ANNEX 5

to Samruk-Kazyna Construction JSC Annual Report 2023

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.12.2023 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 and its subsidiary (hereinafter, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 2023 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 Company 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.

Responsibilities of management and Board of Directors 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.

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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.

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We communicate with Board of Directors of Samruk - Kazyna Construction JSC 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.

Ernst & Young LLP

Ernst & Young

Rustamzhan Sattarov
Auditor / General Director
Ernst & Young LLP

Auditor Qualification Certificate
No. МФ-0000060 dated 6 January 2012

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

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27 February 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

In thousands of tenge	Notes	2023	2022
Assets			
Non-current assets			
Property, plant and equipment	6	413,493	187,681
Investment property	7	–	3,687,570
Investment in an associate	5	–	35,453
Intangible assets		79,394	59,557
Finance lease receivables, non-current portion	8	33,311,150	42,451,822
Loans issued, non-current portion	9	3,429,058	6,739,119
Amounts due from credit institutions	10	21,038,671	24,776,775
Other non-current assets	11	3,640,086	6,957,177
		61,911,852	84,895,154
Current assets			
Inventories		24,564	6,171
Real estate for sale		162,038	290,314
Finance lease receivables, current portion	8	7,067,661	4,857,685
Loans issued, current portion	9	24,239,656	17,399,086
Advances paid to construction companies	12	3,251	3,739,091
Trade accounts receivable	13	875,838	320,370
Prepaid income tax		66,006	1,519,747
Financial instruments	14	12,763,683	459,435
Agency contract assets	15	190,178,199	-
Amounts due from credit institutions	10	67,051	75,813
Contract assets	16	2,522,971	-
Other current assets	17	3,294,510	2,260,297
Cash and cash equivalents	18	311,532,283	27,546,661
		552,797,711	58,474,670
Assets held for sale	19	1,336,133	-
Total assets		616,045,696	143,369,824

The accounting policies and explanatory notes on pages 7 to 37 are an integral part of these consolidated financial statements.

Samruk-Kazyna Construction JSC Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

In thousands of tenge	Notes	2023	2022
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		54,814	212,574
Retained earnings		37,549,930	40,345,386
Total equity		61,032,151	63,985,367
Non-current liabilities			
Other non-current liabilities	23	1,737,443	1,965,062
Deferred income		76,532	91,839
Deferred tax liabilities	32	2,034,222	1,469,001
		3,848,197	3,525,902
Current liabilities			
Loans obtained	21	46,374,563	59,082,123
Bonds	21	–	13,174,356
Agency contract liabilities	15	496,331,173	-
Accounts payable	22	128,041	2,158,781
Income tax liabilities		105,607	-
Warranty payment liabilities	24	790,890	-
Liabilities under contracts with customers	25	5,858,309	355,219
Other current liabilities		1,576,765	1,088,076
		551,165,348	75,858,555
Total liabilities		555,013,545	79,384,457
Total equity and liabilities		616,045,696	143,369,824

Deputy Chairman of the Management Board for Economy and Finance – Member of the Management Board Mukushev B.A.

Chief Accountant Sipuldina B.K.

The accounting policies and explanatory notes on pages 7 to 37 are an integral part of these consolidated financial statements.

Samruk-Kazyna Construction JSC — Consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

In thousands of tenge	Notes	2023	2022
Revenue	26	19,316,388	19,641,119
Cost of sales	27	(5,990,087)	(6,751,854)
Gross profit		13,326,301	12,889,265
General and administrative expenses	28	(2,206,537)	(1,675,694)
(Accrual)/reversal of allowance for expected credit losses on financial assets, net		(6,326,702)	1,146,253
Reversal/(accrual) of impairment losses on non-financial assets		448,315	(454,761)
Operating income		5,241,377	11,905,063
Finance income	29	3,622,832	4,230,814
Finance costs	29	(1,430,143)	(3,134,351)
Share in (loss)/profit of an associate		(12,727)	22,019
Foreign exchange income/(loss), net	30	3,997,500	(6,566,852)
Other income	31	956,329	203,402
Other expenses	31	(2,066,765)	(159,572)
Profit before tax		10,308,403	6,500,523
Income tax expenses	32	(2,871,119)	(1,216,821)
Profit for the reporting year		7,437,284	5,283,702
Earnings per share			
Basic earnings for the year attributable to common shareholders (in Tenge)	20	457.75	325.20
Profit for the reporting year		7,437,284	5,283,702
Other comprehensive loss to be reclassified to profit or loss in the subsequent periods			
Net loss from financial assets measured at fair value through other comprehensive income		(157,760)	(14,743)
Other comprehensive loss for the reporting year, net of tax		(157,760)	(14,743)
Total comprehensive income for the reporting year, net of tax		7,279,524	5,268,959

Deputy Chairman of the Management Board for Economy and Finance – Member of the Management Board — Mukushev B.A.

Chief Accountant — Sipuldina B.K.

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Samruk-Kazyna Construction JSC — Consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

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 1 January 2022	19,990,162	3,437,245	227,317	37,092,232	60,746,956
Profit for the year	–	–	–	5,283,702	5,283,702
Other comprehensive loss	–	–	(14,743)	–	(14,743)
Total comprehensive income	–	–	(14,743)	5,283,702	5,268,959
Dividends *(Note 20)*	–	–	–	(2,030,548)	(2,030,548)
At 31 December 2022	19,990,162	3,437,245	212,574	40,345,386	63,985,367
Profit for the year	–	–	–	7,437,284	7,437,284
Other comprehensive loss	–	–	(157,760)	–	(157,760)
Total comprehensive income	–	–	(157,760)	7,437,284	7,279,524
Other transactions with the Shareholder *(Note 7)*	–	–	–	(3,795,625)	(3,795,625)
Dividends *(Note 20)*	–	–	–	(6,437,115)	(6,437,115)
At 31 December 2023	19,990,162	3,437,245	54,814	37,549,930	61,032,151

Deputy Chairman of the Management Board for Economy and Finance – Member of the Management Board — Mukushev B.A.

Chief Accountant — Sipuldina B.K.

The accounting policies and explanatory notes on pages 7 to 37 are an integral part of these consolidated financial statements.

