amount equals carrying amount
Discount rate	18.9%	19.8%

If there are more significant changes in each of the key assumptions above or if more than one factor is adversely affected simultaneously, the carrying amount of the Company's investments could be greater than their recoverable amount, which could result in an impairment being required to be recognized in the future.

4 Material Accounting Policies***New standards, amendments and interpretations***

In 2023, the Company applied for the first time certain standards, amendments and interpretations that were effective for annual periods beginning on or after 1 January 2023. The application of these standards, amendments and interpretations did not have a material impact on the Company's financial statements. The Company has not early applied standards, interpretations or amendments that have been issued but not become effective.

A list of new standards, as well as amendments and interpretations is provided below:

- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).
- 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).

4 Material Accounting Policies (continued)

New standards, amendments and interpretations (continued)

- Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).
- 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).
- 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).
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023 and effective from 1 January 2023).

Standards and amendments issued but not yet effective

The new standards, amendments and interpretations that have been issued, but not yet effective as of the issue date of the Company's separate financial statements are disclosed below. The Company intends to apply these standards, amendments and interpretations, if applicable, from their effective date. The Company does not expect these standards and amendments to have a material impact on the separate financial statements.

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023).
- Amendments to IAS 21 Lack of Exchangeability (issued on 15 August 2023).

Amendments issued but deferred, 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).

Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — market quotations at active market for identical assets or liabilities (without any adjustments);
- Level 2 – techniques for which all inputs that relate to the lower hierarchy level which have a significant effect on the fair value are observable, either directly or indirectly;
- Level 3 — techniques for which all inputs that relate to the lower hierarchy level which have a significant effect on the fair value are not observable.

For the purpose of disclosing the fair value, the Company classified assets and liabilities based on their nature, characteristics and risks attributable to them as well as applicable level in the fair value hierarchy as mentioned above.

4 Material Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation of property, plant and equipment is calculated on a straight-line basis over the estimated useful lives of property, plant and equipment.

	<u>Years</u>
Buildings and constructions	20-50
Machinery and equipment	3-30
Vehicles	5-20
Other	3-20

Land is not depreciated. Construction-in-progress represents property, plant and equipment under construction and is stated at cost. This includes cost of construction, equipment and other direct costs. Depreciation of construction in progress starts when construction of such assets is completed and they are put into operation.

Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are stated in the separate financial statements at cost.

Subsidiaries are all entities controlled by the Company, which generally means ownership of shares with voting rights greater than 50%. Joint ventures are all entities over which the Company has joint control other than control that would normally involve ownership of 50% voting shares.

The Company assesses investments for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an investment may not be recoverable. If such indicators of impairment exist, the Company estimates the recoverable amount of the investment. When the carrying amount of the investment exceeds its recoverable amount, the investment is considered impaired, and its value is written down to its recoverable amount.

Financial assets

All purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the transaction date, i.e. the date that the Company commits to purchase or sell an asset.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method less impairment provision. Gains or losses are recognized in profit or loss when an asset is derecognized, modified or impaired.

The Company's financial assets at amortised cost include loans to related parties, cash and cash equivalents, bank deposits, trade and other receivables and other financial assets.

Cash and short-term bank deposits

Cash and cash equivalents represent cash at banks and short-term bank deposits with an original maturity of 3 (three) months or less. Cash and cash equivalents also include reverse repurchase agreements—an investment in highly liquid government securities with an agreement to sell them at a higher price within 1 to 30 days. Repos are easily convertible into cash and cash equivalents and are subject to insignificant risk of changes in value since they are collateralized by the Government of the Republic of Kazakhstan.

4 Material Accounting Policies (continued)

Impairment of financial assets

Expected credit losses (ECLs) are recognized in two steps. For financial instruments for which credit risk has not increased significantly since initial recognition, a loss allowance is created for credit losses that could arise from defaults that are possible within the next 12 months (12-month expected credit losses). For financial instruments for which credit risk has increased significantly since initial recognition, a loss allowance is created for credit losses expected over the remaining life of the financial instrument, regardless of the timing of default (lifetime expected credit losses).

To assess the increase in credit risk, the Company compares the risk of default on a financial instrument at the reporting date with the risk of default on the financial instrument at the date of initial recognition. Reasonable and verifiable information that is available without excessive costs is analyzed.

For trade and other receivables, the Company applies a simplified approach to calculate ECL. Consequently, the Company recognizes lifetime expected credit losses. Expected credit losses on such financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for borrower-specific factors, general economic conditions and an assessment of both current and expected developments of conditions at the reporting date.

Financial liabilities

Financial liabilities are classified as financial liabilities measured at fair value through profit or loss or at amortized cost.

All financial liabilities are recognised initially at fair value and in case of debt securities issued and borrowings net of directly attributable transaction costs.

After initial recognition, debt and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses on such financial liabilities are recognized in profit or loss when they are derecognised and as they are amortized using the effective interest rate.

Amortized cost is calculated taking into account acquisition discounts or premiums and fees or costs that are an integral part of the effective interest rate. Amortization using the effective interest rate is included in finance costs in the separate statement of comprehensive income.

The Company's financial liabilities carried at amortized cost include debt securities issued, borrowings and accounts payable, financial guarantee and put option obligations.

Financial guarantee contracts

Financial guarantee contract is a contract that require a payment to be made to reimburse the beneficiary for a loss it incurs if the specified debtor fails to make a payment when due in accordance with the initial or revised contract terms. Financial guarantee contracts are recognised initially as liabilities at fair value, including for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of: allowance for estimated credit losses calculated according to IFRS 9, or the amount of liability initially recognised less accumulated amortization.

Guarantees are recognized in accounting from the moment the guarantee is issued until the expiration date or until the requirements or obligations stipulated by the terms of the guarantee are fully fulfilled.

4 Material Accounting Policies (continued)

Trade payables

Trade payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Inventory

Inventories are accounted for on FIFO basis separately for each warehouse.

The Company recognizes transportation costs for gas transportation services provided by subsidiaries and joint ventures. These costs are variable in nature and are calculated based on transported volumes and tariffs per 1000 m³/100 km, established in accordance with the Order of the Department of the Committee for the Regulation of Natural Monopolies of the Ministry of National Economy for the domestic market and negotiated tariffs for export volumes. These transportation costs are not directly attributable to the acquisition of inventories and, accordingly, are not included in the cost of inventories, but are recognized in distribution costs.

Impairment of non-financial assets

The Company determines the amount of impairment based on detailed plans and forecasts that are prepared separately for each cash-generating unit (CGU) of the Company to which individual assets belong.

These budgets and forecast calculations generally cover a period of 5 (five) years. For longer periods, a long-term growth rate is determined and applied to forecasted future cash flows after the fifth year. Impairment losses of continuing operations are recognised in the separate statement of comprehensive income within the expenses category consistent with the function of the impaired asset.

Provisions

Provisions are recognized in the separate financial statements when the Company has a present (legal or constructive) obligation as a result of past events, and it is probable that cash outflow associated with economic benefits will occur to settle the obligation and an appropriate and reliable assessment of this liability may be made.

If the effect of the time value of money is significant, provisions are discounted at a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. If discounting is used, the increase in the provision over time is recognized as finance costs.

Share capital and dividends

Share capital that comprised the ordinary shares is recognized at cost. Dividends on ordinary shares are recognised as a reduction of equity in the period in which they are declared. Dividends on ordinary shares are payable at the discretion of the Sole Shareholder.

4 Material Accounting Policies (continued)

Revenue from contracts with customers and other income

Sale of goods

Revenues from the sale of gas are recognized after the significant risks and rewards of ownership of the commodity have been transferred to the buyer and generally include one performance obligation. Gas revenues are recognized over time.

Service rendering

The Company fulfils performance obligation on a monthly basis and recognises revenues from rendering gas transportation services based on the actual volumes of services rendered. Revenue from gas transportation services is recognised over time given that the buyer simultaneously receives and consumes the benefits provided by the Company.

Management services

The Company recognises management fee, which relates to management of KazRosGas, KazMunayGas's joint venture, in the amount of dividends of KazRosGas LLP. Management fee is recognized at point in time based on the approval of the declaration of dividends of KazRosGas LLP. Fee amounts for 2023 and 2022 are set forth in Note 23.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recognised using the EIR, which is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Dividends

Dividend income is recognized when the Company's right to distribution is established, which, as a rule, happens when the shareholders approve the dividends.

Current income tax

The tax rates and tax laws used to compute the tax amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Management periodically evaluates positions reflected in the tax returns in respect to situations in which applicable tax regulations are subject to various interpretations and recognises provisions as needed.

Deferred tax

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value added tax (hereinafter VAT)

Tax legislation provides for settlement input VAT and output VAT on a net basis. Thus, VAT receivable represents VAT on purchases net of VAT on sales.

4 Material Accounting Policies (continued)

VAT payable

VAT is payable to the tax authorities after collection of receivables from customers. VAT on purchases for which settlement was made as of the reporting date is deducted from the amount payable.

Where allowance has been made for impairment of receivables, impairment loss is recorded for the gross amount of the receivables, including VAT. The related VAT liability is recorded until the accounts receivable are written off for tax purposes.

VAT receivable

VAT receivable is recorded for purchased goods, work and services, which were purchased with VAT and if they were used in order to generated income.

