ANNEX NO.3

to the Annual Report of Samruk-Kazyna Construction JSC for 2021

Samruk-Kazyna Construction JSC

Consolidated financial statements

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

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Independent auditor's report

To the Shareholder and Board of Directors of «Samruk-Kazyna Construction» JSC

Opinion

We have audited the consolidated financial statements of «Samruk-Kazyna Construction» JSC (the Group) and its subsidiary, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code . We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Key audit matter	*How our audit addressed the key audit matter*
Impairment of financial assets	
As at 31 December 2021, the Group has significant loans receivable, finance lease receivables, cash and cash equivalents and amounts due from credit institutions. The Group assesses the allowance for expected credit losses in respect of its financial assets under IFRS 9. The assessment of allowance for expected credit losses of loans receivable, finance lease receivables, cash and cash equivalents and amounts due from credit institutions is complex, judgmental and based on assumptions, in particular, on forecasted ability of the debtor to pay. Therefore, it was the matters of most significance in our audit. Information on loans receivable, finance lease receivables, cash and cash equivalents and amounts due from credit institutions are disclosed in Notes 10, 11, 16 and 18 to the consolidated financial statements.	We obtained understanding of the process of calculation of allowance for expected credit losses in respect of loans receivable, finance lease receivables, cash and cash equivalents and amounts due from credit institutions and assessed respective accounting policy of the Group. We compared information used by the Group in its provision matrix with historical information on the Group's loans receivable, finance lease receivables, cash and cash equivalents and amounts due from credit institutions settlements and with publicly available economic forecasts. We also considered information on loans receivable, finance lease receivables, aging structure and settlements before and after the reporting date. We considered current status of negotiations and correspondence with third parties. We analyzed disclosures made by the Group in respect of loans receivable, finance lease receivables, cash and cash equivalents and amounts due from credit institutions and the effect of IFRS 9.

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Other information included in the Group's 2021 Annual Report

Other information consists of the information included in the Group's 2021 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2021 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and the board of directors of «Samruk-Kazyna Construction» for the consolidated financial statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

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

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

We communicate with the Board of Directors 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 the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The partner in charge of the audit resulting in this independent auditor's report is Rustamzhan Sattarov.

Ernst & Young LLP

Rustamzhan Sattarov
Auditor / General Director
Ernst & Young LLP

Auditor Qualification Certificate
№МФ-0000060 dated 6 January 2012

State Audit License for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of Finance of the Republic of Kazakhstan on July 15, 2005

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28 February 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

In thousands of tenge	Notes	2021	2020*
Assets			
Non-current assets			
Property, plant and equipment	6	**212,060**	202,838
Investment property	7	**3,793,230**	3,898,890
Investment in an associate	13	**15,544**	13,434
Advances paid to construction companies	9	**8,471,414**	–
Intangible assets		**41,194**	44,135
Non-current financial assets	10	**46,343,025**	55,552,116
Non-current loans issued	16	**17,602,955**	3,999,960
Amounts due from credit institutions	11	**31,386,386**	35,913,990
Other non-current assets	14	**6,376,111**	834,347
		114,241,919	100,459,710
Current assets			
Inventories		**6,836**	6,832
Real estate for sale	8	**53,092**	72,630
Trade accounts receivable	15	**2,593**	275,445
Loans issued	16	**440,145**	7,882,384
Prepaid income tax		**537,257**	216,828
Current financial assets	17	**9,193,162**	10,882,398
Amounts due from credit institutions	11	**104,802**	5,052,698
Other current assets	12	**386,042**	428,808
Cash and cash equivalents	18	**40,785,783**	25,805,120
		51,509,712	50,623,143
Assets held for sale	19	**–**	1,000,000
Total assets		**165,751,631**	152,082,853

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

In thousands of tenge	Notes	2021	2020*
Equity and liabilities			
Equity			
Share capital	20	**19,990,162**	19,990,162
Additional paid-in capital	20	**3,437,245**	3,437,245
Revaluation reserve for fair value of financial assets at fair value through OCI	17	**227,317**	194,441
Retained earnings		**37,092,232**	28,325,877
Total equity		**60,746,956**	51,947,725
Non-current liabilities			
Loans received, long-term	21	**–**	14,125,000
Other non-current liabilities	23	**2,161,832**	2,544,648
Deferred income		**107,145**	122,452
Accounts payable, long-term	24	**2,086,004**	–
Deferred tax liabilities	30	**1,083,958**	350,910
		5,438,939	17,143,010
Current liabilities			
Loans, short-term	21	**81,880,635**	80,456,167
Bonds	22	**11,801,600**	–
Accounts payable	24	**3,880,636**	85,668
Other current liabilities	25	**2,002,865**	2,450,283
Total current liabilities		**99,565,736**	82,992,118
Total liabilities		**105,004,675**	100,135,128
Total equity and liabilities		**165,751,631**	152,082,853

* *Certain amounts shown in this column are not consistent with the 2020 consolidated financial statements as they reflect reclassifications made for presentation purposes, details of which are provided in Note 5.*

Managing Director on Economy and Finance – Member of the Management Board Uali M.Zh.

SAMRUK-KAZYNA CONSTRUCTION

Chief accountant Sipuldina B.K.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

In thousands of tenge	Notes	2021	2020
Revenue	26	**14,314,798**	19,596,629
Cost of sales	27	**(1,304,390)**	(8,018,221)
Gross profit		**13,010,408**	11,578,408
General and administrative expenses	28	**(1,541,310)**	(1,778,496)
Reversal/(charge) of allowance for expected credit losses on financial assets		**588,913**	(2,115,354)
(Accrual)/recovery of impairment losses on non-financial assets		**(167,119)**	1,073,610
Operating income		**11,890,892**	8,758,168
Finance income	29	**3,565,526**	2,028,284
Finance costs	29	**(2,971,425)**	(2,114,873)
Share in profit of associate	13	**2,110**	–
Loss from disposal of subsidiaries	13	**–**	(126,634)
Foreign exchange loss		**(329,440)**	(949)
Other income		**200,630**	411,831
Other expense		**(28,022)**	(52,147)
Profit before tax		**12,330,271**	8,903,680
Income tax expenses	30	**(2,544,139)**	(2,105,170)
Profit for the year		**9,786,132**	6,798,510
Earnings per share			
Basic profit for the year attributable to ordinary shareholders, tenge	20	**609.23**	418.43
Profit for the year		**9,786,132**	6,798,510
Other comprehensive income to be reclassified to profit or loss in the subsequent periods:			
Net income from financial assets measured at fair value through other comprehensive income	17	**32,876**	90,486
Other comprehensive income for the year, net of tax		**32,876**	90,486
Total comprehensive income for the year, net of tax		**9,819,008**	6,888,996

Managing Director on Economy and Finance – Member of the Management Board — Uali M.Zh.

SAMRUK KAZYNA CONSTRUCTION

Chief accountant — Sipuldina B.K.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

In thousands of tenge	Share capital	Additional paid-in capital	Revaluation reserve for fair value of financial assets at fair value through OCI	Retained earnings	Total
At 31 December 2019	19,990,162	3,437,245	103,955	21,527,367	45,058,729
Profit for the year	–	–	–	6,798,510	6,798,510
Other comprehensive income	–	–	90,486	–	90,486
Total comprehensive income	–	–	90,486	6,798,510	6,888,996
At 31 December 2020	19,990,162	3,437,245	194,441	28,325,877	51,947,725
Profit for the year	–	–	–	**9,786,132**	**9,786,132**
Other comprehensive income	–	–	**32,876**	–	**32,876**
Total comprehensive income	–	–	**32,876**	**9,786,132**	**9,819,008**
Dividends *(Note 20)*	–	–	–	**(1,019,777)**	**(1,019,777)**
At 31 December 2021	**19,990,162**	**3,437,245**	**227,317**	**37,092,232**	**60,746,956**

Managing Director on Economy and Finance – Member of the Management Board Uali M.Zh.