Samruk-Kazyna Construction JSC — Consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

In thousands of tenge	Notes	2023	2022
Cash flows from operating activities			
Sale of products and goods		**992,232**	7,151,896
Interest received		**5,980,826**	5,269,421
Cash proceeds under agency agreement	15	**496,331,173**	-
Cash proceeds under contracts with customers	15	**3,668,539**	-
Rental proceeds		**12,773,718**	13,110,470
Other proceeds		**6,750,605**	2,429,388
Payments to suppliers for goods and services		**(982,424)**	(5,538,923)
Cash given within the framework of the implementation of the national project	15	**(190,178,199)**	-
Advances paid		**(161,295)**	(37,929)
Salary payments		**(3,037,306)**	(1,263,890)
Payment of interest on loans received and bonds	35	**(1,866,138)**	(3,356,611)
Corporate income tax		**(641,047)**	(1,814,268)
Other payments to the budget		**(723,510)**	(381,415)
Other payments		**(4,375,611)**	(4,028,134)
Net cash flows from operating activities		**324,531,563**	11,540,005
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		**(386,360)**	(41,819)
Purchase of debt instruments		**(12,140,626)**	-
Purchase of non-current assets		**(2,086,004)**	(3,899,923)
Loans to third parties		**(12,445,520)**	(13,117,804)
Reimbursement of cash given under construction investment contracts		**3,222,225**	-
Return of bank deposits		**3,914,527**	6,758,025
Proceeds from sale of non-current assets		**3,932,049**	-
Return of borrowings from third parties		**3,560,414**	15,528,129
Other payments		**(12,584)**	(69,593)
Net cash flows (used in) / from investing activities		**(12,441,879)**	5,157,015

The accounting policies and explanatory notes on pages 7 to 37 are an integral part of these consolidated financial statements.

Samruk-Kazyna Construction JSC — Consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

In thousands of tenge	Notes	2023	2022
Cash flows from financing activities			
Payment of the principal on loans received	35	**(12,707,561)**	(28,029,326)
Payment of the principal on debt securities issued	35	**(8,840,000)**	-
Dividends paid	20	**(6,437,115)**	(2,030,548)
Net cash flows used in financing activities		**(27,984,676)**	(30,059,874)
Net change in cash and cash equivalents		**284,105,008**	(13,362,854)
Change in allowance for expected credit losses	18	**4,377**	7,124
Effect of exchange rates changes on cash and cash equivalents		**(123,763)**	116,608
Cash and cash equivalents as at 1 January		**27,546,661**	40,785,783
Cash and cash equivalents as at 31 December	18	**311,532,283**	27,546,661

Deputy Chairman of the Management Board for Economy and Finance – Member of the Management Board — Mukushev B.A.

Chief Accountant — Sipuldina B.K.

SAMRUK-KAZYNA CONSTRUCTION

The accounting policies and explanatory notes on pages 7 to 37 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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. On 15 February 2019, the Group was renamed to Samruk-Kazyna Construction Joint Stock Company.

The Company's office is located at the following address: 17/10, Syganak Str., Nura district, Astana, 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 Group.

The Company's mission is to improve living conditions and provide high-quality housing to the population of the Republic of Kazakhstan, as well as to develop the construction industry through investment activities and the construction of plants aimed at import substitution in order to keep prices for building materials rising, as well as to improve the efficiency of construction, provide innovative engineering solutions and project management of a group of companies Samruk-Kazyna JSC.

The Company's core activities include the following:

- Implementation of state social programs;
- Investment activities;
- Completion of participation in government programs;
- Management of real estate, subsidiaries and shares and stock of companies included in the group of companies Sovereign Wealth Fund "Samruk-Kazyna" JSC, which are in the investment period – at the design and construction stages.
- Engineering activities;

According to the Development Strategy for 2023-2032, which was approved by the decision of the Board of Directors on 25 December 2023, one of the Company's strategic goals is the implementation of state social programs. Within the framework of this strategic goal and in accordance with the Decree of the Government of the Republic of Kazakhstan dated 30 November 2022 No. 963 "On approval of the pilot national project in the field of education "Comfortable School", since 2023 the Company has been determined as the Directorate for the targeted construction of objects of secondary education organizations as part of the framework of the first of three mechanisms, where the Company manages the project in accordance with the Rules for the provision of engineering services in the field of architecture, urban planning and construction activities, while the Company is endowed with the function of the contracting authority.

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.

As at 31 December 2023 and 31 December 2022, the Company had an interest ownership in the following organisations:

Name	Place of registration	Principal activities	Ownership 2023	Ownership 2022
SK Development LLP	Kazakhstan	Development, financing and further management/sale of real estate properties, engineering supervision	**100%**	49%

The Company and its subsidiary are hereinafter referred to as the Group.

These consolidated financial statements represent the consolidated financial results of the Group for the year ended 31 December 2023 and its financial position as at that 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.

1. CORPORATE INFORMATION (continued)

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.

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 2023 were approved for issue by the management of the Group on 27 February 2024.

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. The consolidated financial statements are presented in Kazakh tenge ("tenge"), and all monetary amounts are rounded to the nearest thousands, except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent company and its subsidiary as at 31 December 2023. 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:

- Whether the Group has authority over the investment object (i.e., existing rights that provide the current ability to manage the significant activities of the investment object);
- The Group's exposure to risks associated with variable income from participation in the investment object, or the rights to receive such income;
- The ability of the Group to influence income by exercising its powers in relation to the object of investment.

As a rule, it is assumed that the majority of voting rights determines the presence of 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 significant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) 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. Consolidation of a subsidiary begins when the Group gains control of the subsidiary and ends when the Group loses control of the subsidiary. 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 of a subsidiary, it derecognises the assets (including goodwill), associated liabilities, non-controlling interests and other components of equity and recognises the resulting gain or loss in profit or loss. The remaining investments are recognized at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Group included in these consolidated financial statements are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"). The consolidated financial statements are presented in tenge, which is the Group's presentation currency.

Exchange rates

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

Exchange rates for foreign currencies in which the Group had significant transactions are represented as follows:

Exchange rate as at the end of the period (to tenge)	**31 December 2023**	31 December 2022
1 US dollar	**454.56**	462.65
1 Russian rouble	**5.06**	6.43

Average exchange rate for twelve months (to tenge)	**12 months 2023**	12 months 2022
1 US dollar	**456.31**	460.48
1 Russian rouble	**5.40**	6.96

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, 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 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.

Impairment of non-financial assets

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Expected credit losses (continued)

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 2023. Finance lease receivables consist of individually insignificant balances due from more than 7,000 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 2023. 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.

Real estate property for sale is stated at the lower of cost and net realisable value (NRV). NRV 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.