5 Property, Plant and Equipment

<i>In thousands of Tenge</i>	Buildings	Equipment	Other	Construction in progress	Total
Cost					
31 December 2021	–	1,343,259	774,870	6,305,753	8,423,882
Additions	–	–	28,152	–	28,152
Disposals	–	–	(1,410)	(1,291,138)	(1,292,548)
31 December 2022	–	1,343,259	801,612	5,014,615	7,159,486
Additions	16,915,397	–	397,134	–	17,312,531
31 December 2023	16,915,397	1,343,259	1,198,746	5,014,615	24,472,017
Accumulated depreciation and impairment					
31 December 2021	–	(611,234)	(666,822)	(546,692)	(1,824,748)
Depreciation charge for the year	–	(229,872)	(41,216)	–	(271,088)
Disposals	–	–	1,410	–	1,410
31 December 2022	–	(841,106)	(706,628)	(546,692)	(2,094,426)
Depreciation charge for the year	(230,141)	(115,997)	(49,186)	–	(395,324)
31 December 2023	(230,141)	(957,103)	(755,814)	(546,692)	(2,489,750)
Net book value					
31 December 2022	–	502,153	94,984	4,467,923	5,065,060
31 December 2023	16,685,256	386,156	442,932	4,467,923	21,982,267

5 Property, Plant and Equipment (continued)

As of 31 December 2023, the cost and related accumulated amortisation of fully depreciated property, plant and equipment still in use amounted to Tenge 230,670 thousand (31 December 2022: Tenge 230,670 thousand).

Additions

In 2023, the Company issued 1,000 ordinary shares with a par value of Tenge 16,915,397 each. The shares were acquired by the Sole Shareholder in exchange for property in the form of the administrative building of the Bolashak Business Center at the fair value Tenge 16,915,397 thousand (Note 16).

Disposals

In 2022, disposals from construction in progress are associated with a partial reversal of costs for complex work on dispatching the automated data collection and gas metering system.

6 Investments in Subsidiaries

As of 31 December, investments in subsidiaries included:

<i>In thousands of Tenge</i>	31 December 2023	31 December 2022
Intergas Central Asia JSC	704,147,831	419,253,602
KazTransGas Aimak JSC	210,352,147	210,352,147
Exploration and Production QazaqGaz LLP	24,028,786	24,028,786
KazMunayGas Service-NS JSC	21,585,447	19,962,670
QazaqGaz Onimderi LLP	13,397,351	13,397,351
Mangyshlak Munay LLP	10,219,329	–
QazaqGaz STC LLP	6,731,402	6,456,145
KTG Finance B.V.	5,981,871	5,981,871
Tegis Munay LLP	2,959,321	–
KazTransGas Bishkek LLC	43,304	43,304
Less impairment provision on investments in subsidiaries	(38,436,319)	(33,584,623)
	961,010,470	665,891,253

Additions

In 2023, the Company recognized the difference between fair value and nominal value in the amount of Tenge 3,047,754 thousand for interest-bearing loans and Tenge 7,153,785 thousand for interest-free loans provided to ICA (2022: Tenge 1,730,740 thousand for interest-bearing loans provided to ICA).

In 2023, the Company made investments in the form of cash deposits in QazaqGaz STC, KMG Service-NS and ICA in the amount of Tenge 275,257 thousand, Tenge 1,622,777 thousand and Tenge 274,692,690 thousand, respectively. (2022: Tenge 918,305 thousand and Tenge 8,300,040 thousand in KMG Service-NS and KTG Aimak, respectively).

On 28 December 2022, the Company entered into an agreement for the sale and purchase of a 100% interest of Samruk-Energy JSC in the share capital of Tegis Munay LLP for Tenge 13,178,650 thousand. On 13 January 2023, the re-registration process was completed. On 31 May 2023, a decision was made to reduce the authorized capital of Tegis Munay LLP by transferring a 100% interest in the authorized capital of Mangyshlak-Munay LLP to NC QazaqGaz JSC. Mangyshlak-Munay LLP was a 100% subsidiary of Tegis Munay LLP.

Impairment

In 2023, the Company recognized an impairment loss on investments in QazaqGaz STC, Tegis Munay and KMG Service-NS in the total amount of Tenge 4,851,696 thousand (2022: investments in the amount of Tenge 918,305 thousand in KMG Service-NS). Detailed information on impairment of investments is provided in Note 3.

7 Investments in Joint Ventures

As of 31 December, investments in joint ventures included:

<i>In thousands of Tenge</i>	31 December 2023	31 December 2022
Beineu-Shymkent Gas Pipeline LLP	89,577,549	89,577,549
Asian Gas Pipeline LLP	600,000	600,000
Otan Gas LLP	210,139	210,139
	90,387,688	90,387,688

8 Advances Given

<i>In thousands of Tenge</i>	Note	31 December 2023	31 December 2022
Advances given for non-current assets			
Advances given to related parties	32	1,836,519	15,015,169
		1,836,519	15,015,169
Advances given for current assets and services			
Advances given to third parties		420,942	329,520
Advances given to related parties	32	82,479	2,455,797
		503,421	2,785,317

As of 31 December 2022, advances given for non-current assets to related parties were mainly represented by advances given to Samruk-Energy JSC in the amount of Tenge 13,178,650 thousand for a 100% interest in Tegis Munay LLP (Note 6).

9 Loans to Related Parties

As at 31 December, loans to related parties comprised the following:

<i>In thousands of Tenge</i>	Note	31 December 2023	31 December 2022
Financial assets at amortised cost			
Interest-bearing loans to related parties		69,613,539	69,685,566
Interest-free loans to related parties		46,822,194	5,715,096
Plus: interest receivable		1,830,578	1,655,032
Less: discount		(25,093,729)	(20,409,468)
Less: allowance for expected credit losses		(1,279,907)	-
	32	91,892,675	56,646,226
Current portion		(46,358,949)	(10,895,130)
Non-current portion		45,533,726	45,751,096

Movements in allowance for expected credit losses were as follows:

<i>In thousands of Tenge</i>	2023	2022
As at 1 January	-	(938,246)
(Accrual)/Reversal	(1,279,907)	938,246
As at 31 December	(1,279,907)	-

9 Loans to Related Parties (continued)

Interest-bearing loans

ICA

In 2021, the Company provided ICA with a loan in the amount of Tenge 64,909,463 thousand at a rate of 5% per year to finance the investment project "Construction of a main gas pipeline from the Kashagan integrated gas treatment facility to the Makat – North Caucasus main gas pipeline with a compressor station" maturing on 13 July 2032.

At initial recognition, the loan was recognized at fair value, determined by discounting the future cash flows on the loan at the prevailing market interest rate of 13.2%. The difference between the fair value and the nominal value in the amount of Tenge 21,352,216 thousand was recognized as an investment in the ICA.

In 2022 and 2023, the Company provided four tranches for a total amount of Tenge 12,438,913 thousand under this loan agreement with ICA. At initial recognition, tranches were recognized at fair value, determined by discounting the future cash flows on the loan at prevailing market interest rates of 14.1-19.4%. The differences between fair value and nominal value in the amount of Tenge 1,730,740 thousand in 2022 and Tenge 3,047,754 thousand in 2023 were recognized as an investment in ICA (Note 6).

In 2023, ICA repaid a part of the principal debt in the amount of Tenge 7,734,838 thousand on this loan (2022: nil).

BShP

In September 2017, the Company provided a loan in the amount of Tenge 133,716,000 thousand (equivalent to USD 400,000 thousand) to BShP with an interest rate of 5.5% per annum for partial early repayment of a bank loan received by BShP under a loan agreement with the China Development Bank, Bank of China Limited and Bank of China (Hong Kong) Limited maturing on 31 August 2029. The loan was indexed to the US Dollar.

In October 2022, BShP made an early repayment of the principal debt and accrued interest under the loan agreement in the amount of Tenge 190,740,993 thousand (equivalent to USD 405,720 thousand) and Tenge 10,994,637 thousand (equivalent to USD 23,864 thousand at each repayment date), respectively.

Interest free loans

ICA

On 22 February 2023, the Company provided ICA with financial assistance in the amount of Tenge 45,000,000 thousand for a period of one year for the purpose of financing ICA's priority investment projects. Fair value at initial recognition was determined by discounting future payments at a market rate of 18.90% for loans with a similar origination period and maturity. The difference between the nominal and fair value in the amount of Tenge 7,153,785 thousand was recognized as an investment in ICA (Note 6). On 19 July 2023, ICA repaid the financial assistance in full.

KTG Aimak

In 2021, the Company provided an interest-free loan in the amount of Tenge 2,187,132 thousand to KTG Aimak for the implementation of the investment project "Modernization of the gas distribution network in Taraz" maturing on 30 April 2023. At initial recognition, the loan was recognized at fair value, determined by discounting the future cash flows on the loan at prevailing market interest rates of 12.8% and 17%. The difference between the fair value and the nominal value in the amount of Tenge 442,491 thousand was recognized as an investment in KTG Aimak. Under this agreement, in 2023, KTG Aimak made full repayment of the loan in the amount of Tenge 660,200 thousand (in 2022, partial repayment of the loan in the amount of Tenge 1,526,932 thousand).

In 2021, the Company provided a short-term interest-free loan in the amount of Tenge 812,383 thousand to KTG Aimak to finance the Digital Gas Metering project maturing on 30 April 2023. (in 2020, Tenge 287,618 thousand). As part of this agreement, in 2022, KTG Aimak made an early repayment of the loan in the amount of Tenge 1,100,000 thousand.

9 Loans to Related Parties (continued)**Interest free loans (continued)***KMG Service-NS*

In 2022, the Company provided short-term interest-free loans in the amount of Tenge 319,260 thousand in favor of KMG Service-NS (2020-2021: Tenge 801,817 thousand). In 2023, KMG Service-NS made a full repayment of the loan in the amount of Tenge 1,121,077 thousand.

KTG Finance

In 2020, the Company provided KTG Finance with an interest-free loan in the amount of Tenge 7,000,000 thousand maturing on 31 December 2025. At initial recognition, the loan was recognized at fair value, determined by discounting the future cash flows on the loan at the prevailing market interest rate of 13.3%. In 2022, KTG Finance made an early repayment of the loan in the amount of Tenge 7,000,000 thousand.