Chief accountant Sipuldina B.K.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

In thousands of tenge	Notes	2021	2020
Cash flows from operating activities			
Sale of products and goods		**589,449**	10,047,521
Interest received		**4,660,834**	5,073,106
Rental proceeds		**19,123,629**	10,842,279
Other proceeds		**9,775,225**	10,365,681
Payments to suppliers for goods and services		**(2,241,975)**	(754,819)
Advances paid		**(69,531)**	(84,717)
Salary payments		**(954,551)**	(1,219,650)
Payment of interest on loans received and bonds	33	**(3,021,953)**	(4,362,757)
Corporate income tax		**(2,131,520)**	(1,742,377)
Other payments to the budget		**(436,876)**	(540,566)
Other payments		**(2,422,672)**	(2,338,397)
Net cash flows from operating activities		**22,870,059**	25,285,304
Cash flows from investing activities			
Real estate acquisition prepaid		**(8,468,163)**	(1,109,063)
Purchase of property, plant and equipment and intangible assets		**(22,187)**	(1,323)
Placement of bank deposits		**–**	(4,970,000)
Withdrawal of bank deposits		**11,320,901**	1,835,524
Loans to third parties		**(11,333,041)**	(11,702,998)
Return of borrowings from third parties		**2,697,448**	4,089,466
Proceeds from the sale of an interest in an associate		**13,982**	–
Proceeds from sale of other equity instruments		**8**	–
Loss of control over subsidiary		**–**	(53,940)
Proceeds on debt securities		**500,000**	1,690,000
Other (payments)/proceeds		**(63,967)**	4,994,684
Net cash flows from investing activities		**(5,355,019)**	(5,227,650)
Cash flows from financing activities			
Proceeds from loans received	33	**–**	21,825,145
Proceeds from bonds issued	33	**11,500,000**	–
Payment of the principal on loans received	33	**(12,995,033)**	(34,371,093)
Repayments of bonds issued	33	**–**	(5,203,442)
Dividends paid	20	**(1,019,777)**	–
Net cash flows from financing activities		**(2,514,810)**	(17,749,390)
Net change in cash and cash equivalents		**15,000,230**	2,308,264
Change in allowance for expected credit losses	18	**(8,982)**	101
Effect of exchange rate changes on cash and cash equivalents		**(10,585)**	149,649
Cash and cash equivalents as at 1 January		**25,805,120**	23,347,106
Cash and cash equivalents as at 31 December	18	**40,785,783**	25,805,120

Managing Director on Economy and Finance – Member of the Management Board Uali M.Zh.

Chief accountant Sipuldina B.K.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. CORPORATE INFORMATION

Samruk-Kazyna Construction JSC (the "Company") was established in accordance with the Decree of the Government of the Republic of Kazakhstan No. 265 dated 6 March 2009.

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

The Company is controlled by the Government through Sovereign Wealth Fund "Samruk-Kazyna" (the "Parent company" or "Samruk-Kazyna"), which is the sole shareholder of the Company.

The Company's mission is to improve the living conditions of the population of the Republic of Kazakhstan through the provision of high-quality and affordable housing as well as improving the efficiency of construction and project management of a group of companies Samruk-Kazyna.

The Company's core activities include the following:

- Completion of participation in government programs;
- Property management;
- Investment activities;
- Trust management of company shares at the design and construction stages.

The mission and vision of the Company are designed by taking into account the development strategy and vision of the Parent company. The mission reflects the strategic priorities of the company and its role in the social and economic development of Kazakhstan.

Subsidiaries and associates

As at 31 December 2021 and 31 December 2020, the Company had interest ownership in the following companies:

Name	Place of registration	Principal activities	Ownership 2021	Ownership 2020
SK Development LLP	Kazakhstan	Development, financing and further management / sale of real estate properties, engineering supervision	**49%**	49%

During 2020, the Company had a 100% interest in SK Development LLP, the main activity of which was the financing and subsequent management / sale of real estate and technical supervision.

The Company and its subsidiary, 51% interest of which was realised on 31 December 2020, are collectively referred to as the Group.

These consolidated financial statements represent, on a consolidated basis, the financial results of the Group for the year ended 31 December 2021 and its financial position as at the indicated date.

Financial results of the Group depend on the specifics of the construction industry for which long production cycle is typical, construction of properties is performed on average within a period from 1.5 to 3 years. During the period of construction and investment in construction, reduction in income from sales of real estate properties and increase in capitalisation of costs related to real estate properties / in advances issued to construction companies are observed. Correspondingly, increase in income from core activities of the Group is observed upon commissioning of real estate properties.

In addition, the financial results of the Group are affected by the recognition and subsequent measurement of financial instruments arising from cash management, including interest income and expenses from funding issued and received for the execution of government programs and interest income from placing temporarily free cash on deposits with the second tier banks of the Republic of Kazakhstan *(Note 33)*.

In general, such fluctuations in revenue from core activities from year to year is common to many local and foreign companies operating in construction industry.

The consolidated financial statements of the Group for the year ended 31 December 2021 were approved for issue by the management of the Group on 28 February 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION

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

These consolidated financial statements have been prepared on a historical cost basis, except as described in the accounting policies and the notes to these consolidated financial statements. These consolidated financial statements are presented in Kazakh tenge ("tenge") and all monetary amounts are rounded to the nearest thousand, except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent and its subsidiary as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- Voting rights or potential voting rights belonging to the Group.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiary is consolidated from the date on which control is transferred to the Group and is no longer consolidated from the date that control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies, All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill), related liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of these items and contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of assets or liabilities affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Assumptions and estimates are based on the Group's initial data, which it had at the time of preparation of the consolidated financial statements. However, current circumstances and assumptions about the future may vary due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Expected credit losses

The Group uses an allowance matrix to calculate ECLs for loans issued, amounts due from credit institutions and cash and cash equivalents. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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

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

The Group has significant balances of finance lease receivables within non-current and current financial assets as at 31 December 2021. Finance lease receivables consist of individually insignificant balances due from more than 8,000 individual lessees under the Nurly Zher state program. The Group's management did not accrue allowance for expected credit losses on finance lease receivables as at 31 December 2021. The Group's management believes that 100% of the balance sheet is recoverable as the finance lease receivables are secured by lease assets, real estate, the fair value of which significantly exceeds the carrying amount of the finance lease receivables.

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Classification of investment property and real estate properties for sale

The Group determines whether real estate property is a property for sale or investment property as follows:

- Investment property includes apartments, parking areas and commercial premises, which are neither used in activities of the Group nor for sale in operating activities but are held, in the first place, in order to derive rental income and income from appreciation of capital;
- Real estate property for sale includes property held for sale in operating activities. These are mainly apartments, parking areas and commercial premises, which the Group intends to sell after completion of construction.

Cost of investment property and real estate properties for sale

Investment property is recognised in the accounting at cost less accumulated depreciation and impairment losses. Fair value is determined based on recent transactions with property with similar characteristics and location. The fair value of investment property items is disclosed in *Note 7*.

Real estate property for sale is stated at the lower of cost and net realisable value. Net realisable value for real estate for sale is measured taking into account market conditions and prices existing as at the reporting date, and is determined by the Group assuming relevant recent market transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Trust management agreements

During 2021, the Group had trust management agreements with United Chemical Company LLP (hereinafter referred to as "UCC"), a related party, to manage UCC shares in the following subsidiaries: Karabatan Utility Solutions LLP, Chem-plus LLP. The trust management agreements are valid until the completion of the construction of projects: "Construction of infrastructure facilities of the special economic zone "National Industrial Petrochemical Park", "Production of glyphosate, phosphorus trichloride, caustic soda and chlorine", respectively. The Group analysed the trust management agreements for existence of control over UCC subsidiaries in connection with the transfer to the trust management and concluded that control over the interests in UCC subsidiaries did not transfer to the Group as at 31 December 2021.

On 24 January 2019, the Group and the Parent company entered into a trust management agreement for the office building. The Group analysed this agreement for existence of control in connection with the transfer to the trust management and concluded that control over the building was not transferred to the Group as at 31 December 2021. The Group provides administrative building management services by leasing premises to other entities, mainly related parties.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments thereof

The Group applied for the first time certain standards and amendments, which are effective for annual reporting periods beginning on or after 1 January 2021. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and impact of each amendment are described below:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Base Interest Rate Reform – Stage 2

The amendments provide temporary exemptions that are applied to address the financial reporting implications when the Interbank Offered Rate (IBOR) is replaced by an alternative substantially risk-free interest rate.

The amendments provide for the following:

- A practical simplification that changes to the contract or changes in cash flows directly required by the reform should be treated as changes in the floating interest rate equivalent to a change in the market interest rate;
- It is possible to make changes required by the IBOR reform to the definition of hedging relationships and hedging documentation without discontinuing the hedging relationship;
- Entities are granted a temporary exemption from the need to comply with the separately identifiable components requirement when an instrument with a risk-free rate is designated as a risky component in the hedging relationship.

These amendments did not have any impact on the Group's consolidated financial statements. The Group intends to apply the practical expedients in future periods, if necessary.

Amendments to IFRS 16 Covid-19 Lease Concessions Effective After 30 June 2021

On 28 May 2020, the IASB issued an amendment to IFRS 16 *Leases – Lease Concessions Associated with the Covid-19 Pandemic*. The amendment provides an exemption for lessees from applying the requirements of IFRS 16 to account for lease modifications in the event of lease concessions that arise as a direct consequence of the Covid-19 pandemic. As a practical expedient, a tenant may choose not to analyze whether a lease concession made by a landlord due to the Covid-19 pandemic is a lease modification. A lessee that makes this decision must account for any change in lease payments resulting from a lease assignment related to the Covid-19 pandemic in the same way that the change would be accounted for under IFRS 16 if it were not a contract modification rent.

The amendment was intended to apply until 30 June 2021, but due to the continued impact of the Covid-19 pandemic, on 31 March 2021 the IASB decided to extend the application of the practical expedients until 30 June 2022.

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

The Group does not have any Covid-19 related lease concessions granted, but plans to apply practical expedients, if necessary, within a reasonable period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. These amendments are not expected to have significant impact on the Group.