Trust management agreements

During 2023, the Group had trust management agreements with Samruk-Kazyna Ondeu LLP (hereinafter referred to as "SKO") - formerly United Chemical Company LLP, a related party, to manage SKO shares in Karabatan Utility Solutions LLP. The term of the trust management agreement expired on 31 October 2023.

The Group analysed the trust management agreements for existence of control over SKO subsidiary in connection with the transfer to the trust management and concluded that control over the interests in SKO subsidiary did not transfer to the Group as at 31 December 2023.

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 2023. The Group provides administrative building management services by leasing premises to other entities, mainly related parties.

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

Trust management agreements (continued)

On 15 September 2022, the Group and the Parent company entered into a trust management agreement, which is the sole shareholder of the PGU Turkestan LLP. The trust management agreements are valid within the period of design, construction, pre-commissioning and reaching the full capacity of facilities of "Construction of power plant based on the combined cycle plant in a maneuverable generation mode with a capacity up to 1000 MW in Turkistan region" project. The Group analysed the trust management agreements for existence of control over PGU Turkestan LLP in connection with the transfer to the trust management and concluded that control over the interests in PGU Turkestan LLP did not transfer to the Group as at 31 December 2023.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New and amended standards and interpretations

The Group first applied certain standards and amendments, which are effective for annual reporting periods beginning on or after 1 January 2023. 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:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 *Insurance Contracts* that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to IFRS 4 requirements mostly based on previous local accounting policies, IFRS 17 provides a comprehensive accounting model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for insurance contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The amendments have no impact on the consolidated financial statements of the Group.

Amendments to IAS 8 – Definition of Accounting Estimates

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments have no impact on the consolidated financial statements of the Group.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS *Practice Statement* 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

These amendments have had an impact on the disclosures of accounting policies of the Group, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 *Income Tax* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments did not have any impact on the consolidated financial statements of the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

As at 31 December 2023, the Group continues to assess the potential impact of the implementation of the Pillar 2 model rules. The potential effect of the Pillar 2 model rules on income tax, if any, is currently unknown or cannot be reliably estimated.
The Group continues to assess and plans to complete the assessment during 2024.

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 standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 16 – *Lease Liability in a Sale and Leaseback*
- Amendments to IAS 7 and IFRS 7 – *Supplier finance arrangements*;
- Amendments to IAS *1 – Classification of Liabilities as Current or Non-current.*

Foreign currency translation

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

Foreign currency transactions are initially recognized by the Group companies in the functional currency, translated at the relevant exchange rates on the date the transaction first qualifies for recognition.

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the original transactions. Non-monetary items that are measured at fair value in a foreign currency are translated at the exchange rates in effect at the date when 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 Company 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 Company determines the transaction date for each payment or receipt of prepayments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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, except for the contracts of the purchase of comprehensive works on the design and construction of secondary education facilities on a turnkey basis, 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.

Income from engineering supervision, project management and facility construction services

Revenue from engineering supervision and project management services mainly relates to revenue recognized as a result of the provision of partially completed services for the implementation of a national project. According to IFRS 15, the Group is determined to be an agent for the contracts concluded with local executive authorities for the project management services and for the works and services related to the construction of facilities. The assets and liabilities originated as a result of acceptance of construction and installation works within the framework of concluded contracts, where the Group acts as an agent, will be reflected on a net basis.

Expense recognition

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

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.

Contract assets

A contract asset is the entity's right to consideration in exchange for engineering supervision and project management services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time. Contract assets are reclassified to receivables when rights become unconditional.

A contract is an agreement between two or more parties, and which creates legally enforceable rights and obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Company include cash and cash equivalents, finance lease receivables, loans issued, trade and other accounts receivable.

Subsequent measurement

For purposes of subsequent measurement, the Group has classified the existing financial assets in two 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 at amortised cost (debt instruments)

This category is the 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.

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 include loans issued, trade and other receivables, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through OCI (debt instruments) (continued)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of other 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 include investments in quoted debt instruments included under other non-current financial assets. As at 31 December 2023 and 2022, the Group has government bonds – financial assets at fair value through other comprehensive income.

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 Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount 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 applied 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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 recognition, 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 recognized in the consolidated statement of comprehensive income within finance costs in case of loans and within other operating expenses in case of accounts receivable.

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, net of 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 amortized cost (loans and borrowings).

Financial liabilities at amortized cost (loans and borrowings).

This category is the 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 fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of comprehensive income.

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

Derecognition

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

When an existing financial liability to 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 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 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)

Other non-current assets

Other non-current assets include real estate for subsequent finance lease, or real estate for which it has not been determined at the reporting date how its carrying amount will be reimbursed. Other non-current assets are measured at cost, including transaction costs. After initial recognition, other non-current assets are carried at cost, net of accumulated impairment. Other non-current assets are not depreciated. Transfers are made to (or from) other non-current assets only when there is a change in the nature of use of real estate.

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 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 any 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)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU'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.

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 lessor

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.

Group as lessee

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 recognized 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. BUSINESS COMBINATIONS

On 5 May 2023, the Company bought out 51% in the share capital of SC Development LLP since VentKarkaraServis LLP did not fulfil its obligations assumed under the purchase and sale agreement for 51% in the share capital of SC Development LLP. The acquisition was accounted for using the acquisition method. The consolidated financial statements comprise the performance results of SC Development LLP for the eight months after the acquisition date. These events caused SC Development LLP to have ceased to be accounted for as an associate.

Information on the fair value of the identifiable assets and liabilities of SC Development LLP as at the acquisition date is presented below:

In thousands of tenge	Fair value recognised on acquisition
Assets	
Property, plant and equipment	**54,011**
Intangible assets	**25**
Other non-current assets *(Note 11)*	**8,792**
Inventories	**2,971**
Trade receivables	**86,970**
Income tax prepayment	**106,942**
Other current assets	**16,309**
Cash and cash equivalents	**11,093**
	287,113
Liabilities	
Trade accounts payable	**(3,987)**
Dividends payable	**(22,019)**
Other liabilities	**(133,126)**
	(159,132)
Total identifiable net assets at fair value	**127,981**
Profit from a bargain purchase *(Note 31)*	(113,999)
Consideration transferred on acquisition	**13,982**
Analysis of cash flows upon acquisition:	
Net cash acquired from a subsidiary (included in cash flows from investing activities)	11,093
Non-cash consideration	(1,398)
Cash paid	(12,584)
Net cash flows on acquisition	**(2,889)**