GPC Investment

In 2022, the Company entered into the financial aid agreement with GPC Investment LLP (GPC) for the amount of up to Tenge 40,000,000 thousand to finance the project "Construction of a gas processing plant with a capacity of 1.15 billion cubic meters per year at the Kashagan field in Atyrau region". Under this agreement during 2022, the Company provided 2 (two) tranches for the total amount of Tenge 3,933,819 thousand maturing on 12 September 2023. The difference between the provided amount and the fair value of the loan at the date of issue calculated using market rates of 16.1% - 18.2%, in the amount of Tenge 499,299 thousand was recognized as finance costs.

During 2023, the Company provided an additional 10 (ten) tranches for a total amount of Tenge 42,730,371 thousand. On 11 September 2023, an additional agreement was signed, according to which the amount of the financial aid limit was increased to Tenge 70,933,629 thousand and the repayment period was extended until 12 September 2024. The effect of modification of the contract terms amounting to Tenge 6,466,746 thousand and the difference between the amount provided and the fair value of the loan at the date of issue, calculated using market rates of 18.9% - 19.5%, in the amount of Tenge 3,760,997 thousand were recognized as finance costs (Note 30). The Company also recognised an expected credit loss allowance on this loan in the amount of Tenge 1,279,907 thousand.

Information about credit risks is provided in Note 34.

10 VAT Recoverable and Prepaid Taxes other than Income Tax

As of 31 December, VAT recoverable and prepaid taxes other than income tax are as follows:

<i>In thousands of Tenge</i>	31 December 2023	31 December 2022
VAT recoverable	170,315,978	119,015,373
Other taxes prepaid	28,766	34,111
	170,344,744	119,049,484
Less: provision for non-recoverable VAT	(39,897,652)	(13,966,571)
	130,447,092	105,082,913
Non-current portion	60,412,513	78,048,802
Current portion	70,034,579	27,034,111

10 VAT Recoverable and Prepaid Taxes other than Income Tax (continued)

Movements in the provision for non-recoverable VAT were as follows:

<i>In thousands of Tenge</i>	Impairment
As at 31 December 2021	(13,966,571)
As at 31 December 2022	(13,966,571)
Accrual	(25,931,081)
As at 31 December 2023	(39,897,652)

As at 31 December 2023, the Company has VAT Recoverable of Tenge 170,315,978 thousand, including VAT recoverable originating from domestic loss-making sales of gas. During 2023, the Company accrued for the impairment provision for VAT recoverable in the amount of Tenge 25,931,081 thousand for 2017-2018 (Note 25).

11 Other Non-Current and Current Financial Assets

<i>In thousands of Tenge</i>	Currency	Issue	Maturity	Interest rate	31 December 2023	31 December 2022
Financial assets at amortised cost						
Samruk-Kazyna bonds	Доллар США	2023	2024	3.5%	63,638,400	–
KTG Aimak bonds	Тенге	2016	2025	7.5%	10,654,281	10,654,281
NBRK Notes	Тенге	–	–	16.71-16.75%	–	30,000,000
Other	Тенге	–	–	–	332,846	–
					74,625,527	40,654,281
Plus: interest receivable					1,173,145	28,538
Less: discount					(989,560)	(1,405,423)
					74,809,112	39,277,396
Less: current portion					(65,144,391)	(30,028,538)
Non-current portion					9,664,721	9,248,858

KTG Aimak

In 2016, the Company purchased 10,654,281 KTG Aimak coupon bonds placed on Kazakhstan Stock Exchange (KASE) with a par value of 1,000 Tenge each with a rate of 7.5% per annum due on 18 June and 18 December of each year until 18 December 2025 inclusive. As of 31 December 2023, the carrying amount of bonds was Tenge 9,693,259 thousand (2022: Tenge 9,277,396 thousand).

Samruk-Kazyna

On 26 June 2023, the Company purchased 1,400 Samruk-Kazyna coupon bonds placed on AIX with a par value of 100,000 US Dollars per bond with an interest rate of 3.5% per annum due on 26 December 2023. On 25 December 2023, an additional agreement was executed to extend maturity until 26 June 2024.

Information about credit risks is presented in Note 34.

12 Other Non-Current and Current Non-Financial Assets

<i>In thousands of Tenge</i>	Note	31 December 2023	31 December 2022
Debt of QazaqGaz EP under gas loan agreement	32	3,289,009	8,348,160
Other		281,972	14,305
		3,570,981	8,362,465

On 2 February 2022, the Company entered into a commercial gas loan agreement with QazaqGaz EP, according to which the Company transfers to QazaqGaz EP commercial gas in a volume of no more than 500,000 thousand cubic meters, which QazaqGaz EP undertakes to return to the Company in the same volume and at the same conditions. The commercial gas loan is interest-free and repayable. During 2022, the Company transferred 352,227 thousand cubic meters of commercial gas. As of 31 December 2023, the balance of commercial gas for return is 180,918 thousand cubic meters.

13 Inventories

As of 31 December 2023, natural gas amount to Tenge 54,616,846 thousand (2022: Tenge 31,819,017 thousand).

14 Cash and Cash Equivalents

At 31 December, cash and cash equivalents included:

<i>In thousands of Tenge</i>	31 December 2023	31 December 2022
USD deposits	–	191,776,854
Deposits in other foreign currency	2,404,233	–
Tenge deposits	16,434,447	24,914,731
Bank accounts in a foreign currency	281,671	193,045,858
Bank accounts in Tenge	87,885	208,174
Balances on brokerage accounts payable on demand	617	34,793,929
Reverse repurchase agreements ("reverse repo") with original maturity of less than three months in Tenge	–	22,508,059
Cash in transit	2,911	–
Cash on hand	3,923	1,372
	19,215,687	467,248,977

As of 31 December 2023 and 2022, cash in current accounts is non-interest bearing.

Information about credit risks is presented in Note 34.

15 Trade and other Receivables

As of 31 December, trade and other receivables included:

<i>In thousands of Tenge</i>	Note	31 December 2023	31 December 2022
Trade receivables from related parties	32	109,208,877	80,957,968
Trade receivables from third parties		159,569,569	68,457,009
Other receivables from related parties	32	18,551,160	541,248
Other receivables from third parties		2,987,119	3,875,098
		290,316,725	153,831,323
Less: allowance for expected credit losses		(2,702,722)	(2,638,874)
		287,614,003	151,192,449

The increase in trade receivables from third parties is associated with receivable for gas supplies in September – October 2023, which were settled in January 2024.

As at 31 December, trade receivables were denominated in the following currencies:

<i>In thousands of Tenge</i>	31 December 2023	31 December 2022
US Dollar	149,122,222	58,390,738
Tenge	138,491,781	92,801,711
	287,614,003	151,192,449

Movements in the allowance for expected credit losses (ECL) were as follows:

<i>In thousands of Tenge</i>	31 December 2023	31 December 2022
At 1 January	(2,638,874)	–
Foreign currency translation	45,991	30,228
Accrual	(109,839)	(2,669,102)
At 31 December	(2,702,722)	(2,638,874)

Trade and other receivables are non-interest bearing.

Information about credit risks is presented in Note 34.

16 Equity

Share capital

	Common shares outstanding (number of shares)						Total share capital, in thousands of Tenge
	Par value of 100 Tenge	Par value of 138 Tenge	Par value of 2,500 Tenge	Par value of 10,000 Tenge	Par value of 17,632 Tenge	Par value of 16,915,397 Tenge	
At 31 December 2023	312,167,670	1	30,976,655	30,455,065	1,006,717	1,000	447,874,886
At 31 December 2022	312,167,670	1	30,976,655	30,455,065	1,006,717	–	430,959,489

Common shares give the holder the right to vote on all matters within the competence of the General Shareholders Meeting. Dividends on common shares are paid at the Shareholder's discretion. During 2023, the Company paid dividends on common shares in the amount of Tenge 27,065,364 thousand to the Sole Shareholder (2022: nil).

16 Equity (continued)

Share capital (continued)

In 2022, the Company issued 1,317,865 common shares with the par value of 10,000 Tenge each for the amount of Tenge 13,178,650 thousand. Shares were purchased to finance the Company's acquisition of 100% shares in the Tegis Munay LLP.

In 2023, the Company issued 1,000 common shares with a par value of 16,915,397 Tenge each. The shares were acquired by the Sole Shareholder in exchange for property in the form of the administrative building of the Bolashak Business Center at the fair value of Tenge 16,915,397 thousand.

Share's carrying amount

<i>In thousands of Tenge</i>	2023	2022
Total assets	1,775,566,817	1,674,624,599
Less: intangible assets	(693,423)	(577,328)
Less: total liabilities	(694,668,790)	(602,392,446)
Net assets for the calculation of the common share cost in accordance with KASE requirements	1,080,204,604	1,071,654,825
Number of common shares	374,607,108	374,606,108
Cost of one common share in thousands of Tenge according to KASE requirements	2.884	2.861

In accordance with the decision of the Exchange Board of KASE dated 4 October 2010, the financial statements shall disclose the carrying amount of one share (common and preferred) as of the reporting date, calculated in accordance with the KASE rules.

Earnings per share

Basic and diluted earnings per share are calculated by dividing net income for the period attributable to common shareholders by the weighted average number of shares outstanding during the period. The weighted average number of common shares outstanding during a period is calculated by taking into account the number of common shares outstanding at the beginning of the period, adjusted by the number of shares repurchased or issued during the period, multiplied by a time weighting factor. Due to the fact that Samruk-Kazyna JSC is the sole shareholder of the Company, the market value of shares and their number are not adjusted.