- IFRS 17 *Insurance Contracts*;
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*;
- *Reference to the Conceptual Framework* – Amendments to IFRS 3;
- *Property, Plant and Equipment: Proceeds before Intended Use* – Amendments to IAS 16;
- *Onerous Contracts – Costs of Fulfilling a Contract* – Amendments to IAS 37;
- Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards* – subsidiary as a first-time adopter;
- IFRS 9 *Financial Instruments* – fees in the '10 per cent' test for derecognition of financial liabilities;
- Amendment to IAS 41 *Agriculture* – taxation in fair value measurements;
- Amendments to IAS 8 *Determination of Accounting Estimates*;
- Amendments to IAS 1 and Practice Guideline No. 2 on the Application of IFRS – *Accounting Policies Disclosures*.

Foreign currency translation

The consolidated financial statements of the Group are presented in tenge, which is the functional currency of the Company and its subsidiary and the currency of presentation of these consolidated financial statements.

Tenge is the currency of the primary economic environment in which the Company and its subsidiary operate. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates prevailing at the date when the transaction meets recognition criteria.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are recognised in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at rates ruling at the dates of the original transactions. Non-monetary items that are measured at fair value in a foreign currency are translated at rates ruling at the date the fair value was determined. Gains or losses arising on the translation of non-monetary items measured at fair value are accounted for in accordance with the principles for recognizing gains or losses on changes in the fair value of the item (i.e. foreign exchange differences on itemized currency translation, gains and losses on remeasurement at fair value recognized in OCI or profit or loss are also recognized in either OCI or profit or loss, respectively).

The transaction date, for the purposes of determining the current exchange rate to be used on initial recognition of a related asset, expense or income (or a portion thereof) on derecognition of a non-monetary asset or non-monetary liability arising from making or receiving a prepayment, is the date on which the Group initially recognizes a non-monetary asset or non-monetary liability arising from making or receiving a prepayment. In the case of multiple transactions for making or receiving prepayments, the Group determines the transaction date for each payment or receipt of prepayments.

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

The exchange rate of the US dollar established at KASE as at 31 December 2021 was 431.8 tenge to 1 US dollar (2020: 420.91 tenge to 1 US dollar).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments to associates

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

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

The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is subsequently increased or decreased due to recognition of the Group's share in changes in net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the Group's share of the financial performance of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit of an associate is shown on the face of the consolidated statement of comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the "share of profit of an associate" in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 (twelve) months after the reporting period.

All other assets are classified as non-current. A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures such financial instruments as derivatives at fair value at each date of the statement of financial position. Information on fair value of financial instruments measured at amortised cost and non-financial assets fair value of which shall be disclosed in the financial statements, is disclosed in *Note 33* and *Note 7*, respectively.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described in *Note 33*.

Revenue recognition for contracts with customers

The Group's activities are associated with management of real estate and construction. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

The Group has concluded that it is the principal in all of its revenue arrangements taking into account payment terms defined in an agreement and net of taxes or duties.

Sale of real estate properties

Revenue from the sale of real estate properties is usually recognised when the significant risks and rewards of ownership of the real estate properties have passed to the buyer. Revenue from assignment of rights for objects under construction is recognised when the significant risks and rewards related to ownership rights have passed to the buyer.

Rental income

Income from investment property provided under operating leases is accounted for on a straight line basis over the lease term and is included in revenues due to its operating nature.

Interest income

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

Interest income is included in revenue from core activities as related to financing of construction companies and in finance income as related to other interest income.

Expense recognition

Expenses are recognised as incurred and reported in the consolidated statement of comprehensive income in the period to which they relate on the accrual basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

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

Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in the statement of comprehensive income or directly in equity.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Social tax

The Group pays social tax according to the current statutory requirements of the Republic of Kazakhstan. Social tax expenses are charged to expenses as incurred.

Defined contribution scheme

The Group withholds 10% from the salary of its employees as contribution to pension fund. Under the legislation, the Group is responsible for the retirement benefits and the Group has no present or future obligation to further benefit its employees upon their retirement.

Financial assets

Initial recognition and measurement

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

In order for a financial asset to be classified and measured at amortized cost or at fair value through other comprehensive income, the contractual terms of the asset must give rise to cash flows that are "solely payments of principal and interest" on the principal the principal amount of the debt. This assessment is called the cash flow test (SPPI test) and is carried out at the level of each instrument. Financial assets that do not meet the 'cash flows' criterion are classified as at fair value through profit or loss, regardless of business model..

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

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

Financial assets of the Group include cash and cash equivalents, finance lease receivables, loans issued, government bonds, trade and other accounts receivable.

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortised cost (debt instruments) (continued)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes loans issued, trade and other receivables, and finance lease receivables.

Financial assets at fair value through OCI (debt instruments)

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

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets. As at 31 December 2021 and 2020, the Group has government bonds – financial assets at fair value through other comprehensive income.

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

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. As at 31 December 2021 and 2020, the Group has not designated any equity instruments upon initial recognition as at fair value through other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of comprehensive income when the right of payment has been established.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the finance income or finance costs. Reassessment occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised from the statement of financial position when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

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

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

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

For debt instruments that are measured at fair value through the OCI, the Group applies a simplification about low credit risk. At each reporting date, the Group assesses whether a debt instrument is a low credit risk instrument using all reasonable and corroborated information that is available without undue cost or effort. When conducting such an assessment, the Group reviews the internal credit rating of the debt instrument. Besides, the Group believes that there has been a significant increase in credit risk if contractual payments are over 30 days past due. As at 31 December 2021 and 31 December 2020, the Group had debt securities measured through OCI and represented by quoted government bonds.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand, and short-term deposits with a maturity of three months or less.

Loans and receivables

Loans and receivables including long-term deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

The EIR amortisation is included in finance income in the consolidated statement of comprehensive income. The losses arising from impairment are recognised in the consolidated statement of comprehensive income within finance costs in case of loans and within other operating expenses in case of accounts receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables.

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

The Group's financial liabilities include accounts payable, loans and coupon bonds.

Subsequent measurement

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

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

Financial liabilities at fair value through profit or loss

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

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

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

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

This category generally applies to interest-bearing loans, borrowings and coupon bonds.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability to the Parent is replaced by another from the Parent on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the consolidated statement of changes in equity.

Offsetting of financial instruments

Financial assets and financial liabilities are only offset and reported at the net amount in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Company intends to either settle on a net basis, to realise the asset and settle the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advances paid to construction companies

Advances paid to construction companies represent advances paid for the construction of real estate property to be recognised at a later date in the consolidated statement of financial position as investment property or property for sale. Advances paid to construction companies are measured at cost (the consideration actually paid) as at the date of partnership agreements less impairment loss, if any. Advances paid to construction companies are settled upon transfer of title to the property from the construction company to the Group.

Investment property

Investment property includes property held for receiving lease payments or income from accretion to capital, or both.

Property owned on the lease terms is classified as investment property when it corresponds to the definition of investment property. Lease liabilities are recognised in accordance with IFRS 16 at fair value of fee of leased property.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Following initial recognition, investment property is carried at initial cost less any accumulated amortisation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life, which is 50 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of comprehensive income in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment property is transferred to non-current assets held for sale when the carrying amount is expected to be refunded by way of sale but not continuous using. This condition is regarded as met only when the sale is highly probable and the property is available for immediate sale in its present condition on the terms general for sale of similar property.

Other non-current assets

Other non-current assets comprise properties for future leasing out under a finance lease agreement or for which the Group, as at the reporting date, has no certain plans related to recovery of its carrying amount. Other non-current assets are measured at cost, including transaction costs. Upon initial recognition, other non-current assets are carried at cost less accumulated impairment. Other non-current assets are not amortised. Transfers are made to (or from) other non-current assets only when there is a change in use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The initial cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets generated internally, except for the capitalised costs for development of products, are not capitalised and the related expense is recognised in the consolidated statement of comprehensive income for the year in which it originated.

Intangible assets have finite useful lives.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The period and accrual method of amortisation for an intangible asset with finite useful life are reviewed at least at the end of each reporting period.

Change in the estimated useful life or alleged structure of consumption of future economic benefits embodied in the asset is recorded in the financial statements as a change in the period or accrual method of amortisation depending on the situation and accounted for as a change in accounting estimates. Expenses on amortisation of intangible assets with finite useful life are recognised in the consolidated statement of comprehensive income in the category of expenses, which corresponds to the function of the intangible asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment property

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

Intangible assets are mainly represented by the software and licenses. Intangible assets are amortised on a straight-line basis over their estimated useful lives, generally from 5 to 10 years.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the capitalisation criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	Years
Buildings and constructions	8-100
Machinery and equipment	3-50
Motor vehicles	3-15
Other	2-20

Previous recognised items of property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year when the asset is derecognised.

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

Property, plant and equipment consists primarily of administrative building, land and office equipment.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal or its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

Impairment losses on continuing operations are recognized in the consolidated statement of comprehensive income in expense categories consistent with the purpose of the impaired asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

The Group assesses at each reporting date whether there is any indication that a previously recognized impairment loss for an asset may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

Recovery is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor can it exceed the carrying amount, less depreciation, at which the asset would have been recognized if no impairment loss had been recognized in prior years. This recovery is recognized in the consolidated statement of comprehensive income.