From the date of acquisition, SK Development LLP contribution amounted to 946,901 thousand tenge to the Group's revenue, and 155,435 thousand tenge to the Group's net profit from continued operations before taxes. If the acquisition had taken place at the beginning of the year, the Group's revenue from continued operations would have been 1,089,016 thousand tenge, and the profit from continued operations would have been 129,338 thousand tenge for the period.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. PROPERTY, PLANT AND EQUIPMENT

Movement of property and equipment in 2023 and 2022 is presented as follows:

In thousands of tenge	Land	Buildings	Machinery, equipment and vehicles	Office equipment	Total
Cost					
At 31 December 2021	26,101	31,913	–	452,355	510,369
Additions	–	–	–	15,438	15,438
Disposals	–	–	–	(5,671)	(5,671)
At 31 December 2022	26,101	31,913	–	462,122	520,136
Acquisitions through business combinations *(Note 5)*	**–**	**–**	**39,700**	**14,311**	**54,011**
Additions	**–**	**–**	**16,195**	**338,441**	**354,636**
Other transfers and reclassifications *(Note 11)*	**–**	**16,507**	**–**	**–**	**16,507**
Transfer to assets classified as held for sale or distributions to the Shareholder	**(26,101)**	**–**	**–**	**(133,753)**	**(159,854)**
Disposals	**–**	**–**	**–**	**(252,888)**	**(252,888)**
At 31 December 2023	**–**	**48,420**	**55,895**	**428,233**	**532,548**
Accumulated depreciation					
At 31 December 2021	–	(5,159)	–	(293,150)	(298,309)
Depreciation charge for the year	–	(638)	–	(38,220)	(38,858)
Depreciation on disposal	–	–	–	4,712	4,712
At 31 December 2022	–	(5,797)	–	(326,658)	(332,455)
Depreciation charge for the year	**–**	**(748)**	**(3,557)**	**(31,668)**	**(35,973)**
Depreciation on disposal	**–**	**–**	**–**	**249,373**	**249,373**
At 31 December 2023	**–**	**(6,545)**	**(3,557)**	**(108,953)**	**(119,055)**
Net book value					
At 31 December 2022	26,101	26,116	–	135,464	187,681
At 31 December 2023	**–**	**41,875**	**52,338**	**319,280**	**413,493**

7. INVESTMENT PROPERTY

On 19 July 2023, according to the Parent's decision dated 14 June 2023, the Group, free of charge, transferred to the balance sheet of the Office of the President of the Republic of Kazakhstan the building of the Kazyna Tower Business Centre and other property with a carrying amount of 3,635,769 thousand tenge and 159,856 thousand tenge, respectively. This transaction was recorded as other transactions with the Shareholder in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. FINANCE LEASE RECEIVABLES

The non-current financial assets are represented by finance lease receivables, which include the amount of minimum lease payments under current finance lease agreements. Minimal lease payments receivable in future periods under finance lease contracts as well as present value of net minimal lease payments are presented in the table:

	2023		2022	
In thousands of tenge	**Minimum payments**	**Present value of payments**	Minimum payment	Present value of payments
Within one year	**7,438,055**	**7,067,661**	5,087,459	4,857,685
More than 1 year but less than 5 years	**28,862,359**	**21,750,842**	23,153,204	17,833,438
Over five years	**21,231,761**	**11,560,308**	42,165,895	24,618,384
Total minimum lease payments	**57,532,175**	**40,378,811**	70,406,558	47,309,507
Less finance income	**(17,153,363)**	**–**	(23,097,051)	–
Present value of minimum lease payments	**40,378,812**	**40,378,811**	47,309,507	47,309,507
Less: amounts to be repaid within 12 months	**–**	**(7,067,661)**	–	(4,857,685)
Amounts due for settlement after 12 months	**–**	**33,311,150**	–	42,451,822

9. LOANS ISSUED

In thousands of tenge	**2023**	2022
Loan to Argon Stroy LLP	**11,787,508**	9,701,519
Loan to MetalFormer LLP	**4,596,647**	745,685
Loan to Ayt Housing Complex LLP	**3,813,527**	5,478,011
Loan to UK Building LLP	**3,770,137**	2,150,234
Loan to KazSMU LLP	**3,393,556**	2,287,830
Loan to Stroy-Invest-Group KZ LLP	**3,221,647**	–
Loan to Bavaria Construction LLP	**2,734,315**	2,532,885
Loan to BAITEREK GROUP-2022 LLP	**1,894,331**	–
Loan to Ademi Holding LLP	**1,027,123**	–
Loan to Smart Stroy 2050 LLP	**–**	4,780,560
Loans to other companies	**1,884,972**	639,359
Less: allowance for expected credit losses	**(10,455,049)**	(4,177,878)
	27,668,714	24,138,205
Less: amounts to be repaid within 12 months	**(24,239,656)**	(17,399,086)
Amount due for settlement after 12 months	**3,429,058**	6,739,119

Loan to Argon Stroy 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 Astana. According to the additional agreement signed in 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 3,876,870 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 financing tranches issued by the Group as at 31 December 2023 amounted to 7,910,638 thousand tenge.

For the year ended 31 December 2023, the Group recognized interest income in the amount of 3,876,870 thousand tenge and an allowance for expected credit losses in the amount of 6,671,256 thousand tenge. With respect to changes in the mortgage lending in the local real estate market, there are delays in repayment of obligations under the investment agreement on the part of the developer. On 26 February 2024, the investment in the amount of 1,580,000 thousand tenge was repaid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. LOANS ISSUED (continued)

Loan to MetalFormer LLP

On 15 September 2022, the Group signed an investment agreement for the construction of a plant for the production of roofing and cladding materials in Astana. The Group provides financing for construction with the accrual of investment income in the amount of 3,772,230 thousand tenge. In accordance with the terms of the investment agreement, the amounts provided for financing and investment income must be reimbursed by 31 December 2030. As at 31 December 2023 the amount of financing tranches issued by the Group was 3,799,162 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 2023 was 3,549,584 thousand tenge, including a land plot with a carrying value of 1,221,608 thousand tenge.

On 1 September 2023, the Group entered into an agreement on termination of the construction investment agreement, according to which Ayt Housing Complex LLP undertakes to return the investment amount in the amount of 2,327,976 thousand tenge until 31 May 2024, the amount of investment in the form of a land plot in the amount of 1,221,608 thousand tenge until 27 December 2023, and the investment income in the amount of 888,010 thousand tenge until 27 December 2023. During the reporting period, the investment income was written off due to changes in contractual terms in the amount of 1,715,208 thousand tenge *(Note 31)*. On 12 January 2024, investments in the form of a land plot in the amount of 1,221,608 thousand tenge and investment income in the amount of 888,010 thousand tenge were repaid.