The following table provides income and share data used to calculate basic earnings per share computations for the reporting periods, ended:

<i>In thousands of Tenge</i>	2023	2022
Net income attributable to shareholder for basic and diluted earnings per share	18,815,841	104,765,989
Weighted average number of common shares for basic and diluted earnings per share	374,606,831	373,302,725
Basic and diluted earnings per share for the period attributable to the parent company (in thousands of Tenge)	0.05	0.28

17 Debt Securities Issued

As at 31 December, the debt securities issued comprised:

<i>In thousands of Tenge</i>	Issue	Maturity	Interest rate	31 December 2023		31 December 2022	
				US Dollars	In thousands of Tenge	US Dollars	In thousands of Tenge
Nominal value	2017	2027	4.375%	706,320,000	321,064,819	706,320,000	326,778,948
				706,320,000	321,064,819	706,320,000	326,778,948
Plus: interest payable					3,706,738		3,679,148
Less: discount					(271,181)		(349,879)
Less: unamortised transaction costs					(142,873)		(181,077)
					324,357,503		329,927,140
Less: amount due within 12 months from the reporting date					(3,706,738)		(3,679,148)
Amounts due after 12 months					320,650,765		326,247,992

In accordance with the terms of the debt securities, the Company is required to comply with certain covenants. The Company reviews compliance with covenants at each reporting date. As at 31 December 2023 and 2022, the Company complied with all covenants.

18 Bank Loans

As at 31 December bank loans comprised:

<i>In thousands of Tenge</i>	Maturity	Interest rate	31 December 2023	31 December 2022
VTB Bank Kazakhstan JSC and VTB Bank (PJSC)	2023	KR CBR + 2.15%	–	91,595,350
			–	91,595,350
Plus: interest payable			–	896,003
Less unamortised transaction costs			–	(117,629)
			–	92,373,724
Less: amount due within 12 months from the reporting date			–	(92,373,724)
Amounts due after 12 months			–	–

VTB Bank Kazakhstan JSC and VTB Bank (PJSC)

In accordance with the loan agreements dated 16 November 2020, in 2020, QG received a loan from VTB Bank Kazakhstan JSC and VTB Bank (PJSC) for the total amount of Rubles 15,151,500 thousand (equivalent to Tenge 84,621,155 thousand) for refinancing the current loan from the Corporate and Investment Banking Division of Société Générale at the key rate of the Central Bank of Russia (KR CBR) + 2.15% per annum maturing on 16 November 2023.

In 2022, QG fully repaid the principal debt in the amount of Rubles 906,500 thousand (equivalent to Tenge 5,130,790 thousand) under the loan agreement with VTB Bank PJSC. In 2023, QG fully repaid the principal debt in the amount of Rubles 14,245,000 thousand (equivalent to Tenge 73,646,650 thousand) under the loan agreement with PJSC VTB Bank.

19 Borrowings

<i>In thousands of Tenge</i>	Note	31 December 2023	31 December 2022
Fixed interest rate borrowing		8,462,491	17,226,204
Plus: interest payable		89	182
Less: unamortised discount		(494,560)	(1,379,274)
	32	7,968,020	15,847,112
Less: amount due within 12 months from the reporting date		(7,968,020)	(7,737,372)
Amounts due after 12 months		-	8,109,740

On 23 November 2021, the Company received long-term loan from NC KazMunayGas JSC in the amount of Tenge 24,104,026 thousand (equivalent to USD 55,851 thousand) at the rate of 0.01% per annum for general corporate purposes. The loan is indexed to US Dollar. The difference between the nominal value and the fair value of the loan at the recognition date of Tenge 2,703,208 thousand was recognised as finance income. The maturity date of the loan is 23 November 2024.

During 2023, the Company repaid principal on the loan in the amount of Tenge 8,504,752 thousand (equivalent to USD 18,617 thousand) (during 2022: Tenge 8,614,964 thousand (equivalent to USD 18,617 thousand)). As at 31 December 2023, the Company has a total principal payable to NC KazMunayGas JSC under the loan in the amount of Tenge 8,462,491 thousand (equivalent to USD 18,617 thousand) (2022: Tenge 17,226,204 thousand (equivalent to USD 37,234 thousand)).

As at 31 December 2023 and 31 December 2022, loan from related party is not secured by any collateral.

20 Liabilities under Financial Guarantee Contracts

Movements in financial guarantee liabilities were as follows:

<i>In thousands of Tenge</i>	Note	31 December 2023	31 December 2022
At 1 January		1,026,156	7,798,901
Guarantees provided during the year for related parties	30	1,422,824	-
Amortisation of liabilities on guarantees provided, net	29,30	(575,149)	(7,207,293)
Foreign currency translation		(4,718)	434,548
At 31 December		1,869,113	1,026,156
Current portion		371,961	677,702
Non-current portion		1,497,152	348,454

Guarantee liabilities represent the Company's obligations to guarantee loans issued by financial institutions for the purpose of financing the operating and investment activities of subsidiaries and related parties. All guarantee agreements are issued by QG free of charge.

In 2023, GPC entered into a loan agreement with Halyk Bank of Kazakhstan JSC for the purpose of implementing the project "Construction of a gas processing plant at the Kashagan field" with an interest rate of SOFR 6m + 2% per annum. During 2023, GPC received 2 tranches for a total amount of USD 22,208 thousand (equivalent to Tenge 10,128,564 thousand as of the receipt dates). This loan is repayable by 19 December 2033. The Company recognized a financial guarantee in accordance with the guarantee agreement to fulfill payment obligations to Halyk Bank of Kazakhstan JSC in the amount of Tenge 1,422,824 thousand.

21 Trade Payables

As of 31 December, trade payables comprise the following:

<i>In thousands of Tenge</i>	Note	31 December 2023	31 December 2022
Payables to related parties	32	179,691,137	78,444,500
Payables to third parties		66,090,200	32,527,091
Accrued payables for gas purchase	3, 32	109,818,524	-
		355,599,861	110,971,591

As of 31 December 2023, the Company has trade payables for the purchase of gas in the total amount of Tenge 109,818,524 thousand without price agreement due to the fact that previous contracts were terminated and the procedure for agreeing prices and signing new contracts has not yet been completed. See Note 3 for further details.

Trade payables are represented by payable for purchased gas and for assets and services. Trade and other payables are non-interest bearing and are usually settled within 30 days. The increase in accounts payable as of 31 December 2023 is primarily due to an increase in purchased gas prices compared to 2022.

As at 31 December, trade payables are denominated in the following currencies:

<i>In thousands of Tenge</i>	31 December 2023	31 December 2022
Tenge	296,848,088	96,407,555
US Dollars	58,747,572	10,003,904
Russian Rubles	-	4,560,132
Other	4,201	-
	355,599,861	110,971,591

22 Other Financial Liabilities

<i>In thousands of Tenge</i>	Note	31 December 2023	31 December 2022
Accrued bonuses to employees		2,029,326	2,268,266
Put option liability		679,744	679,744
Bonds liability		673,261	1,279,471
Reserve for unused vacations		296,718	97,106
Litigation on AsiaGas Chundzha	33	-	14,565,318
Other		677,855	518,370
Less: current portion of other financial liabilities		(3,677,160)	(18,122,321)
Non-current portion of other financial liabilities		679,744	1,285,954

23 Revenue from Contracts with Customers

<i>In thousands of Tenge</i>	Timing of revenue recognition	2023	2022
Revenue from export sales of gas	Over time	621,278,128	482,748,295
Revenue from domestic sales of gas	Over time	328,445,199	275,300,097
Revenue from transportation services	Over time	8,288,739	7,767,541
Management fee	At a point of time	493,854	–
		958,505,920	765,815,933
Geographical markets			
China		621,278,128	482,748,295
Kazakhstan		329,264,987	275,479,836
Russia		7,962,805	7,587,802
		958,505,920	765,815,933

The Company entered into agreements for the provision of services on arranging the transportation of natural gas through the territory of the Republic of Kazakhstan. During 2023, the Company, in accordance with these agreements, transported 389,275 thousand and 3,469,022 thousand cubic meters of natural gas, respectively, for a total amount of Tenge 8,288,739 thousand through the territory of the Republic of Kazakhstan via the Bukhara-Ural, BBSH and BGR-TBA gas pipelines, managed by ICA and BShP (2022: 371,765 thousand cubic meters of natural gas for Tenge 7,587,802 thousand and 1,915,314 thousand cubic meters of natural gas for Tenge 179,739 thousand).

24 Cost of Sales

In 2023, the Company sold 24,062,857 thousand cubic meters of natural gas (2022: 22,121,715 thousand cubic meters) for a total amount of Tenge 547,723,538 thousand (2022: Tenge 347,862,110 thousand). In 2023, the Company incurred expenses for arranging the transportation of natural gas for a total amount of Tenge 8,285,555 thousand (2022: Tenge 8,345,914 thousand).

25 General and Administrative Expenses

<i>In thousands of Tenge</i>	2023	2022
Net tax provision	25,931,081	–
Payroll costs and related contributions	5,243,108	5,243,203
<i>including pension contributions</i>	<i>344,275</i>	<i>291,085</i>
Taxes other than income tax	2,431,089	2,049,578
Consulting services	1,012,906	893,457
Repair and maintenance	647,220	587,252
Depreciation and amortization	597,060	581,116
Personnel development and qualification upgrade	399,803	184,808
Business trip expenses	229,336	90,626
Expenses for festive, cultural and sports events	98,885	114,482
Expenses relating to short-term leases and leases of low-value assets	86,230	142,306
Office maintenance expenses	62,117	82,332
Depreciation of right-of-use assets	51,228	268,860
Bank charges	16,846	13,742
Communication services	15,428	18,078
Other	724,153	494,290
	37,546,490	10,764,130

26 Distribution Costs

<i>In thousands of Tenge</i>	2023	2022
Transportation services	408,848,259	379,835,258
Gas storage	8,928,108	7,535,190
Other	646	620
	417,777,013	387,371,068

27 Dividend Income

In 2023, the Company recognized dividend income in the amount of Tenge 27,866,614 thousand (2022: Tenge 90,097,703 thousand), declared for distribution by the ICA in the amount of Tenge 3,114 thousand (2022: Tenge 3,114 thousand), EP QazaqGaz in the amount of Tenge 17,000,000 thousand (2022: Tenge 6,794,315 thousand), and BShP in the amount of Tenge 10,863,500 thousand (2022: Tenge 11,764,706 thousand). During 2023, QazaqGaz Onimderi and AGP did not distribute dividends (2022: Tenge 586,510 and 70,949,058 thousand, respectively).