Inventories

Inventories are recorded at the lower of cost and net realisable value. Costs comprise charges incurred in bringing inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. All inventories are determined based on weighted average cost method.

Real estate for sale

Property acquired for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value. Cost includes:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction;
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of inventory recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Guarantee payments from lessees

Guarantee payments from lessees represent amounts paid by lessees as security of fulfilment of liabilities under finance lease agreements. At the end of lease term, the amount of guarantee payments are used by lessees to settle the last lease payment.

Rent

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance income and increase of the finance lease asset so as to achieve a constant rate of interest on the unrecoverable amount of the asset. Finance income is reflected directly in the consolidated statement of comprehensive income.

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as income in the consolidated statement of comprehensive income on a straight line basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Rent (continued)

Group as a lessee (continued)

Leases which do not transfer substantially all the risks and benefits of ownership of the asset to the Group are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of comprehensive income on a straight line basis over the lease term.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

Non-current assets held for sale and discontinued operations

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

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

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

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

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive income.

5. RECLASSIFICATION FOR PRESENTATION PURPOSES

Comparative information for 2020 in the consolidated statement of financial position as at 31 December 2021 includes classification adjustments to achieve comparability with the presentation of financial position as at 31 December 2021. The reclassifications had no impact on the financial position of the Group

In thousands of tenge	Initial presentation	Reclassification amounts	Presentation with amendmends
Consolidated statement of financial position as at 31 December 2020			
Non-current financial assets	59,552,076	(3,999,960)	55,552,116
Non-current loans issued	–	3,999,960	3,999,960

Reclassification is a separate presentation of long-term loans issued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipment in 2021 and 2020 is presented as follows:

In thousands of tenge	Land	Buildings	Office equipment	Total
Cost				
At 31 December 2019	26,101	31,913	451,173	509,187
Additions	–	–	640	640
Disposals	–	–	(19,099)	(19,099)
Loss of control over subsidiary	–	–	(12,980)	(12,980)
At 31 December 2020	26,101	31,913	419,734	477,748
Additions	**–**	**–**	**43,802**	**43,802**
Disposals	**–**	**–**	**(11,181)**	**(11,181)**
At 31 December 2021	**26,101**	**31,913**	**452,355**	**510,369**
Accumulated depreciation				
At 31 December 2019	–	(3,883)	(261,152)	(265,035)
Depreciation charge for the year	–	(638)	(35,108)	(35,746)
Depreciation on disposal	–	–	17,430	17,430
Loss of control over subsidiary	–	–	8,441	8,441
At 31 December 2020	–	(4,521)	(270,389)	(274,910)
Depreciation charge for the year	**–**	**(638)**	**(33,919)**	**(34,557)**
Depreciation on disposal	**–**	**–**	**11,158**	**11,158**
At 31 December 2021	**–**	**(5,159)**	**(293,150)**	**(298,309)**
Net book value				
At 31 December 2020	26,101	27,392	149,345	202,838
At 31 December 2021	**26,101**	**26,754**	**159,205**	**212,060**

7. INVESTMENT PROPERTY

Movement of investment property for 2021 and 2020 is presented as follows:

In thousands of tenge	Building	Commercial premises	Total
Cost			
At 31 December 2019	4,850,854	10,345	4,861,199
At 31 December 2020	4,850,854	10,345	4,861,199
At 31 December 2021	**4,850,854**	**10,345**	**4,861,199**
Accumulated depreciation and impairment			
At 31 December 2019	(854,785)	(1,864)	(856,649)
Depreciation charge for the year	(105,453)	(207)	(105,660)
At 31 December 2020	(960,238)	(2,071)	(962,309)
Depreciation charge for the year	**(105,660)**	**–**	**(105,660)**
At 31 December 2021	**(1,065,898)**	**(2,071)**	**(1,067,969)**
Net book value			
At 31 December 2020	3,890,616	8,274	3,898,890
At 31 December 2021	**3,784,956**	**8,274**	**3,793,230**

In 2021, as a result of regular analysis of the fair value of investment properties, management of the Group came to a conclusion that the carrying amount of its commercial and residential premises did not exceed fair value of the properties.

As at 31 December 2021, the fair value of the Group's real estate properties amounts to 5,825,228 thousand tenge (2020: 5,865,212 thousand tenge).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. REAL ESTATE FOR SALE

In thousands of tenge	Apartments	Parking lots	Other	Total
At 31 December 2019	7,151,461	–	–	7,151,461
Transferred to other non-current assets *(Note 14)*	(149,693)	–	–	(149,693)
Transferred from other non-current assets *(Note 14)*	11,200	10,323	121,666	143,189
Realised property *(Note 27)*	(6,993,430)	(10,323)	–	(7,003,753)
Impairment	–	–	(68,574)	(68,574)
At 31 December 2020	19,538	–	53,092	72,630
Transferred from other non-current assets *(Note 14)*	**7,916**	**–**	**–**	**7,916**
Realised property *(Note 27)*	**(27,454)**	**–**	**–**	**(27,454)**
At 31 December 2021	**–**	**–**	**53,092**	**53,092**

9. ADVANCES PAID TO CONSTRUCTION COMPANIES

The Group enters into agreements with construction companies (hereinafter, "Real estate developers") for acquirement of apartments, commercial premises and parking lots. In accordance with provisions of the agreements, the Group is obliged to make advance payments to the Real estate developers and the Real estate developers undertook to complete construction by the established dates. The Group becomes an owner of respective objects after completion of construction by the Real estate developers and their appropriate registration in state registration agencies.

The agreements of the Group with Real estate developers contain a guarantee provision according to which Real estate developers provide collateral in the form of land lots, construction-in-progress and insurance contracts to cover the risk of loss of the Group's advance payment.

Movement of advances issued to construction companies for 2021 and 2020 is presented as follows:

In thousands of tenge	**2021**	2020
At the beginning of the year	**–**	4,439,252
Advances paid for the year	**8,471,414**	614,522
Real estate properties received	**–**	(2,744,102)
Guarantee payments	**–**	82,323
Return of funds	**–**	(2,268,164)
Other	**–**	(123,831)
Advances for projects under construction	**8,471,414**	–

The real estate properties obtained were recognised in the consolidated statement of financial position as follows:

In thousands of tenge	**2021**	2020
Other non-current assets *(Note 14)*	**–**	2,744,102
	–	2,744,102

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. NON-CURRENT FINANCIAL ASSETS

Long-term financial assets are represented by finance lease debt, which includes the amount of minimum lease payments under existing finance lease agreements. The minimum lease payments receivable in future periods under finance leases, as well as the present value of the net minimum lease payments, are summarized in the table:

	2021		2020	
In thousands of tenge	**Minimum payments**	**Present value of payments**	Minimum payments	Present value of payments
Within one year	**9,177,372**	**8,722,907**	10,414,152	9,898,453
More than one year, but less than five years	**35,426,031**	**26,747,642**	40,373,942	30,506,993
Over five years	**41,210,930**	**19,595,383**	54,632,611	25,045,123
Total minimum lease payments	**85,814,333**	**55,065,932**	105,420,705	65,450,569
Less financial income	**(30,748,401)**	**–**	(39,970,136)	–
Present value of minimum lease payments	**55,065,932**	**55,065,932**	65,450,569	65,450,569
Less: amounts due for settlement within 12 months *(Note 17)*	**–**	**(8,722,907)**		(9,898,453)
Amounts due for settlement after 12 months	**–**	**46,343,025**		55,552,116

11. AMOUNTS DUE FROM CREDIT INSTITUTIONS

In thousands of tenge	**2021**	2020
Deposits with Kazakh banks	**32,017,469**	43,350,969
Allowance for expected credit losses	**(526,281)**	(2,384,281)
	31,491,188	40,966,688
Less: current portion	**(104,802)**	(5,052,698)
Non-current portion	**31,386,386**	35,913,990

Long-term deposits comprise special deposits in tenge under the project "Zelenyi kvartal" with second tier banks with an interest rate of 3.5% per annum.

In thousands of tenge	**2021**	2020
At the beginning of the year	**2,384,281**	2,469,709
Recovery	**(1,858,000)**	(162,620)
Charge	**–**	77,192
At the end of the year	**526,281**	2,384,281

12. OTHER CURRENT ASSETS

In thousands of tenge	**2021**	2020
Cash with Delta Bank JSC	**5,067,902**	5,067,902
Cash with KazInvestBank JSC	**1,365,576**	1,384,903
Cash with SB Alfa Bank JSC	**4,690**	142,908
Restricted cash in Halyk Bank of Kazakhstan JSC	**33,577**	130,089
Other current assets	**356,910**	303,164
Allowance for expected credit losses	**(6,442,613)**	(6,600,158)
	386,042	428,808

As at 31 December 2020, other current assets are claims in arrears, amounts due on amounts placed with KazInvestBank JSC of 1,365,576 thousand tenge and with Delta Bank JSC in the amount of 5,067,902 thousand tenge, for which the Group created a 100% allowance for expected credit losses due to the deprivation of banks of a license to conduct banking and other operations.