Loan to UK Building LLP

On 6 December 2022, the Group entered into an investment agreement for the construction of a residential complex with built-in and attached public premises and a multifunctional complex in Ust-Kamenogorsk. The expected investment income is 1,149,454 thousand tenge. As at 31 December 2023 the amount of financing tranches issued by the Group was 3,092,266 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 15 June 2024.

As at 31 December 2023, the Group recognized interest income in the amount of 677,871 thousand tenge.

Loan to KazSMU LLP

On 14 September 2022, the Group entered into an investment agreement with KIK-Qurylys LLP in the construction of multi-apartment residential building “Sun city” located in Konayev city. According to the additional agreement signed in September 2023, the loan obligations were transferred to KazSMU LLP. The Group provides construction financing with an accrual of investment income in the amount of 748,723 thousand tenge. The amount of financing tranches issued by the Group as at 31 December 2023 amounted to 2,644,833 thousand tenge, and an allowance for expected credit losses in the amount of 14,962 thousand tenge was created. 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 25 December 2023. On 3 January 2024, the Group received funds to repay investment income in the amount of 748,723 thousand tenge. For this loan, the Group has collateral in the form of real estate with an estimated value of 149,519 thousand tenge.

Loan to Bavaria Construction LLP

On 10 October 2021, the Group signed an investment agreement for the construction of a multi-apartment residential building in Aktobe. The Group provides construction financing with an accrual of investment income in the amount of 550,430 thousand tenge. In accordance with the terms of the investment agreement, the amounts provided for financing and investment income must be reimbursed by 31 May 2023. As at 31 December 2023 the amount of financing tranches issued by the Group was 2,482,026 thousand tenge.

On 23 January 2024, the Group filed a lawsuit against Bavaria Construction LLP. As at 26 February 2024, court proceedings are underway. The Group has an advance payment under real estate booking agreements in the amount of 652,529 thousand tenge as at 31 December 2023, which will be recognized as payment of receivables from Bavaria Construction LLP after signing acceptance certificates by buyers.

For the year ended 31 December 2023, the Group recognized interest income in the amount of 550,430 thousand tenge and an allowance for expected credit losses in the amount of 2,009,034 thousand tenge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. LOANS ISSUED (continued)

Loan to Stroy-Invest-Group KZ LLP

On 13 March 2023 the Group signed an investment agreement for the construction of a residential complex with a business centre and retail space in Astana city. The Group provides construction financing with an accrual of investment income in the amount of 755,518 thousand tenge. In accordance with the terms of the investment agreement, the amounts of the provided financing amounts and investment income must be reimbursed by 20 July 2024. The amount of financing tranches issued by the Group as at 31 December 2023 amounted to 2,877,073 thousand tenge.

As at 31 December 2023, the Group recognized interest income in the amount of 344,574 thousand tenge.

Loan to BAITEREK GROUP-2022 LLP

On 19 April 2023, the Group entered into an investment agreement for the construction of a 9-storey multi-apartment residential building with a store, beauty salon, office, pharmacy and cafe on the ground floors in Taraz city. The Group provides construction financing with an accrual of investment income in the amount of 875,845 thousand tenge. In accordance with the terms of the investment agreement, the amounts provided for financing and investment income must be reimbursed by 28 May 2024. As at 31 December 2023 the amount of financing tranches issued by the Group was1,534,877 thousand tenge.

As at 31 December 2023, the Group recognized interest income in the amount of 359,454 thousand tenge.

Loan to Ademi Holding LLP

On 4 July 2023, the Group entered into an investment agreement for the construction of a multi-apartment residential building with built-in non-residential premises in Kokshetau city. The Group provides construction financing with an accrual of investment income in the amount of 502,116 thousand tenge. In accordance with the terms of the investment agreement, the amounts provided for financing and investment income must be reimbursed by 11 January 2025. As at 31 December 2023 the amount of financing tranches issued by the Group was 932,129 thousand tenge.

As at 31 December 2023, the Group recognized interest income in the amount of 94,994 thousand tenge.

Loans to other companies

As at 31 December 2023, loans issued to other companies included debt mainly from construction companies.

Loans issued as at 31 December 2023 and 2022 were denominated in tenge.

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

In thousands of tenge	**2023**	2022
At the beginning of the year	**4,177,878**	5,167,594
Recovery	**(3,324,267)**	(2,487,677)
Charge	**9,601,438**	1,497,961
At the end of the year	**10,455,049**	4,177,878

10. AMOUNTS DUE FROM CREDIT INSTITUTIONS

In thousands of tenge	**2023**	2022
Deposits in Kazakhstan banks	**21,307,165**	25,230,455
Allowance for expected credit losses	**(201,443)**	(377,867)
	21,105,722	24,852,588
Less: current portion	**(67,051)**	(75,813)
Non-current portion	**21,038,671**	24,776,775

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. AMOUNTS DUE FROM CREDIT INSTITUTIONS (continued)

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	**2023**	2022
At the beginning of the year	**377,867**	526,281
Recovery	**(176,424)**	(148,414)
At the end of the year	**201,443**	377,867

11. OTHER NON-CURRENT ASSETS

In thousands of tenge	Finished real estate properties	Right of use of land	Other	Total
At 31 December 2021	258,792	6,114,086	3,233	6,376,111
Transferred to real estate for sale	(2,555)	–	–	(2,555)
Leased out on finance lease	(19,970)	–	–	(19,970)
Termination of the financial lease agreement	18,992	–	–	18,992
Transferred to intangible assets	–	(3,000)	–	(3,000)
Addition	–	505,678	–	505,678
Reversal of impairment allowance	85,973	–	–	85,973
Write off	(4,052)	–	–	(4,052)
At 31 December 2022	337,180	6,616,764	3,233	6,957,177
Acquisitions through business combinations *(Note 5)*	**–**	**–**	**8,792**	**8,792**
Transferred to real estate for sale	**(4,224)**	**–**	**–**	**(4,224)**
Realized *(Note 27)*	**–**	**(2,595,916)**	**–**	**(2,595,916)**
Transferred to assets held for sale *(Note 19)*	**–**	**(1,336,133)**	**–**	**(1,336,133)**
Termination of the financial lease agreement	**431,403**	**–**	**–**	**431,403**
Transferred to property and equipment *(Note 6)*	**(16,507)**	**–**	**–**	**(16,507)**
Addition	**–**	**297,316**	**690**	**298,006**
Write off	**–**	**(84,883)**	**–**	**(84,883)**
Accrual of impairment allowance	**(17,629)**	**–**	**–**	**(17,629)**
At 31 December 2023	**730,223**	**2,897,148**	**12,715**	**3,640,086**

Other non-current assets include finished and unfinished real estate objects for which the Group has no definite plans for use.

12. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. ADVANCES PAID TO CONSTRUCTION COMPANIES (continued)

Movement of advances issued to construction companies for 2023 and 2022 is presented as follows:

In thousands of tenge	**2023**	2022
At the beginning of the year	**3,739,091**	8,471,414
Advances paid for the year	**–**	9,043,856
Reversal/(accrual) of impairment allowance	**527,840**	(527,840)
Real estate properties received	**–**	(5,931,904)
Transfer to loans issued *(Note 9)*	**–**	(5,960,461)
Guarantee payments	**–**	177,957
Transfer to other current assets	**(1,631,548)**	(1,533,931)
Repayment of advances paid	**(2,632,132)**	–
Advances for projects under construction	**3,251**	3,739,091

13. 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 2023 and 2022, accounts receivable were denominated in tenge.

14. FINANCIAL INSTRUMENTS

In thousands of tenge	**2023**	2022
Financial assets carried at amortised cost		
Notes of the National Bank of the Republic of Kazakhstan	**12,165,418**	–
Other	**130,733**	32,629
	12,296,151	32,629
Financial assets at fair value through OCI		
Government bonds of the Republic of Kazakhstan	**467,532**	426,806
	467,532	426,806
Total financial instruments	**12,763,683**	459,435

As at 31 December 2023, the carrying amount of the notes of the National Bank of the Republic of Kazakhstan is represented by notes purchased by the Group in December 2023 in the amount of 12,140,627 thousand tenge and accrued interest in the amount of 24,791 thousand tenge. The interest rate is 14.91% per annum.

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.

The current financial assets as at 31 December 2023 and 2022 are presented in tenge.

15. ASSETS AND LIABILITIES UNDER AGENCY AGREEMENTS

Agency contract assets

During 2023, the Group paid advances to construction companies under contracts for the purchase of comprehensive works on the design and turnkey construction of secondary education facilities for a total amount of 190,178,199 thousand tenge. The advances paid to construction companies are classified as an asset under agency agreements as part of the execution of contracts on comprehensive works and services for the construction of facilities within the framework of the pilot National project "Comfort School" concluded with local authorities, where the Group acts as an agent in accordance with IFRS 15.

Agency contract liabilities

The agency contract liabilities are presented by an advance payment received from local authorities for the implementation of the pilot national project "Comfortable School" within the framework of contracts on comprehensive works and services for the construction of facilities.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. ASSETS AND LIABILITIES UNDER AGENCY AGREEMENTS (continued)

Agency contract liabilities (continued)

During 2023, the Group signed contracts on comprehensive works and services for the construction of facilities within the framework of the National Project. The Group does not reflect the assets created under such agreements on the balance sheet, as the Group acts as an agent according to the criteria determined under IFRS 15. The economic benefits are not the ultimate goal of the concluded contracts.

The cash flow received under agency agreements and contracts with customers for 2023 is presented as follows:

In thousands of tenge	**2023**
At the beginning of the year	**–**
Cash proceeds under agency agreements	**496,331,173**
Cash proceeds from project management contracts *(Note 25)*	**3,668,539**
Cash given within the framework of the implementation of the national project	**(190,178,199)**
Other	**(816 446)**
At the end of the year	**309,005,067**

16. CONTRACT ASSETS

The contract assets are presented by the right to refund, which the Group expects to be entitled to receive in exchange for the services provided. The contract assets are reclassified to receivables when rights become unconditional.

As at 31 December 2023, the Group has valid Contracts for the project management services with government agencies.

17. OTHER CURRENT ASSETS

In thousands of tenge	**2023**	2022
Cash with Delta Bank JSC	**5,067,301**	5,067,301
Refund of advances paid by construction companies	**3,061,695**	1,788,710
Cash with KazInvestBank JSC	**1,361,431**	1,365,576
Restricted cash in Halyk Bank JSC	**90,399**	125,490
Debt on SB Alpha Bank JSC	**4,089**	4,690
Other current assets	**361,544**	350,144
Allowance for expected credit losses	**(6,651,949)**	(6,441,614)
	3,294,510	2,260,297

As at 31 December 2023, other current assets consist of debts on claims, funds placed with KazInvestBank JSC of 1,361,431 thousand tenge and with Delta Bank JSC in the amount of 5,067,301 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.

The refund of advances paid by construction companies comprises an obligation to repay the Group's funds and lost profits in accordance with the additional agreements concluded under construction investment agreements.

The movement of allowance for expected credit losses on other assets is as follows:

In thousands of tenge	**2023**	2022
At the beginning of the year	**6,441,614**	6,442,613
Recovery	**(55,138)**	(999)
Charge	**265,473**	–
At the end of the year	**6,651,949**	6,441,614

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. CASH AND CASH EQUIVALENTS

In thousands of tenge	2023	2022
Cash control account	**306,152,975**	–
Short-term deposits	**3,084,109**	22,611,050
Reverse autoREPO agreements with initial maturity of less than 3 months	**2,157,293**	4,768,058
Current accounts	**138,009**	172,033
Allowance for expected credit losses	**(103)**	(4,480)
	311,532,283	27,546,661

As at 31 December 2023, the Group had cash in the amount of 306,152,975 thousand tenge, which is represented by a cash control account in the regional treasury department of the Ministry of Finance of the Republic of Kazakhstan opened with a special purpose of the implementation of the pilot national project "Comfortable School".

As at 31 December, cash and cash equivalents comprised current bank accounts in tenge. Interest is accrued on balance of cash in current bank accounts at a rate of 5.0% (2022: 5%).

Short-term deposits comprise deposits in tenge with maturity not more than 3 months placed with second-tier banks with an interest rate of 14.25-14.75%.

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

In thousands of tenge	2023	2022
At the beginning of the year	**4,480**	11,604
Charge	**134**	1,736
Recovery	**(4,511)**	(8,860)
At the end of the year	**103**	4,480

19. ASSETS HELD FOR SALE

The asset intended for disposal as at 31 December 2023 is represented by a land plot, which the Group undertakes to sell to the Developer under the termination agreement of construction investment agreement *(Note 25)*.

20. SHARE CAPITAL

The charter capital of the Group is fully paid by the Parent Company 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 2023, the Group declared and paid dividends on its ordinary shares in the amount of 6,437,115 thousand tenge (2022: 2,030,548 tenge).