28 Interest Income Calculated Using the Effective Interest Method

<i>In thousands of Tenge</i>	2023	2022
Amortization of discount on loans to related parties	15,745,021	5,760,946
Interest income on bank deposits	12,074,233	8,217,745
Interest income on loans to related parties	3,761,431	11,953,899
Unwinding of discount on financial assets	2,025,972	3,864,234
Interest income on financial assets	1,959,868	799,071
	35,566,525	30,595,895

29 Finance Income

<i>In thousands of Tenge</i>	Note	2023	2022
Amortisation of financial guarantee liabilities	20	927,031	9,204,740
Other		8,812	393
		935,843	9,205,133

30 Finance Costs

<i>In thousands of Tenge</i>	Note	2023	2022
Interest on debt securities issued		(14,202,129)	(14,209,875)
Discount on loans to related parties	9	(10,227,743)	(499,299)
Interest on bank loans		(7,563,754)	(12,610,373)
Guarantees provided to a related party	20	(1,422,824)	-
Unwinding of discount on loans from a related party		(852,232)	(1,272,845)
Unwinding of discount on financial guarantee liabilities	20	(351,882)	(1,997,447)
Loan fees		(179,052)	(143,550)
Amortization of capitalized loan origination costs		(117,629)	(151,847)
Unwinding of discount on debt securities issued		(72,901)	(73,425)
Interest expense on lease liabilities		-	(26,085)
Interest on loans from related party		(1,608)	(2,512)
Other		(112,195)	(179,739)
		(35,103,949)	(31,166,997)

31 Income Tax Expenses

The Company is a subject to corporate income tax at the prevailing statutory rate of 20%.

<i>In thousands of Tenge</i>	2023	2022
Current income tax expense	–	–
Deferred income tax (benefit)/expense	(40,674,236)	14,008,498
Adjustment of prior years' income tax	10,603,690	(1,034,363)
Income tax (benefit)/expense	(30,070,546)	12,974,135

A reconciliation of corporate income tax expenses applicable to profit before taxation at the statutory income tax rate, with the current income tax expense for the years ended 31 December is as follows:

<i>In thousands of Tenge</i>	2023	2022
Profit before income tax	(11,254,705)	117,740,124
Statutory tax rate	20%	20%
Theoretical income tax benefit	(2,250,941)	23,548,025
Tax effect of permanent differences		
Provision for non-recoverable VAT	5,186,216	–
Non-deductible interest expense	1,512,751	2,522,075
Adjustments to the previous year current income tax	530,526	(1,034,363)
Impairment loss on investments in subsidiaries	970,339	183,661
Non-deductible expenses related to gas	1,329,777	–
Taxes other than income tax	307,399	409,539
Unwinding of discount on loans from related party and debt securities issued	14,580	14,685
Non-deductible expenses related to additional costs of gas purchased	–	(4,377,935)
Amortisation of financial guarantee liabilities	(115,030)	(1,441,459)
Unwinding of discount on financial assets	(83,129)	(1,207,414)
Discount on loans to related party	(6,040,413)	–
Non-deductible contractual penalties from buyers	3,701,183	–
Non-taxable/non-deductible foreign exchange differences, net	(3,634,947)	2,039,035
Dividend income	(5,573,323)	(15,666,599)
Investments in the joint venture	(26,329,572)	8,314,496
Other non-taxable differences	404,038	(329,611)
Income tax (benefit)/expense	(30,070,546)	12,974,135

The Company recognized interest expense and foreign exchange differences in the statement of comprehensive income on a bank loan that was obtained for the purpose of refinancing a previous loan. During 2023 and 2022, this loan had resulted in foreign exchange gains that were not included in total annual taxable income due to the fact that the loan was not related to income-generating activities. Management believes that its interpretation of tax laws is appropriate and it is probable that it will be able to justify its position to the tax authorities. Management believes that the risk of additional charge as of 31 December 2023 and 2022 is low. Accordingly, no additional tax liabilities have been recognized by the Company in these separate financial statements. The amount of possible additional charge is approximately Tenge 20,000,000 thousand.

31 Income Tax Expenses (continued)

In connection with changes in Article 241 of the Tax Code of the Republic of Kazakhstan dated 1 January 2023 regarding the exclusion of dividends from the total annual taxable income, the Company recorded a corresponding change in deferred tax liabilities in the amount of Tenge 26,329,572 thousand in relation to investments in the joint venture.

As at 31 December 2023 and 2022, components of deferred income tax assets/(liabilities) are as follows:

<i>In thousands of Tenge</i>	2023	Charged to profit and loss	2022	Charged to profit and loss	2021
Deferred income tax assets					
Loss to be offset against future taxable income	1,968,964	(129,562)	2,098,526	2,098,526	-
Expenses recognized on an accrual basis	-	(2,230,283)	2,230,283	2,230,283	-
Inventories	-	(213,321)	213,321	213,321	-
Discount on loans to related party	5,018,746	4,936,958	81,788	81,788	-
Financial guarantee liabilities	283,621	283,621	-	-	-
Allowance for expected credit losses	795,362	268,751	526,611	338,962	187,649
Other provisions	483,009	(59,774)	542,783	273,098	269,685
Other	194,663	(19,508)	214,171	95,874	118,297
	8,744,365	2,836,882	5,907,483	5,331,852	575,631
Deferred income tax liabilities					
Investments in the joint venture	-	26,329,572	(26,329,572)	(8,314,496)	(18,015,076)
Revenue recognized on accrual basis	-	11,317,429	(11,317,429)	(11,317,429)	-
Discount on loans from related party	(98,912)	176,943	(275,855)	264,787	(540,642)
Discounting of financial liabilities	-	13,410	(13,410)	26,788	(40,198)
	(98,912)	37,837,354	(37,936,266)	(19,340,350)	(18,595,916)
Net deferred income tax assets/(liabilities)	8,645,453	40,674,236	(32,028,783)	(14,008,498)	(18,020,285)

In accordance with the Tax Code of the Republic of Kazakhstan, all deferred tax assets expire after five (5) years, except for tax loss carryforwards, which expire after ten (10) years.

As at 31 December 2023, the Company had corporate income tax prepaid of Tenge 22,387,901 thousand (2022: Tenge 26,712,072 thousand).

32 Related Party Transactions**Terms and conditions of transactions with related parties**

Transactions with related parties were entered into on terms agreed upon by the parties, which may not necessarily be at market rates, except for gas transportation services, which are provided based on tariffs available to third parties.

At 31 December 2023 and 2022, the outstanding balances with related parties were as follows:

<i>In thousands of Tenge</i>	Note	31 December 2023	31 December 2022*
Trade and other receivables	15		
Subsidiaries		108,731,124	80,957,685
Joint ventures in which the Company is a venturer		18,450,612	540,855
Joint ventures in which Samruk-Kazyna and the Government are venturers		19,904	283
Entities under control of Samruk-Kazyna and the Government		558,397	393
		127,760,037	81,499,216

32 Related Party Transactions (continued)

<i>In thousands of Tenge</i>	Note	31 December 2023	31 December 2022*
Loans to related parties	9		
Subsidiaries		51,915,170	53,121,349
Entities under control of Samruk-Kazyna and the Government		39,977,505	3,524,877
		91,892,675	56,646,226
Advances paid	8		
Subsidiaries		–	2
Joint ventures in which the Company is a venturer		81,970	81,970
Associates in which Samruk-Kazyna and the Government are participants		1,836,542	1,836,519
Joint ventures in which Samruk-Kazyna and the Government are venturers		–	2,372,990
Entities under control of Samruk-Kazyna and the Government		486	13,179,485
		1,918,998	17,470,966
Other financial assets			
Subsidiaries		9,693,259	9,277,396
Entities under control of Samruk-Kazyna and the Government		64,783,007	30,000,000
		74,476,266	39,277,396
Other non-financial assets	12		
Subsidiaries		3,289,009	8,348,160
		3,289,009	8,348,160
Cash and cash equivalents			
Entities under control of Samruk-Kazyna and the Government		657	34,804,638
		657	34,804,638
Trade payables	21		
Subsidiaries		40,107,969	17,531,674
Joint ventures in which the Company is a venturer		74,625,656	49,919,102
Associates in which Samruk-Kazyna and the Government are participants		694,878	768,144
Joint ventures in which Samruk-Kazyna and the Government are venturers		165,691,860	8,708,242
Entities under control of Samruk-Kazyna and the Government		8,389,298	1,517,338
		289,509,661	78,444,500
Borrowings	19		
Entities under common control of Samruk-Kazyna and the Government		7,968,020	15,847,112
		7,968,020	15,847,112

32 Related Party Transactions (continued)

<i>In thousands of Tenge</i>	Note	31 December 2023	31 December 2022*
Liabilities under financial guarantee contracts	20		
Subsidiaries		451,007	1,026,156
Entities under control of Samruk-Kazyna and the Government		1,418,106	-
		1,869,113	1,026,156
Other financial liabilities			
Subsidiaries		91,269	26,708
Associates in which Samruk-Kazyna and the Government are participants		139	-
Joint ventures in which Samruk-Kazyna and the Government are venturers		673,261	1,279,471
Entities under control of Samruk-Kazyna and the Government		700,497	710,236
		1,465,166	2,016,415
Lease liabilities			
Entities controlled by the Government		-	505,494
		-	505,494

* Disclosure of transactions with related parties controlled or jointly controlled by the Government and Associates in which Samruk-Kazyna and the Government are participants for 2022 specified above, as well as disclosure of interest income from related parties differs from the presentation in the separate financial statements for 2022, as the Company did not disclose these amounts in the separate financial statements for 2022.