On 19 May 2017, SB Alpha-Bank JSC and the temporary administration of KazInvestBank JSC signed an agreement on the simultaneous transfer of assets and liabilities of KazInvestBank JSC. In June 2017, SB Alpha-Bank JSC acting as pledger for the pool of loans transferred from KazInvestBank JSC and the Group signed agreements on the pledge of cash in the amount of 247,273 thousand tenge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. OTHER CURRENT ASSETS (continued)

As at 31 December 2021, the Group recovered the allowance for the pledge in the amount of 71,549 thousand tenge. The movement of allowance for expected credit losses on other assets is as follows:

In thousands of tenge	**2021**	2020
At the beginning of the year	**6,600,158**	6,768,342
Recovery	**(71,549)**	(39,404)
Loss of control over subsidiary	**–**	(9,094)
Written off from reserves	**(85,996)**	–
Reclassification	**–**	(119,686)
At the end of the year	**6,442,613**	6,600,158

13. INVESTMENT IN AN ASSOCIATE

On 31 December 2020, the Group sold 51% equity interest in SK Development LLP ("SK Development"). The principal place of operations of SK Development LLP and the country of its registration is the Republic of Kazakhstan. The main activity of SK Development is rendering of services for technical supervision, project management, development. As at 31 December 2021, the Group owns a 49% interest in SK Development. The Group's interest is accounted for using the equity method in the consolidated financial statements.

The table below summarised the movement in investments for 2021 and 2020:

In thousands of tenge	**2021**	2020
Balance at 1 January	**13,434**	–
Share in profit, net	**2,110**	–
Proceed due to loss of control over subsidiary	**–**	13,434
Balance at 31 December	**15,544**	13,434

Below is summarised financial information about the associate based on its financial statements.

In thousands of tenge	**31 December 2021**	31 December 2020
Non-current assets	**8,306**	5,412
Current assets	**301,194**	183,815
Non-current liabilities	**(165)**	(286)
Current liabilities	**(150,978)**	(34,891)
Net assets	**158,357**	154,050
Less: loss on disposal	**(126,634)**	(126,634)
Ownership share	**49%**	49%
Current value of investments as at 31 December	**15,554**	13,434

In thousands of tenge	**2021**	2020
Revenue	**268,185**	–
Profit for the year from continuing operations	**4,306**	–
Share of the Group in profit	**2,110**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. OTHER NON-CURRENT ASSETS

In thousands of tenge	Finished real estate properties	Right of use of land	Other	Total
At 31 December 2019	5,402,830	–	1,351,929	6,754,759
Transfer of real estate properties from advances paid *(Note 9)*	2,744,102	–	–	2,744,102
Transferred to real estate for sale *(Note 8)*	(143,189)	–	–	(143,189)
Leased out	(7,545,348)	–	–	(7,545,348)
Termination of finance lease agreements	324,370	–	–	324,370
Transferred from property for sale *(Note 8)*	149,693	–	–	149,693
Reimbursed in cash	–	–	(2,689,409)	(2,689,409)
Additions	–	1,000,000	–	1,000,000
Transfer to assets held for sale	–	(1,000,000)	–	(1,000,000)
Other	10,423	–	(4,674)	5,749
(Charge)/reversal of allowance for impairment	(111,084)	–	1,344,704	1,233,620
At 31 December 2020	831,797	–	2,550	834,347
Transferred to real estate for sale *(Note 8)*	**(7,916)**	**–**	**–**	**(7,916)**
Leased out	**(462,352)**	**–**	**–**	**(462,352)**
Termination of finance lease agreements	**63,549**	**–**	**–**	**63,549**
Transferred to intangible assets	**–**	**–**	**(10,000)**	**(10,000)**
Realized	**833**	**–**	**–**	**833**
Additions	**–**	**7,335,694**	**10,683**	**7,346,377**
Transferred from property for sale	**–**	**1,000,000**	**–**	**1,000,000**
Invested to construction	**–**	**(2,221,608)**	**–**	**(2,221,608)**
Charge of allowance for impairment	**(167,119)**	**–**	**–**	**(167,119)**
At 31 December 2021	**258,792**	**6,114,086**	**3,233**	**6,376,111**

Other non-current assets include completed and non-completed real estate properties, for which the Group has no specific plans for use.

For the year ended 31 December 2021, reversal of allowance for impairment in the amount of 167,119 thousand tenge is recorded in the reversal of allowance for impairment of non-financial assets in the consolidated statement of comprehensive income (2020: 1,233,620 thousand tenge).

15. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable of the Group represent receivables from operating lease and direct sale of commercial and residential premises.

At 31 December 2021 and 2020, accounts receivable were denominated in tenge. As at 31 December 2021 and 2020 trade accounts receivable were not overdue and impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. LOANS ISSUED

In thousands of tenge	2021	2020
Loan to Bazis-Astana LLP	**12,465,483**	3,999,960
Loan to Ayt Housing Complex LLP	**4,610,457**	–
Loan to Argon Story LLP	**3,941,545**	–
Loans issued to construction companies under Nurly Zher program	**1,056,637**	3,813,941
Loans to other companies	**1,136,572**	7,903,884
Less: allowance for expected credit losses	**(5,167,594)**	(3,835,441)
	18,043,100	11,882,344
Less: amounts to be repaid within 12 months	**(440,145)**	(7,882,384)
	17,602,955	3,999,960

Loan to Bazis Astana LLP

According to the investment agreement with Bazis-Astana LLP in the construction of the 1st stage of a multi-apartment residential complex on the Millennium Avenue in Nur-Sultan dated 25 December 2020, the Group provides construction financing with the accrual of investment income in the amount of 3,633,031 thousand tenge. In accordance with the terms of the investment agreement, the amounts provided for financing and investment income must be reimbursed to the Group by 31 January 2023. The amount of financing tranches issued by the Group at the end of 2021 amounted to 10,586,276 thousand tenge, including a land plot with a carrying value of 1,000,000 thousand tenge.

During 2021, the Group recognized income from the sale of a land plot in accordance with IFRS 15 in the amount of 376,984 thousand tenge and interest income in the amount of 1,502,223 thousand tenge.

Loan to Ayt Housing Complex LLP

According to the investment agreement with Ayt Housing Complex LLP in the construction of 42 multi-apartment residential buildings dated 16 April 2021, the Group provides construction financing with an accrual of investment income in the amount of 3,232,425 thousand tenge. In accordance with the terms of the investment agreement, the amounts of the provided financing amounts and investment income must be reimbursed to the Group by 30 May 2024. The amount of financing tranches issued by the Group at the end of 2021 amounted to 2,948,815 thousand tenge, including a land plot with a carrying value of 1,221,608 thousand tenge.

During 2021 the Group recognized income from the sale of a land plot in accordance with IFRS 15 in the amount of 1,113,894 thousand tenge and interest income in the amount of 547,747 thousand tenge.

Loan to Argon Story LLP

On 9 April 2021, the Group entered into an investment agreement with Shar-Kyrylys LLP in the construction

2nd stage of a multi-apartment residential complex on the Millennium Alley in the city of Nur-Sultan. According to the additional agreement dated December 2021, the loan obligations were transferred to Argon Stroy LLP. In accordance with the terms of the agreement, the Group provides construction financing with the accrual of investment income in the amount of 3,876,871 thousand tenge. In accordance with the terms of the investment agreement, the provided financing amounts and investment income must be reimbursed to the Group by 30 May 2023. The amount of financing tranches issued by the Group for 2021 amounted to 3,436,822 thousand tenge.

During 2021, the Group recognized interest income in the amount of 504,723 thousand tenge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. LOANS ISSUED (continued)

Loans issued to construction companies under Nurly Zher program

In 2016, the Group became a participant of the Nurly Zher state program, a commercial direction, in terms of supporting private developers of commercial housing. According to this program, the Group provides loans to construction companies for a period of up to 24 months with an interest rate of 7.5% for the entire financing period. The Group expects to repay the loans by the end of 2022 in accordance with the revised contractual terms.

Loans to other companies

As at 31 December 2021, loans to other companies included debt mainly from construction companies.

Loans issued as at 31 December 2021 and 2020 were denominated in tenge.

Movements in allowance for expected credit losses on loans issued were as follows:

In thousands of tenge	**2021**	2020
At the beginning of the year	**3,835,441**	1,611,179
Recovery	**(2,025,517)**	(197,628)
Written off against the provision	**–**	(16,016)
Charge	**3,357,670**	2,437,906
At the end of the year	**5,167,594**	3,835,441

17. CURRENT FINANCIAL ASSETS

In thousands of tenge	**2021**	2020
Financial assets carried at amortised cost		
Finance lease payable *(Note 10)*	**8,722,907**	9,898,453
Other	**30,117**	78,642
	8,753,024	9,977,095
Financial assets at fair value through OCI		
Government bonds of the Republic of Kazakhstan	**440,138**	905,303
	440,138	905,303
Total current financial assets	**9,193,162**	10,882,398

Government bonds are coupon bonds of the Ministry of Finance of the Republic of Kazakhstan with an interest rate of up to 5.0% per annum. In 2021, unrealised gains on government bonds amounted to 32,876 thousand tenge (2020: gain of 90,486 thousand tenge). Current financial assets as at 31 December 2021 and 2020 were denominated in tenge.