Earnings per share

The amounts of basic earnings per share are calculated by dividing the net profit for the year by the weighted average number of common shares. The Group had a weighted average number of ordinary shares in the amount of 16,247,541 shares during the year ended 31 December 2023 (for the year ended 31 December 2022: 16,247,541 shares). For the year ended 31 December 2023 and 2022, basic earnings per share amounted to 457.75 tenge and 325.20 tenge, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. SHARE CAPITAL (continued)

Book value per share

In thousands of tenge	31 December 2023	31 December 2022
Calculation of book value of share		
Total assets	**616,045,696**	143,369,824
Less: intangible assets	**(79,394)**	(59,557)
Less: total liabilities	**(555,013,545)**	(79,384,457)
Net assets	**60,952,757**	63,925,810
Number of ordinary shares, pieces	**16,247,541**	16,247,541
Book value per share, tenge	**3,751.51**	3,934.49

21. LOANS RECEIVED AND BONDS

Loans received

In thousands of tenge	% rate	Repayment	2023	2022
Credit facility No. 3	2.0%	2032		
Balance at the beginning of the period			**44,856,148**	49,577,848
Interest accrued			**873,121**	967,555
Payments			**(5,594,821)**	(5,689,255)
Balance at the end of the period			**40,134,448**	44,856,148
Credit facility No. 4	2.0%	2034		
Balance at the beginning of the period			**14,225,975**	17,858,600
Interest accrued			**222,930**	316,434
Payments			**(8,208,790)**	(3,949,059)
Balance at the end of the period			**6,240,115**	14,225,975
Current portion of loans			**46,374,563**	59,082,123

Credit facilities No. 3 and No. 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 – 2022”), 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.

During 2023, the Group repaid principal in the amount of 4,721,700 thousand tenge and interest in the amount of 873,121 thousand tenge (2022: 4,721,700 thousand tenge and 967,555 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 an 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 2023, the Group repaid principal in the amount of 7,985,860 thousand tenge and interest in the amount of 222,930 thousand tenge (2022: 3,632,625 thousand tenge and 316,434 thousand tenge, respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. LOANS RECEIVED AND BONDS (continued)

Bonds

On 15 March 2021, the Group placed 2,000,000 bonds with a nominal value of 1,000 Russian roubles each with an interest rate of 8% per annum. The coupon is paid semi-annually until 9 September 2023.

On 15 August 2023, the Group fully repaid its obligations under the placed bonds.

22. ACCOUNTS PAYABLE

In thousands of tenge	2023	2022
Accounts payable	**128,041**	72,777
Accounts payable on land plots	**–**	2,086,004
	128,041	2,158,781

During 2023, the Group repaid accounts payable on land plots to Samruk-Kazyna. As at 31 December 2023 and 2022 accounts payable were denominated in tenge and interest-free.

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. LIABILITIES TO PAYMENTS UNDER GUARANTEE

Liabilities under guarantee payments are a financial security for the execution of contracts contributed by construction and other companies.

25. LIABILITIES UNDER CONTRACTS WITH CUSTOMERS

In thousands of tenge	2023	2022
Advances received under project management contracts	**3,668,539**	–
Advances received for land plot	**1,336,133**	–
Other	**853,637**	355,219
	5,858,309	355,219

The advances received under the project management contracts are presented by an advance payment received from local authorities for the implementation of the pilot national project "Comfortable School" within the framework of project management service contracts.

The advances received for the land plot represent an advance payment received from Ayt Housing Complex LLP within the termination agreement of the construction investment agreement *(Note 19)*.

26. REVENUE

In thousands of tenge	2023	2022
Interest income on interest bearing financing of construction companies	**6,165,368**	5,902,711
Financing lease income	**4,903,846**	5,302,715
Income from engineering supervision and the “Comfortable schools” project management services	**3,079,496**	–
Income from sale of land plot (*Note 11*)	**2,595,916**	–
Interest on special deposits under the Zelenyi Kvartal program	**834,540**	1,007,103
Reimbursement of expenses under the construction investment agreement	**645,992**	–
Operating lease income	**387,319**	351,625
Income from sale of finished residential and commercial premises	**161,149**	6,812,464
Property management fee	**124,452**	203,952
Other income	**418,310**	60,549
	19,316,388	19,641,119

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. REVENUE (continued)

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

In thousands of tenge	2023	2022
Timing of revenue recognition		
The services are provided over a period in time	**16,559,323**	12,828,655
The goods are transferred at a certain point in time	**2,757,065**	6,812,464
	19,316,388	19,641,119

In 2023, the Group provided project management and engineering supervision services mainly within the framework of contractual obligations for the implementation of the pilot national project “Comfortable School”, however, this scope of work was not confirmed by completion work certificates at the reporting date and therefore an asset under the contracts was recognized in the amount of costs incurred.

During 2023 and 2022, goods and services were sold in the Republic of Kazakhstan.

27. COST OF SALES

In thousands of tenge	2023	2022
Cost of sold land plots *(Note 11)*	**2,595,916**	–
Payroll, other employee benefits and related taxes for the management of the Comfortable Schools project	**2,155,566**	–
Maintenance of real estate properties	**225,658**	225,298
Interest expense	**222,929**	316,433
Operating taxes	**218,535**	125,405
Third party services	**139,979**	–
Cost of residential and commercial premises sold	**132,500**	5,684,364
Depreciation and amortisation	**51,606**	105,660
Payment indexation	**39,947**	291,771
Business trip expenses	**39,401**	–
Rent	**32,797**	–
Licenses, permits, fees, payments, etc.	**21,896**	–
Other	**113,357**	2,923
	5,990,087	6,751,854

28. GENERAL AND ADMINISTRATIVE EXPENSES

In thousands of tenge	2023	2022
Payroll, other employee benefits and related taxes	**1,568,848**	1,125,184
Professional services	**142,996**	245,174
Repair and maintenance	**85,687**	54,392
Tax expenses	**76,340**	87,503
Depreciation and amortisation	**42,559**	49,996
Business trip expenses	**39,981**	40,966
Rent	**28,685**	6,212
Board of Directors expenses	**14,280**	6,520
Materials	**10,225**	5,569
Communication	**6,655**	5,332
Bank charges	**2,518**	2,693
Maintenance of building	**1,529**	511
Other	**186,234**	45,642
	2,206,537	1,675,694

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. FINANCE INCOME/FINANCE COSTS