The income and expense items with related parties for the years ended 31 December 2023 and 2022 were as follows:

<i>In thousands of Tenge</i>	Note	2023	2022*
Sales of goods and services			
Subsidiaries		293,184,064	250,003,050
Joint ventures in which Samruk-Kazyna and the Government are venturers		325,934	179,739
		293,509,998	250,182,789
Management fee	23		
Entities under control of Samruk-Kazyna and the Government		493,854	-
		493,854	-
Dividend income	27		
Subsidiaries		17,003,114	7,383,939
Joint ventures in which the Company is a venturer		10,863,500	82,713,764
		27,866,614	90,097,703
Interest income calculated using the effective interest method			
Subsidiaries		15,491,479	10,252,185
Joint ventures in which the Company is a venturer		-	8,537,902
Entities under control of Samruk-Kazyna and the Government		7,678,034	873,496
		23,169,513	19,663,583

32 Related Party Transactions (continued)

<i>In thousands of Tenge</i>	Note	2023	2022*
Finance income	29		
Subsidiaries		931,570	2,913,426
Joint ventures in which the Company is a venturer		–	6,291,314
Entities under control of Samruk-Kazyna and the Government		4,273	393
		935,843	9,205,133
Purchases of goods and services			
Subsidiaries		148,838,580	121,266,569
Joint ventures in which the Company is a venturer		272,773,503	263,268,759
Joint ventures in which Samruk-Kazyna and the Government are venturers		337,373,603	166,851,292
Entities under control of Samruk-Kazyna and the Government		16,925,015	10,251,410
		775,910,701	561,638,030
Finance costs			
Subsidiaries		351,882	1,120,875
Joint ventures in which the Company is a venturer		–	876,572
Joint ventures in which Samruk-Kazyna and the Government are venturers		67,051	133,940
Entities under control of Samruk-Kazyna and the Government		12,504,407	1,774,656
		12,923,340	3,906,043

* Disclosure of transactions with related parties controlled or jointly controlled by the Government and Associates in which Samruk-Kazyna and the Government are participants for 2022 specified above, as well as disclosure of interest income from related parties differs from the presentation in the separate financial statements for 2022, as the Company did not disclose these amounts in the separate financial statements for 2022.

During 2023, the Company paid dividends on ordinary shares in the amount of Tenge 27,065,364 thousand to the Sole Shareholder (2022: nil).

During 2023, dividends receivable were paid in cash of Tenge 27,866,614 thousand (2022: Tenge 98,578,741 thousand).

Compensation to key management personnel

Key management personnel comprise members of the Management Board and independent directors of the Company. In 2023 and 2022, the total amount of compensation to key management was Tenge 575,484 thousand and Tenge 227,248 thousand, respectively, consisting mainly of salaries and other payments and was included in general and administrative expenses in the separate statement of comprehensive income.

33 Commitments and Contingencies**Operating environment**

Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the Government.

33 Commitments and Contingencies (continued)

Liabilities on unconditional purchase of gas transportation services to the joint ventures

As at 31 December 2023, the Company has unconditional liability on purchase of gas transportation services of Tenge 313,199,873 thousand excluding VAT to AGP (31 December 2022: Tenge 95,557,990 thousand).

As at 31 December 2023, the Company has unconditional liability on purchase of gas transportation services of Tenge 203,148,195 thousand excluding VAT to BShP (31 December 2022: Tenge 216,130,641 thousand).

Commitments for capital expenditures

As at 31 December 2023, the Company had capital commitments of Tenge 2,058,464 thousand, excluding VAT (at 31 December 2022: Tenge 1,842,319 thousand, excluding VAT), related to the acquisition and construction of property, plant and equipment and intangible assets.

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including opinions in respect of IFRS accounting of revenues, expenses and other items in the financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Fiscal periods remain open to review by the tax authorities for 5 (five) calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Transfer pricing control

Transfer pricing control in Kazakhstan has a very wide scope and applies to many transactions that directly or indirectly relate to international transactions regardless of whether the transaction participants are related or not. The transfer pricing legislation requires that all taxes applicable to a transaction should be calculated based on market prices determined as on the arm's length principle. As a result, the application of transfer pricing law to different types of transactions is not clear.

Due to uncertainties associated with the Kazakhstani law on transfer pricing there is a risk that the tax authorities may have an opinion different from that of the Company, which may result in assessment of additional taxes, fines and penalties as of 31 December 2023 and 31 December 2022. The management believes that its interpretation of the transfer pricing legislation is appropriate and that it is probable that the Company's transfer pricing position will be sustained. In management's opinion, there is no risk of additional charges as of 31 December 2023 and 2022.

Environmental matters

In accordance with the legislation in force, management believes that there are no probable or potential environmental liabilities that could have a material adverse effect on the Company's separate financial results and financial position.

Insurance matters

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet available in the Republic of Kazakhstan. The Company does not have coverage for its plant facilities, business interruption or third-party liability in respect of property or environmental damage arising from accidents on Company property or relating to Company operations. Until the Company obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the separate financial performance of the Company and its financial position.

33 Commitments and Contingencies (continued)

Legal proceedings and claims

In the ordinary course of business, the Company is subject to legal actions and complaints. In 2022, the Supreme Audit Chamber of the Republic of Kazakhstan, together with other state bodies of the Republic of Kazakhstan, conducted a state audit of the financial and economic activities of NC QazaqGaz JSC, some subsidiaries and jointly controlled entities, as a result of which financial violations and operations in activities were identified. As of the issue date of these separate financial statements, pre-trial investigations and litigations are in progress. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial position or the financial results of Company's future operations.

QG legal proceedings

In 2019, the Company purchased 2,026,419 thousand cubic meters of gas from Asiagas Chunja LLP. In 2022, the Financial Monitoring Agency of the Republic of Kazakhstan ("the Agency") investigated and initiated criminal proceedings against the owners of Asiagas Chunja LLP, as well as one of the former members of the Company's management, in relation to this transaction. During 2022, Asiagas Chunja LLP returned Tenge 14,565,318 thousand to the accounts of the Company. The Company recognized the amount returned by Asiagas Chunja LLP as part of other financial liabilities until the court decision (*Note 22*).

On 31 March 2023, the Astana district court announced a guilty verdict against the owners of Asiagas Chunja LLP, as well as one of the former members of the Company's management in relation to this gas purchase and sale transaction. On 29 June 2023, the verdict was overturned. The case was subject to consideration by the court of appeal according to the rules of the trial court in a collegial composition.

On 15 September 2023, the judicial panel for criminal cases of the Astana city court issued an appeal verdict against the owners of Asiagas Chunja LLP, as well as one of the former members of the Company's management. According to the appeal verdict, which entered into legal force, the Company recognized income in the amount of Tenge 14,565,318 thousand by adjusting the cost of sales.

34 Financial Instruments and Financial Risk Management Objectives and Policies

Financial risk management objectives and policies

The Company's main financial liabilities comprise bank loans, debt securities issued, trade payables, and financial guarantee liabilities. The main purpose of these financial liabilities is to finance the Company's operations and provide guarantees to banks on behalf of subsidiaries, joint venture and related parties to support their activities. The Company's main financial assets include loans to related parties, trade receivables, cash and cash equivalents, bank deposits, and other financial assets which arise directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's management oversees the risk management. The Risk Management Department advises to the Company's management on financial risks and the appropriate financial risk governance framework for the Company. The Risk Management Department helps the Company's management to ensure that the Company's financial risk-taking activities are conducted in accordance with respective policies and procedures.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings and deposits.

The Company has no formal agreements for the analysis and mitigation of risks related to changes in interest rates, since management assesses the risk as low.

The sensitivity analysis in the sections below relates to the balances as at 31 December 2023 and 2022.

34 Financial Instruments and Financial Risk Management Objectives and Policies (continued)

Market risk (continued)

The sensitivity analysis has been prepared on an assumption that the amount of net debt, the proportion of fixed interest rates to floating interest rates on debt, and the proportion of financial instruments in foreign currencies are all constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (KR CBR), with all other variables held constant, of the Company's profit before income tax (through the impact on floating rate borrowings). In 2023, in connection with the payment of an interest-bearing loan from VTB Bank PJSC, there is no impact on profit before tax and on the Company's equity.

<i>In thousands of Tenge</i>	Increase / (decrease) in basis points	Effect on profit before income tax
2023		
KR CBR	6.63%	-
	-6.63%	-
2022		
KR CBR	6.19%	(5,666,919)
	-6.19%	5,666,919

Assumptions of changes in basis points within the sensitivity analysis to interest rate changes are based on a currently observable market situation.

Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of foreign exchange rates changes. As a result of significant borrowings and accounts payable denominated in the US Dollars, the Company's separate statement of financial position can be affected significantly by changes in the US Dollar / Tenge exchange rates. The financial and economic activities are also exposed to the risk on transactions in foreign currencies. Such exposure arises from income in US Dollars.

The following table demonstrates the sensitivity of the Company's income before income tax to possible changes in the US Dollar exchange rate, with all other parameters held constant.

<i>In thousands of Tenge</i>	Increase / (decrease) in exchange rate	Effect on profit before income tax
2023		
US Dollar	14.00%	(25,145,409)
	-14.00%	25,145,409
2022		
US Dollar	21.00%	25,964,709
	-21.00%	(25,964,709)
2023		
Ruble	29.00%	686,757
	-29.00%	(686,757)
2022		
Ruble	22.00%	(21,314,342)
	-22.00%	21,314,342

34 Financial Instruments and Financial Risk Management Objectives and Policies (continued)***Credit risk***

Credit risk is the risk that one party of a financial instrument will not be able to fulfil an obligation and will cause the other party to incur a financial loss. The Company is exposed to credit risk as a result of its operating activities and certain investing activities. Exposure to credit risk arises from accounts receivable, bank deposits, cash and cash equivalents, loans issued and other financial assets.