18. CASH AND CASH EQUIVALENTS

In thousands of tenge	**2021**	2020
Short-term deposits	**21,841,092**	5,745,943
Reverse autoREPO agreements with initial maturity of less than 3 months	**18,797,245**	5,763,855
Accounts with banks	**159,050**	14,297,944
Allowance for expected credit losses	**(11,604)**	(2,622)
	40,785,783	25,805,120

As at 31 December 2021, cash and cash equivalents comprised current bank accounts in tenge. Interest is accrued on balance of cash in current bank accounts at various rates from 5.0% (2020: 5.0%).

Short-term deposits comprise deposits in tenge with maturity not more than 3 months placed with second-tier banks with an interest rate of 7.75-9.25%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. CASH AND CASH EQUIVALENTS (continued)

The movements in the provision for expected credit losses for cash and cash equivalents are as follows:

In thousands of tenge	**2021**	2020
At the beginning of the year	**2,622**	2,723
Charge	**(1,418)**	380
Recovery	**10,400**	(472)
Loss of control over subsidiary	**–**	(9)
At the end of the year	**11,604**	2,622

19. ASSETS HELD FOR SALE

Assets held for disposal at 31 December 2020 represented the right to use a land plot that the Group planned to invest in construction by transferring to construction companies. During 2021, the right to use the land plot was invested in construction *(Note 14)*.

20. SHARE CAPITAL

The charter capital of the Group is fully paid and comprises of 16,247,541 ordinary shares: 15,000,000 shares with par value 1,000 tenge, 1,247,540 shares with par value 4,000 tenge and one share with par value 2,490 tenge.

Additional paid-in capital

Additional paid-in capital is the difference between the amount of loans received in previous years from the Parent Company and their fair value at the date of receipt.

Dividends

In 2021, the Group declared and paid dividends on its ordinary shares in the amount of 1,019,777 thousand tenge (2020: nil tenge).

Earnings per share

Basic earnings per share are calculated by dividing net income for the period by the weighted average number of ordinary shares. The Group had a weighted average number of ordinary shares of 16,247,541 shares during the year ended 31 December 2021 (for the year ended 31 December 2020: 16,247,541 shares). For the year ended 31 December 2021 and 2020, basic earnings per share were 609.23 tenge and 418.43 tenge, respectively.

Book value per share

In thousands of tenge	**31 December 2021**	31 December 2020
Calculation of book value of one share		
Total assets	**165,751,631**	152,082,853
Less: intangible assets	**(41,194)**	(44,135)
Less: total liabilities	**(105,004,675)**	(100,135,128)
Net assets	**60,705,762**	51,903,590
Number of common shares	**16,247,541**	16,247,541
Book value per share, tenge	**3,736.30**	3,194.55

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. LOANS

In thousands of tenge	% rate	Repayment	2021	2020
Credit facility No. 1	0.02-2%	2024		
Balance at the beginning of the period			–	8,992,366
Interest accrued			–	38,461
Payments			–	(9,030,827)
Balance at the end of the period			–	–
Credit facility No. 3	2.0%	2032		
Balance at the beginning of the period			**56,657,835**	73,604,190
Loans obtained			–	1,043,382
Interest accrued			**1,065,031**	1,313,954
Payments			**(8,145,018)**	(19,303,691)
Balance at the end of the period			**49,577,848**	56,657,835
Credit facility No. 4	2.0%	2034		
Balance at the beginning of the period			**23,263,567**	26,060,924
Interest accrued			**419,948**	481,358
Payments			**(5,824,915)**	(3,278,715)
Balance at the end of the period			**17,858,600**	23,263,567
Credit line with ForteBank JSC	11.0%	2021		
Balance at the beginning of the period			**510,686**	–
Loans obtained			–	4,676,773
Interest accrued			**4,987**	133,249
Payments			**(515,673)**	(4,299,336)
Balance at the end of the period			–	510,686
Loan agreement with SKCN Finance LLC	7.0%	2022		
Balance at the beginning of the period			**14,149,079**	–
Loans obtained			–	13,975,000
Interest accrued			**1,122,483**	24,079
Foreign exchange difference			**300,450**	150,000
Payments			**(1,127,825)**	–
Balance at the end of the period			**14,444,187**	14,149,079
Current portion of loans			**81,880,635**	80,456,167
Non-current portion of loans			–	14,125,000

Credit facilities No. 1, 3, and 4 were opened under contracts with the Parent company. All obtained funds were not secured by guaranties or collateral.

Credit facility No. 3

This credit facility was opened in 2012 in the total amount of 99,053,000 thousand tenge to finance housing construction projects within the "Nurly Zher" Program, direction – rental housing with a purchase option, (previously – "Program for the Development of Regions – 2020"), approved by the Decree of the Government of Kazakhstan No. 922 dated 31 December 2016 . According to the terms of agreement, the Parent has the right to demand early repayment of withdrawn amounts. Interest is paid on a semi-annual basis. The remainder of unused amounts under this credit facility amounted to 3,240,724 thousand tenge as at 31 December 2021 (2020: 3,240,724 thousand tenge).

During 2021, the Group repaid principal in the amount of 7,079,987 thousand tenge and interest in the amount of 1,065,031 thousand tenge (2020: 17,989,737 thousand tenge and 1,313,954 thousand tenge, respectively).

Credit facility No. 4

In 2016, the Group entered into a loan agreement for a total of 29,000,000 thousand tenge to finance a project for the construction of the administrative and residential complex "Zelenyi Kvartal" for a period of 18 years with a interest rate of 2% per annum. According to the terms of agreement, the Parent has the right to demand early repayment of withdrawn amounts. During 2016, the Group received the entire amount of the loan.

During 2021, the Group repaid principal in the amount of 5,404,967 thousand tenge and interest in the amount of 419,948 thousand tenge (2020: 2,797,357 thousand tenge and 481,358 thousand tenge, respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. LOANS (continued)

Credit line with ForteBank JSC

In May 2020, the Group entered into a loan agreement with ForteBank JSC for a total of 4,970,000 thousand tenge to finance a project for the construction of the administrative and residential complex "Vostochka" for a period of 12 months with an interest rate of 11% per annum. During 2021, the Group repaid principal in the amount of 510,079 thousand tenge and interest in the amount of 5,594 thousand tenge.

Loan agreement with SKCN Finance LLC

In December 2020, the Group entered into a loan agreement with SKCN Finance LLC for the total amount of 2,500,000 thousand Russian rubles for the purposes of implementation of the project for construction of a residential complex for a period of 21 months with the interest rate of 7% per annum. All funds were received on a non-collateral basis. During 2021 the Group repaid interest in the amount of 1,127,826 thousand tenge.

22. BONDS

On 15 March 2021, the Group placed 2,000,000 bonds with a nominal value of 1,000 Russian rubles each with an interest rate of 8% per annum. The coupon is paid semi-annually until 10 December 2022.

As at 31 December 2021, the carrying amount of debt securities in issue is Tenge 11,520,000 thousand. The amount of interest payable on debt securities issued at the end of the period is 281,600 thousand tenge. During 2021, the Group repaid interest in the amount of 451,889 thousand tenge.

23. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities represent guarantee payments contributed by lessees to secure performance of obligations of the Group under finance lease agreements. The Group uses guarantee payments to settle the obligations of lessees under the finance lease agreements at the end of the rent period.

24. ACCOUNTS PAYABLE

In thousands of tenge	**2021**	2020
Accounts payable on land plots	**5,891,187**	–
Other	**75,453**	85,668
	5,966,640	85,668
Minus: amounts due within 12 months	**(3,880,636)**	(85,668)
Amounts due in more than 12 months	**2,086,004**	–

Accounts payable on land plots as of 31 December 2021 mainly include the acquisition of land plots, the purpose of which is investment in construction. As of 31 December 2021 and 2020, accounts payable were denominated in tenge and were interest-free.

25. OTHER CURRENT LIABILITIES

In thousands of tenge	**2021**	2020
Advances received	**908,859**	1,118,749
Salary payable	**409,018**	335,627
Due under TMA with respect to Edelveis RC and Akkent RC	**310,446**	449,906
Liabilities to payments under guarantee	**140,444**	145,103
Taxes payable other than income tax	**83,308**	130,043
Due on TMA for the office building	**33,577**	130,089
Deferred income	**15,306**	15,306
Payments for operator services of Ayt Housing Complex LLP	**–**	53,324
Other current liabilities	**101,907**	72,136
	2,002,865	2,450,283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. REVENUE

In thousands of tenge	2021	2020
Finance lease income	**7,338,380**	6,634,849
Interest income on interest bearing financing of construction companies	**5,029,882**	810,071
Interest on special deposits under the Zelenyi Kvartal program	**1,218,559**	1,371,343
Operating lease income	**310,033**	341,407
Property management fee	**271,229**	295,971
Income from sale of residential and commercial premises	**33,192**	8,691,511
Revenue for construction management and technical supervision	**–**	1,225,360
Amortisation of discount	**–**	96,785
Other revenue	**113,523**	129,332
	14,314,798	19,596,629

Timing of revenue recognition from the sale of goods and services is as follows:

In thousands of tenge	2021	2020
Timing of revenue recognition		
The services are provided over a period in time	**14,281,606**	10,905,118
The goods are transferred at a certain point in time	**33,192**	8,691,511
	14,314,798	19,596,629

During 2021 and 2020, goods and services were sold in the Republic of Kazakhstan.

27. COST OF SALES

In thousands of tenge	2021	2020
Interest expense	**419,948**	519,819
Maintenance of real estate properties	**309,241**	226,132
Payment indexation	**276,809**	–
Operating taxes	**162,209**	159,133
Depreciation and amortisation	**105,660**	105,660
Cost of residential and commercial premises sold *(Note 8)*	**27,454**	7,003,753
Other	**3,069**	3,724
	1,304,390	8,018,221

28. GENERAL AND ADMINISTRATIVE EXPENSES

In thousands of tenge	2021	2020
Payroll, other employee benefits and related taxes	**1,099,934**	1,349,281
Professional services	**138,505**	160,334
VAT expenses	**61,393**	43,533
Repair and maintenance	**54,998**	21,380
Depreciation and amortisation	**46,253**	48,457
Rent	**10,800**	34,562
State duty	**26,293**	24,056
Business trip expenses	**17,849**	16,121
Board of Directors expenses	**7,781**	7,550
Communication	**5,670**	7,968
Materials	**3,153**	5,532
Bank charges	**2,182**	2,331
Maintenance of building	**625**	768
Other	**65,874**	56,623
	1,541,310	1,778,496

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. FINANCE INCOME / FINANCE COSTS

In thousands of tenge	**2021**	2020
Finance income		
Interest income on bank deposits and current bank accounts	**1,964,975**	1,212,623
Income from reverse autoREPO agreements	**1,419,132**	709,363
Discount recognition	**127,958**	–
Income on government bonds	**53,461**	106,298
	3,565,526	2,028,284
Finance costs		
Interest expense on loans	**(2,194,909)**	(1,605,590)
Interest expenses for bonds issued	**(738,156)**	(273,181)
Expenses associated with raising of funds	**(38,360)**	(236,102)
	(2,971,425)	(2,114,873)

30. INCOME TAX EXPENSES

Income tax expenses comprised the following for the years ended 2021 and 2020:

In thousands of tenge	**2021**	2020
Current income tax expenses	**1,639,426**	1,777,261
Adjustment of prior periods income tax	**171,665**	–
Deferred tax expense as a result of origination and reversal of temporary differences	**733,048**	327,909
	2,544,139	2,105,170

Reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at 31 December 2021 and 2020 is as follows:

In thousands of tenge	**2021**	2020
Profit before tax	**12,330,271**	8,903,680
Statutory tax rate	**20%**	20%
Income tax at statutory income tax rate	**2,466,054**	1,780,736
Income on coupon interest of government securities	**(10,692)**	(163,132)
Write-off of deferred tax asset on provisions	**–**	218,203
Adjustment of prior periods income tax	**171,665**	–
(Reversal)/accrual of allowances for doubtful debts	**(79,030)**	198,246
Discount recognition	**(25,592)**	–
Amortisation of discount on financial instruments	**–**	(19,357)
Other permanent expenses	**21,734**	90,474
	2,544,139	2,105,170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. INCOME TAX EXPENSES (continued)

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

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
In thousands of tenge	**2021**	2020	**2021**	2020
Deferred tax assets				
Provisions for loans issued, current financial assets and accounts receivable	**42,807**	42,807	**–**	(218,203)
Taxes	**1,639**	2,955	**(1,316)**	317
Capitalised interest	**–**	–	**–**	(8,291)
Deferred income	**24,490**	27,552	**(3,062)**	(3,061)
Other	**87,684**	72,643	**15,041**	834
	156,620	145,957	**10,663**	(228,404)
Deferred tax liabilities				
Property, plant and equipment	**(431,464)**	(416,770)	**(14,694)**	(19,121)
Income from the sale of land	**(298,175)**	–	**(298,175)**	–
Expected interest on loans issued	**(510,939)**	(80,384)	**(430,555)**	(80,384)
Other	**–**	287	**(287)**	–
	(1,240,578)	(496,867)	**(743,711)**	(99,505)
Deferred tax liabilities	**(1,083,958)**	(350,910)		
Net deferred tax expense			**(733,048)**	(327,909)

As at 31 December 2021 and 2020, the Group had no unrecognised deferred tax assets.

31. RELATED PARTY DISCLOSURES

Related parties include key management personnel of the Group, enterprises in which a substantial interest in the participation interest is owned, directly or indirectly, by the Group's key management personnel, and other entities controlled by the Participant. Related party transactions were made on terms agreed to between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

The category 'parent-controlled entities' comprises entities controlled by the Parent.

Related party transactions were made on terms agreed to between the parties. Purchases and sales transactions are made on market terms. Outstanding balances at the year-end are unsecured, short-term and settlement occurs in cash, except as discussed below.

As at 31 December 2021 and 2020, the Group has not recorded any impairment of accounts receivables relating to amounts owned by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Major transactions with related parties for 2021 and 2020 are as follows:

In thousands of tenge	**2021**	2020
Entities under the Parent's control		
Sales to related parties	**271,492**	538,343
Purchases from related parties	**52,103**	46,815
Revenue from operating lease	**13,077**	14,958
	336,672	600,116

As a result of the above transactions, the Group had the following amounts due from related parties (due to related parties) as at 31 December 2021 and 2020:

In thousands of tenge	**2021**	2020
Entities under the Parent's control		
Trade accounts receivable	**–**	27,087
Accounts payable	**(5,895,948)**	(5,954)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. RELATED PARTY DISCLOSURES (continued)

Loans payable to the Parent company

Details of loans from the Parent are disclosed in *Note 21*.

Compensation to the key management personnel

In 2021, key management personnel consisted of seven persons (2020: seven persons). Total compensation to the key management personnel included in payroll expenses amounted to 158,268 thousand tenge for the reporting period (2020: 146,572 thousand tenge). Compensation to the key management personnel mainly consists of contractual salary and year-end bonus.

The Group performed additional procedures to determine related parties with respect to the key management personnel. As a result of these procedures no related parties were identified.

32. FINANCIAL COMMITMENTS AND CONTINGENCIES

Contractual commitments

As at 31 December 2021, the Group had contractual obligations in the amount of 18,065,145 thousand tenge (2020: 11,277,439 thousand tenge) under agreements with construction companies.

On 24 January 2019, the Group entered into a trust management agreement for the administrative building with the Parent company. The Group manages commercial space by leasing it to related parties and third parties. According to the terms of the agreement, the Group is obliged to ensure the safety, proper functioning and operation of the property.

Finance lease contractual commitments – Group as lessor

The Group entered into a number of finance lease agreements for real estate property consisting of certain residential and non-residential areas. These lease agreements are concluded for periods ranging from 10 to 20 years.

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 on approaches to revenue, expenses and other items of the financial statements. The current regime of penalties and interest related to unreported and discovered violations of Kazakhstan law are severe. Penalties are generally from 50% to 80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for five calendar years preceding the year of review. Under certain circumstances, reviews may cover longer periods. Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 31 December 2021. The management believes that as at 31 December 2021 its interpretation of the relevant legislation is appropriate and that the Group's tax positions will be sustained, except as provided for or otherwise disclosed in these consolidated financial statements.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main financial liabilities of the Group comprise loans from the Parent company, payables, other current financial liabilities and other current liabilities. The main purpose of these financial liabilities is to finance operating activities of the Group. The Group also has various financial assets such as cash and cash equivalents, finance lease debt, trade receivables, bank deposits and government bonds.

The main risks arising from these financial instruments are currency risk, liquidity risk and credit risk.

Currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates is primarily due to the financial activities of the Group. Also, the Group's exposure to foreign exchange risk is related to operating activities (when income and expenses are denominated in a currency other than the Group's functional currency).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Currency risk (continued)

The following tables provide a sensitivity analysis to possible changes in the exchange rate of the Russian ruble, assuming all other parameters remain unchanged. The Group's exposure to the risk of changes in foreign exchange rates is insignificant.

In thousands of tenge	Increase/(decrease) in the exchange rate in absolute terms (tenge)	Increase/(decrease) in the exchange rate	Impact on profit before tax
As of 31 December 2021			
Russian ruble	**0.75/(0.75)**	**13%/(13%)**	**(3,411,952)/3,411,952**
As of 31 December 2020			
Russian ruble	0.85/(0.85)	15%/(15%)	14,291/(14,291)

Liquidity risk

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

Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any commitments as they arise. As at 31 December 2021, the Group's current liabilities exceeded its current assets by 48,056,024 thousand tenge (2020: 32,368,975thousand tenge). This excess has developed, mainly due to the classification of the Parent loans in the amount of 67,436,448 thousand tenge as current due to the Parent's right to demand early repayment of these loans. However, the Parent company confirmed its readiness to provide further financial support and not to demand early repayment of loans. Management covers liquidity requirements by expanding its operating activities, as well as through funding from the Parent.