At the current level of operations, management believes that it has established appropriate credit control and industrial customer monitoring procedures to enable the Company to trade with recognized, creditworthy third parties. The Company has a credit policy in which the creditworthiness of each new customer is analyzed individually before the Company's standard payment and delivery terms and conditions are offered. The Company has a policy that provides for constant monitoring to ensure that transactions are concluded with counterparties that have an adequate credit history and do not exceed established credit limits. The Company also analyses the impact of changes in economic, political or other conditions on the ability of counterparties to fulfill contractual obligations.

Expected credit losses

Estimating losses under IFRS 9 for all categories of financial assets requires the exercise of judgment, in particular, when determining impairment losses and assessing a significant increase in credit risk, it is necessary to estimate the amount and timing of future cash flows, and the value of collateral. These estimates depend on a number of factors, changes in which could result in different impairment allowance amounts. The Company's ECL calculations are the result of complex models involving a number of underlying assumptions regarding the selection of input variables and their interdependencies.

The assessment of whether or not there has been a significant increase in credit risk (SICR) since initial recognition is performed on both an individual and portfolio basis. The Company's risk management department periodically monitors and reviews the criteria used to determine whether a significant increase in credit risk has occurred to ensure that it is appropriate.

Elements of ECL models that are considered to be judgments and estimates include the following:

- The internal credit rating system used by the Company to determine probability of default (PD);
- Grouping of financial assets when their ECLs are assessed on a group basis;
- Development of ECL calculation models, including various formulas and selection of input data;
- Determining the relationships between macroeconomic scenarios and economic data, such as the GDP growth rates, inflation, oil price with a one-year lag, and the impact on Probability of Default (PD), Exposure to Default (EAD) and Loss Given Default (LGD) ratios.

When calculating provisions for trade and other receivables, the following are taken into account:

- date of recognition of the receivable and the remaining period until repayment under the agreement terms;
- the number of receivable overdue days (if payment is not made within the period established by the contract);
- type of a counterparty (intra-group or external);
- historical data on debt repayment levels depending on the overdue period and type of counterparties.

Historical loss levels are adjusted to reflect current and forecast information about macroeconomic factors affecting the ability of customers to pay settle accounts receivable. The Company has identified gross domestic product in the countries in which customers operate as the most relevant forward-looking indicator and adjusts historical loss levels accordingly based on expected changes in this variable.

34 Financial Instruments and Financial Risk Management Objectives and Policies (continued)

In certain cases, the Company may also conclude that a financial asset has defaulted if internal or external information indicates that it is unlikely that the Company will receive, without regard to credit enhancements held by the Company, the full amount of the remaining contractual payments. A financial asset is written off if there is no reasonable expectation that the contractual cash flows will be recovered.

To assess the probability of default, the Company defines default as a situation in which the risk exposure meets one or more of the following criteria:

- significant financial difficulties of the issuer or borrower;
- the borrower's delay in payments stipulated by the contract exceeds 90 days;
- international rating agencies include the borrower in the default rating class;
- the possibility of bankruptcy or other financial reorganization of the borrower.

In some cases, it may not be possible to identify one single event; in this case credit impairment of a financial asset may be caused by the cumulative effect of several events. For disclosure purposes, the Company has aligned the definition of default with the definition of impaired assets. The above definition of default applies to all types of financial assets of the Company.

The maximum credit risk for financial assets measured is limited to the carrying amount as disclosed in Notes 9, 11, 14 and 15. For the issued financial guarantee and put option liability, the maximum exposure to credit risk is equal to the par amount of the guaranteed loan agreement and the face value of the obligation if the option is exercised, respectively, as described in the Liquidity risk section of this note.

Bank deposits and cash and cash equivalents

The Company places deposits in Kazakhstani banks. The Company's management periodically reviews the credit ratings of these banks to eliminate extraordinary credit risks. The credit risk of bank deposits and cash and cash equivalents is limited because contractual partners are banks with investment grade credit ratings. For this reason, the impact of impairment is immaterial.

The following table provides an analysis of the credit quality of cash and cash equivalents and bank deposits as of 31 December 2023 and 31 December 2022, using credit ratings from Standard & Poor's, Fitch Ratings, Moody's and Thomas Murray.

<i>In thousands of Tenge</i>	Location	2023		2022		2023	2022
Halyk Bank of Kazakhstan JSC	Kazakhstan	Standard & Poor's	BB+/ stable	Standard & Poor's	BB+/ stable	17,057,597	118,291,592
First Heartland Jysan Bank JSC	Kazakhstan	Moody's	Ba2/ positive	Moody's	Ba3/ stable	2,245,997	74,479,920
Citibank N.A. London	U.K.	Moody's	Aa3/ stable	Moody's	Aa3/ stable	271,388	-
Citibank Kazakhstan JSC	Kazakhstan	Moody's	Aa3/ stable	Standard & Poor's	A+/ stable	12,439	119,666,792
ForteBank JSC	Kazakhstan	Standard & Poor's	BB-/ stable	Standard & Poor's	BB-/ negative	3,414	26,574,710
Altyn Bank JSC	Kazakhstan	Moody's	Baa3/ positive	Moody's	Baa3/ stable	906	8,325,904
Central Depository of Securities JSC	Kazakhstan	Thomas Murray	A+/ stable /A	Thomas Murray	A+/ stable /A	617	34,793,929
SB Bank of China	Kazakhstan	Fitch Ratings	BBB+/ stable	Fitch Ratings	BBB+/ stable	588	64,771,468
Credit Bank of Moscow PSC	Russia	Moody's	Rating recalled	Moody's	Rating recalled	187	321
Gazprombank JSC	Russia	Moody's	Rating recalled	Moody's	Rating recalled	73	120
VTB Bank Kazakhstan	Kazakhstan	Standard & Poor's	Rating recalled	Standard & Poor's	BB+/ stable	42	32
KazPost JSC	Kazakhstan	-	-	-	-	40	10,709
						19,593,288	446,915,497

34 Financial Instruments and Financial Risk Management Objectives and Policies (continued)*Trade and other receivables*

The following is information about the credit risk of the Company's trade and other receivables using the simplified method based on the provision matrix:

In thousands of Tenge	Total	Not due	Overdue				
			<30 days	30-60 days	60-90 days	90-120 days	>120 days
31 December 2023							
ECL rate	0.93%	0.00%	-	-	-	-	67.64%
Total expected carrying amount at default	290,316,725	286,212,439	-	-	56,203	52,500	3,995,583
ECL	(2,702,722)	-	-	-	-	-	(2,702,722)
Net carrying amount	287,614,003	286,212,439			56,203	52,500	1,292,861
31 December 2022							
ECL rate	1.72%	0.00%	-	-	-	-	80.20%
Total expected carrying amount at default	153,831,323	150,540,869	-	-	-	-	3,290,454
ECL	(2,638,874)	-	-	-	-	-	(2,638,874)
Net carrying amount	151,192,449	150,540,869	-	-	-	-	651,580

The Company is exposed to concentrations of credit risk. The concentration of credit risks mainly relates to key customers, in particular international ones. Approximately 65% of revenue from contracts with customers in 2023 and 51% of the Company's trade and other receivables as at 31 December 2023 are attributable to PetroChina International Co. Ltd (2022: 63% of revenue from contracts with customers and 38% of the Company's trade and other receivables).

Loans issued and other financial assets

In respect of credit risk arising on the Company's other financial assets, which includes other financial assets, loans to a related party and obligations under financial guarantee agreements, the Company's exposure to credit risk arises as a result of default by a counterparty. In relation to loans issued, the Company reduces credit risk by requiring the provision of loan collateral in the form of collateral over the borrowers' assets.

The following table provides an analysis of the credit quality of significant financial assets as of 31 December 2023 and 31 December 2022 using Fitch Ratings agency's credit ratings.

In thousands of Tenge	Location	2023	2022	Stage 1 (12-month ECL)	
				2023	2022
Other financial assets					
Samruk-Kazyna JSC	Kazakhstan	Fitch Ratings BBB-/ stable	Fitch Ratings BBB-/ stable	64,783,007	-
KazTransGas Aimak JSC	Kazakhstan	Fitch Ratings BBB-/ stable	Fitch Ratings BBB-/ stable	9,693,259	9,277,396
National Bank of the Republic of Kazakhstan	Kazakhstan	Fitch Ratings BBB-/ stable	Fitch Ratings BBB-/ stable	-	30,000,000
Finance lease receivables	Kazakhstan	-	-	3,282,962	3,600,948
Other	Kazakhstan	-	-	332,846	-
Loans to related parties					
Intergas Central Asia JSC	Kazakhstan	Fitch Ratings BBB-/ stable	Fitch Ratings BBB-/ stable	51,757,166	51,340,072
GPC Investment LLP	Kazakhstan	-	-	41,257,412	3,524,877
Mangyshlak Munay LLP	Kazakhstan	-	-	150,000	-
Tegis Munay LLP	Kazakhstan	-	-	8,004	-
KazMunaiGas Service-NS JSC	Kazakhstan	-	-	-	1,121,077
KazTransGas Aimak JSC	Kazakhstan	-	-	-	660,200
				171,264,656	99,524,570
Less: allowance for expected credit losses				(1,279,907)	-
				169,984,749	99,524,570

34 Financial Instruments and Financial Risk Management Objectives and Policies (continued)*Loans issued and other financial assets (continued)*

The Company regularly reviews and validates models and model inputs to reduce differences between calculated expected credit losses and actual losses on loans and guarantees issued. As at 31 December 2023, the Company accrued an allowance for expected credit losses on the GPC loan in the amount of Tenge 1,279,907 thousand (as at 31 December 2022: nil). The Company did not recognize an allowance for expected credit losses for other financial assets due to its insignificance due to the positive credit rating of counterparties and the absence of credit deterioration factors.