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

In thousands of tenge	On demand	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
At 31 December 2021						
Loans	**67,436,448**	**–**	**16,465,034**	**4,352,275**	**4,159,305**	**92,413,062**
Bonds	**–**	**460,800**	**12,211,200**	**–**	**–**	**12,672,000**
Accounts payable	**–**	**1,091,019**	**3,483,412**	**2,125,951**	**–**	**6,700,382**
	67,436,448	**1,551,819**	**32,159,646**	**6,478,226**	**4,159,305**	**111,785,444**

In thousands of tenge	On demand	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
At 31 December 2020						
Loans	79,921,402	–	1,499,264	14,700,986	–	96,121,652
Accounts payable	–	85,668	–	–	–	85,668
	79,921,402	85,668	1,499,264	14,700,986	–	96,207,320

Credit risk

Financial instruments that potentially expose the Group to credit risk consist of cash on deposits and current bank accounts, accounts receivable, issued loan and finance lease receivables. The maximum exposure to credit risk is represented by the balance sheet value of each financial asset.

The Group is exposed to credit risk from its operating activities and certain investing activities. In the course of investing activity, the Group mainly places its deposits with Kazakh banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The table below shows the balances of cash, bank deposits with banks as at the reporting date using Standard & Poor's, Fitch and Moody's credit rating symbols less provisions made:

In thousands of tenge	Location	Rating 2021	Rating 2020	31 December 2021	31 December 2020
First Heartland Jysan Invest	Kazakhstan	**B1/stable**	B/negative	**31,424,644**	–
Reverse autoREPO with a basket of government securities	Kazakhstan	**No rating**	No rating	**18,797,244**	5,763,855
Forte Bank JSC	Kazakhstan	**B+/positive/B+**	B+/stable/B	**13,469,554**	7,192,595
Halyk Bank of Kazakhstan JSC	Kazakhstan	**BBB-/stable/BB+**	BB/stable/BB+	**6,530,456**	17,786,033
Center Credit Bank JSC	Kazakhstan	**B/stable**	B/stable	**1,997,150**	–
ATF Bank JSC	Kazakhstan	**No rating**	B-/stable/B-	**–**	36,029,312
SB Alfa Bank JSC	Kazakhstan	**BB-/stable/BB**	BB-/stable/BB-	**–**	13
				72,219,048	66,771,808

Fair value of financial instruments

As at 31 December 2021, financial assets at fair value through OCI comprised public debt securities. These financial assets are categorised within Level 1 of fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Management has determined that the fair value of cash and short-term deposits, trade receivables and payables, bank overdrafts and other current liabilities approximately equal to their carrying amount, mainly due to the short-term nature of these instruments.

The fair value of the financial assets and liabilities included in the financial statements represent an amount for which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Fixed-rate receivables, finance lease receivables and borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics incidental to the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2021, the carrying amounts of such receivables, net of allowances, are not materially different from their fair values.
- Fair value of quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities, and is categorised within Level 3 of fair value hierarchy.
- Fair value of financial assets at fair value through profit or loss is determined based on the price quotations in active markets.

Fair value measurement hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

- Level 1 – prices in active markets for identical assets or liabilities (without any adjustments).
- Level 2 – techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3 – techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value measurement hierarchy (continued)

The table below discloses the measurement hierarchy for assets and liabilities of the Group at the fair value.

Measurement hierarchy for assets at fair value as at 31 December 2021:

In thousands of tenge	Carrying amount	Fair value	Fair value measurement using: Quoted prices in an active market (Level 1)	Significant observable inputs (Level 2)	Significant non-observable inputs (Level 3)
Assets measured at fair value					
Government bonds of the Republic of Kazakhstan *(Note 17)*	**440,138**	**440,138**	**440,138**	**–**	**–**
Assets with disclosed fair value					
Loans issued *(Note 16)*	**18,043,100**	**18,043,100**	**–**	**–**	**18,043,100**
Finance lease receivable *(Note 10)*	**55,065,932**	**37,133,794**	**–**	**–**	**37,133,794**
Trade accounts receivable *(Note 15)*	**2,593**	**2,593**	**–**	**–**	**2,593**

Measurement hierarchy for liabilities at fair value as at 31 December 2021:

In thousands of tenge	Carrying amount	Fair value	Fair value measurement using: Quoted prices in an active market (Level 1)	Significant observable inputs (Level 2)	Significant non-observable inputs (Level 3)
Liabilities for which fair values are disclosed					
Loans *(Note 21)*	**81,880,635**	**81,880,635**	**–**	**–**	**81,880,635**
Bonds *(Note 22)*	**11,801,600**	**11,695,616**	**–**	**–**	**11,695,616**
Accounts payable *(Note 24)*	**5,966,640**	**5,966,640**	**–**	**–**	**5,966,640**
Other current liabilities *(Note 25)*	**2,002,865**	**2,002,865**	**–**	**–**	**2,002,865**

Measurement hierarchy for assets at fair value as at 31 December 2020:

In thousands of tenge	Carrying amount	Fair value	Fair value measurement using: Quoted prices in an active market (Level 1)	Significant observable inputs (Level 2)	Significant non-observable inputs (Level 3)
Assets measured at fair value					
Government bonds of the Republic of Kazakhstan *(Note 17)*	905,303	905,303	905,303	–	–
Assets for which fair values are disclosed					
Loans issued *(Note 16)*	11,882,344	11,882,344	–	–	11,882,344
Finance lease receivable *(Note 10)*	65,450,569	63,735,926	–	–	63,735,926
Trade accounts receivable *(Note 15)*	275,445	275,445	–	–	275,445

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value measurement hierarchy (continued)

Measurement hierarchy for liabilities at fair value as at 31 December 2020:

			Fair value measurement using		
In thousands of tenge	Carrying amount	Fair value	Quoted prices in an active market (Level 1)	Significant observable inputs (Level 2)	Significant non-observable inputs (Level 3)
Liabilities for which fair values are disclosed					
Loans payable to the Parent company *(Note 21)*	94,581,167	94,581,167	–	–	94,581,167
Accounts payable *(Note 24)*	85,668	85,668	–	–	85,668
Other current liabilities *(Note 25)*	2,450,283	2,450,283	–	–	2,450,283

Changes in liabilities arising from financing activities

In thousands of tenge	1 January 2021	**Cash inflow**	**Cash outflow**	**Change in exchange rates**	**Interest paid**	**Other***	**31 December 2021**
Loans	94,581,167	**–**	**(12,995,033)**	**300,450**	**(2,570,064)**	**2,564,115**	**81,880,635**
Bonds	–	**11,500,000**	**–**	**15,333**	**(451,889)**	**738,156**	**11,801,600**
Total liabilities from financing activities	94,581,167	**11,500,000**	**(12,995,033)**	**315,783**	**(3,021,953)**	**3,302,271**	**93,682,235**

In thousands of tenge	1 January 2020	Cash inflow	Cash outflow	Change in exchange rates	Interest paid	Other*	31 December 2020
Loans	108,657,480	21,825,145	(34,371,093)	150,000	(3,805,772)	2,125,407	94,581,167
Other current financial liabilities	5,487,246	–	(5,203,442)	–	(556,985)	273,181	–
Total liabilities from financing activities	114,144,726	21,825,145	(39,574,535)	150,000	(4,362,757)	2,398,588	94,581,167

* *The column "Other" mainly presents the amount of accrued interest on loans. The Group classifies interest paid as cash flows from operating activities.*

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were introduced in objectives, policies or processes from the date of formation through 31 December 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes loans from the Parent, government bonds and accounts payable within net debt.

The gearing ratio at 31 December 2021 and 2020 is presented in the following table:

In thousands of tenge	**2021**	2020
Loans	**81,880,635**	94,581,167
Bonds	**11,801,600**	–
Accounts payable	**5,966,640**	85,668
Net debt	**99,648,875**	94,666,835
Equity	**60,746,956**	51,947,725
Debt-equity ratio	**1.64**	1.82

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. SUBSEQUENT EVENTS

On 2 January 2022, protests began in the Mangistau region of Kazakhstan related to a significant increase in the retail price of liquefied natural gas. These protests spread to other cities and led to riots, property damage and loss of life. On 5 January 2022, the Government declared a state of emergency.

As a result of the above protests and the imposition of a state of emergency, the President of Kazakhstan made a number of public statements on possible measures, including changes to tax laws, the introduction of measures to support financial stability, control and stabilization of inflation and the tenge exchange rate.

On 19 January 2022, the state of emergency was lifted. The Company is not currently in a position to quantify what impact, if any, any new measures that the Government might take on its financial position could have, or what effect the above protests and the imposition of a state of emergency would have on the economy of Kazakhstan.

Exchange rates

As at the date of issue of these consolidated financial statements, the exchange rate of the Kazakhstani tenge against the US dollar was characterized by significant volatility. The official exchange rate of the KASE on 28 February 2022 was 495 tenge per 1 dollar.