Liquidity risk

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

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

The table below shows the distribution of liabilities as at the reporting date by contractual terms remaining to maturity. The amounts disclosed in the maturity table represent the contractual undiscounted cash flows, including the total commitments for borrowings received and financial guarantees. These undiscounted cash flows differ from the amount included in the separate statement of financial position because the amount recorded in the separate statement of financial position is calculated on a discounted cash flow basis. In cases where the amount payable is not fixed, the amount in the table is determined based on the conditions existing at the reporting date. Foreign exchange payments are translated using the spot exchange rate at the end of the reporting period.

<i>In thousands of Tenge</i>	On demand	1 to 3 months	3 months to 1 year	1 to 5 years	> 5 years	Total
As at 31 December 2023						
Debt securities issued	-	7,023,293	7,023,293	363,204,577	-	377,251,163
Trade payables	-	355,599,861	-	-	-	355,599,861
Borrowings received	-	-	8,463,337	-	-	8,463,337
Put option liability	40,510,279	-	-	-	-	40,510,279
Financial guarantee liabilities	46,710,166	-	-	-	-	46,710,166
Other financial liabilities	673,261	509,856	-	-	-	1,183,117
	87,893,706	363,133,010	15,486,630	363,204,577	-	829,717,923

<i>In thousands of Tenge</i>	On demand	1 to 3 months	3 months to 1 year	1 to 5 years	> 5 years	Total
As at 31 December 2022						
Debt securities issued	-	7,148,289	7,148,289	383,965,260	-	398,261,838
Trade payables	-	110,971,591	-	-	-	110,971,591
Borrowings received	-	-	8,614,825	8,613,963	-	17,228,788
Bank loans	-	2,458,771	98,677,678	-	-	101,136,449
Put option liability	40,510,279	-	-	-	-	40,510,279
Lease liabilities	-	45,201	135,602	542,410	-	723,213
Liabilities under financial guarantee contracts	45,504,892	-	-	-	-	45,504,892
Other financial liabilities	673,261	226,801	14,830,184	673,261	-	16,403,507
	86,688,432	120,850,653	129,406,578	393,794,894	-	730,740,557

34 Financial Instruments and Financial Risk Management Objectives and Policies (continued)

The financial guarantee liabilities present the amounts of original contracts. There was no use of financial guarantees in 2023 and 2022.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders value.

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. There were no changes in the Company's approach to capital management as compared to 2022.

The capital structure of the Company consists of debt, which includes debt securities issued, bank loans and borrowings received disclosed in Notes 17, 18 and 19 and equity, comprising share capital, additional paid-in capital and retained earnings as disclosed in Note 16.

The Company's management reviews the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Company has a target debt-to-equity ratio of no more than 1.5.

During 2023 and 2022, the Company complied with all external and internal capital requirements, including covenants related to loans and borrowings.

Fair value of financial instruments

The carrying amount of the Company's financial instruments as of 31 December 2023 and 2022 is a reasonable approximation of their fair value, except for the financial instruments disclosed below:

In thousands of Tenge	31 December 2023				
	Carrying amount	Fair value	Fair value by level of assessment		
			Quotations in active markets (Level 1)	Essential observed input data (Level 2)	Essential unobservable input data (Level 3)
Financial assets					
Interest-bearing loans to related party	51,757,166	43,346,856	–	–	43,346,856
Interest-free loans to related party	40,135,509	41,588,361	–	–	41,588,361
Other financial assets	74,476,266	73,889,692	9,106,685	64,783,007	–
Financial liabilities					
Debt securities issued	(324,357,503)	(311,644,432)	(311,644,432)	–	–
Borrowings received	(7,968,020)	(7,947,317)	–	(7,947,317)	–

34 Financial Instruments and Financial Risk Management Objectives and Policies (continued)**Fair value of financial instruments (continued)**

<i>In thousands of Tenge</i>	31 December 2022				
	Carrying amount	Fair value	Fair value by level of assessment		
			Quotations in active markets (Level 1)	Essential observed input data (Level 2)	Essential unobservable input data (Level 3)
Financial assets					
Interest-bearing loans to related party	51,340,072	42,009,020	-	-	42,009,020
Interest-free loans to related party	5,306,154	5,267,034	-	-	5,267,034
Other financial assets	39,277,396	38,474,165	38,474,165	-	-
Financial liabilities					
Debt securities issued	(329,927,140)	(299,776,821)	(299,776,821)	-	-
Bank loans	(92,373,724)	(92,491,353)	-	(92,491,353)	-
Borrowings received	(15,847,112)	(15,891,668)	-	(15,891,668)	-

Fair value of quoted bonds is based on price quotations at the reporting date.

The fair values of long-term loans are determined by the DCF method using rates currently available for debt with similar terms, credit risk and remaining maturities.

There were no transfers between levels 1, 2 and 3 during 2023 and 2022.

Estimates and assumptions

The Company's management has determined that the fair value of cash and bank deposits, trade receivables, trade and other payables, short-term borrowings received and all other financial instruments approximates their carrying amount, primarily due to the short maturities of these instruments.

Changes in liabilities arising from financing activities

<i>In thousands of Tenge</i>	1 January 2023	Proceeds	Repayment s	Repayment of interest	Foreign exchange gains or losses	Repayment of interest	Other non-cash transactions	31 December 2023
Financial liabilities								
Debt securities issued	329,927,140	-	-	(14,513,971)	(5,368,899)	14,202,129	111,104	324,357,503
Bank loans	92,373,724	-	(73,646,650)	(7,465,553)	(18,113,398)	7,563,754	(711,877)	-
Borrowings received	15,847,112	-	(8,504,752)	(1,701)	(226,479)	1,608	852,232	7,968,020
Lease liabilities	505,494	-	(60,268)	-	-	-	(445,226)	-
Total liabilities arising from financing activities	438,653,470	-	(82,211,670)	(21,981,225)	(23,708,776)	21,767,491	(193,767)	332,325,523

34 Financial Instruments and Financial Risk Management Objectives and Policies (continued)

<i>In thousands of Tenge</i>	1 January 2022	Proceeds	Repayment s	Repayment of interest	Foreign exchange gains or losses	Interest accretion	Other non cash transaction s	31 December 2022
Financial liabilities								
Debt securities issued	307,808,020	-	-	(15,209,719)	23,007,336	14,209,875	111,628	329,927,140
Bank loans	87,875,911	-	(5,130,790)	(11,528,035)	9,660,735	12,610,373	(1,114,470)	92,373,724
Borrowings received	21,539,755	-	(8,614,964)	(2,584)	1,649,548	2,512	1,272,845	15,847,112
Lease liabilities	532,721	-	(111,787)	-	-	26,085	58,475	505,494
Total liabilities arising from financing activities	417,756,407	-	(13,857,541)	(26,740,338)	34,317,619	26,848,845	328,478	438,653,470

"Other non-cash transactions" mainly represent amortization of discount, modification of lease and loan origination costs. The Company classifies interest paid as cash flows from operating activities.

35 Segment Reporting

The Company's principal activity is related to gas trading in foreign and domestic markets. The Company considers only one reportable segment under IFRS 8. Segment performance is measured on a profit or loss basis and measured in accordance with the profit or loss in the financial statements prepared in accordance with IFRS.

In 2022, the Company received 65% of gas sales revenue from the PetroChina group and 30% from KTG Aimak (2022: 63% from the PetroChina group and 32% from KTG Aimak).

36 Events after the Reporting Period

During January and February 2024, the Company provided 4 (four) tranches of financial aid to GPC Investment LLP in the amount of Tenge 6,500,394 thousand. On 23 February 2024, GPC Investment LLP made a partial return of financial aid in the amount of Tenge 18,860,546 thousand.

On January 10, 2024, the Company made investments in the form of cash deposits in the amount of 6,307,310 thousand tenge in exchange for the placement of common shares of Intergas Central Asia JSC in the amount of 630,731 pieces at a placement price of 10,000 tenge under the right of first refusal.

On February 9, 2024, the Company made investments in the form of cash deposits in the amount of 120,000 thousand tenge in exchange for the placement of common shares of KazMunayGas-Service NS JSC in the amount of 120 pieces at a placement price of 1,000,000 tenge under the right of first refusal.

On 14 February 2024, 1,000 (one thousand) common shares of NC QazaqGaz JSC were placed at a placement price of Tenge 38,737.143 under the preemptive purchase right by transferring a 100% stake in GPC Investment LLP in accordance with the transfer agreement between Samruk-Kazyna JSC and NC QazaqGaz JSC for a total amount of Tenge 38,737,143 thousand.

On 16 February 2024, the state re-registration of a 100% stake in GPC Investment LLP to NC QazaqGaz JSC was completed.

On 8 February 2024, the international rating agency Fitch Ratings downgraded the rating of NC QazaqGaz JSC and its subsidiaries from BBB- to BB+ with a stable outlook.

On 14 February 2024, the international rating agency Moody's confirmed the rating of NC QazaqGaz JSC and its subsidiaries at Baa2 with a stable outlook.

On 25 January 2024, the Management Board of Samruk-Kazyna JSC made a decision to approve the transfer of 481 gas supply facilities with a total cost of Tenge 235,019,610 thousand, located in Aktobe, Atyrau, East Kazakhstan, West Kazakhstan, Kostanay, Turkestan regions, and cities of Shymkent and Taldykorgan, to Samruk-Kazyna JSC in payment for the placed shares, and further transfer to NC QazaqGaz JSC, subject to a positive decision by the Board of Directors of Samruk-Kazyna JSC.