In thousands of tenge	2023	2022
Finance income		
Interest income on bank deposits and current bank accounts	**2,031,064**	2,746,136
Income on Notes of the National Bank of the Republic of Kazakhstan	**1,026,507**	–
Income from reverse autoREPO agreements	**538,774**	1,458,266
Income on government bonds	**26,487**	26,412
	3,622,832	4,230,814
Finance costs		
Interest expense on loans	**(873,121)**	(1,869,159)
Interest expenses for bonds issued	**(557,022)**	(1,111,244)
Discount amortisation	**–**	(127,958)
Expenses associated with raising of funds	**–**	(25,990)
	(1,430,143)	(3,134,351)

30. FOREIGN EXCHANGE GAIN AND LOSS

Due to the change in exchange rate of tenge for the year ended 31 December 2023, the Group recognized a net positive exchange rate difference in the amount of 3,997,500 thousand tenge (for the year ended 31 December 2022: net negative exchange rate difference of 6,566,852 thousand tenge). The net negative exchange rate difference in 2023 is caused mainly due to the significant change in exchange rate of tenge to the Russian rouble.

31. OTHER INCOME AND EXPENSES

In thousands of tenge	2023	2022
Other income		
Income from fines, penalties and forfeits	**246,783**	167,863
Recognition of profit from the land plot exchange	**213,212**	–
Income from excess of the cost of the acquired net assets of the subsidiary over the cost of acquisition *(Note 5)*	**113,999**	–
Other	**382,335**	35,539
	956,329	203,402
Other expenses		
Loss on changes in contractual obligations (Note 9)	**(1,715,208)**	–
Currency exchange costs	**(332,704)**	(143,478)
Other	**(18,853)**	(16,094)
	(2,066,765)	(159,572)

32. INCOME TAX EXPENSES

Income tax expenses comprised the following for the years ended 2023 and 2022:

In thousands of tenge	2023	2022
Current income tax expenses	**2,308,370**	829,352
Adjustment of prior periods income tax	**–**	2,426
Proceeds from the merger of entities	**(2,472)**	–
Deferred tax expense as a result of origination and reversal of temporary differences	**565,221**	385,043
	2,871,119	1,216,821

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. INCOME TAX EXPENSES (continued)

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 2023 and 2022 is as follows:

In thousands of tenge	2023	2022
Profit before tax	**10,308,403**	6,500,523
Statutory tax rate	**20%**	20%
Income tax at statutory income tax rate	**2,061,681**	1,300,105
Accrual/(reversal) of allowance for expected credit losses	**1,145,706**	(135,272)
Loss due to changes in contractual terms	**343,042**	–
Income on coupon interest of government securities	**(5,298)**	(5,282)
Income from the increase in the value of Notes of the National Bank of the Republic of Kazakhstan	**(205,301)**	–
Accumulated depreciation on retired fixed assets	**(465,009)**	–
Other permanent differences	**(3,702)**	57,270
	2,871,119	1,216,821

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	2023	2022	2023	2022
Deferred tax assets				
Provisions for current financial assets and accounts receivable	**26,439**	42,807	**(16,368)**	–
Taxes	**11,245**	4,978	**6,267**	3,339
Deferred income	**18,369**	21,430	**(3,061)**	(3,060)
Other	**105,346**	49,300	**56,046**	(38,384)
	161,399	118,515	**42,884**	(38,105)
Deferred tax liabilities				
Property, plant and equipment	**2,694**	(443,618)	**446,312**	(12,154)
Expected income from project management services	**(426,519)**	–	**(426,519)**	–
Expected Interest on loans issued	**(1,771,796)**	(1,143,898)	**(627,898)**	(632,959)
Income from the sale of land	**–**	–	**–**	298,175
	(2,195,621)	(1,587,516)	**(608,105)**	(346,938)
Deferred tax liabilities	**(2,034,222)**	(1,469,001)		
Net deferred tax expense			**(565,221)**	(385,043)

As at 31 December 2023 and 2022, the Group had no unrecognised deferred tax assets.

33. 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 2023 and 2022, the Group has not recorded any impairment of accounts receivable 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. RELATED PARTY DISCLOSURES (continued)

Major transactions with related parties for 2023 and 2022 are as follows:

In thousands of tenge	**2023**	2022
Entities under the Parent's control		
Sales to related parties	**159,852**	204,499
Purchases from related parties	**133,561**	361,806
Gain from operating lease	**10,029**	11,496
	303,442	577,801

In thousands of tenge	**2023**	2022
Other state-owned companies		
Finance income	**1,026,507**	–
	1,026,507	–

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 2023 and 2022:

In thousands of tenge	**2023**	2022
Entities under the Parent's control		
Trade accounts receivable	**17,673**	1,255
Accounts payable	**(11,587)**	(2,093,406)

In thousands of tenge	**2023**	2022
Other state-owned companies		
Current financial assets	**12,165,418**	–
	12,165,418	–

Loans payable to the Parent company

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

Transactions with the Government

The Government of Kazakhstan is the ultimate controlling party of the Group. As part of the implementation of the pilot national project "Comfortable School", the Group has concluded contracts for the implementation of comprehensive works and services for the construction of facilities and project management services. The Group applies the exemption provided by IAS 24 "*Related Parties*", which allows for simplified disclosures on transactions with Government-controlled entities.

Compensation to the key management personnel

In 2023, key management personnel consisted of eight persons (2022: five persons). Total compensation to the key management personnel included in payroll expenses amounted to 152,285 thousand tenge for the reporting period (2022: 133,175 thousand tenge). Compensation to key management personnel mainly consists of 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.

34. FINANCIAL COMMITMENTS AND CONTINGENCIES

Contractual commitments

As at 31 December 2023, the Group had contractual obligations in the total amount of 9,109,212 thousand tenge (2022: 17,129,729 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. FINANCIAL COMMITMENTS AND CONTINGENCIES (continued)

Contractual commitments for the implementation of the pilot national project "Comfortable School"

In order to implement the pilot national project "Comfortable School", the Group has concluded contracts on the comprehensive works and services for the construction of secondary education facilities and contracts for the project management services with local authorities.

Within the framework of the concluded contracts, it is planned to purchase works on the construction of 359 facilities. During 2023, tender procedures were conducted for the purchase of works on the construction of 208 facilities.

As at 31 December 2023, the Group had contractual commitments to local authorities for the provision of project management services in the amount of 17,640,400 thousand tenge, as well as the comprehensive construction works and services recognized as agency agreements in the amount of 2,307,427,017 thousand tenge.

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 additionally 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 the Kazakhstan 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 2023. The management believes that as at 31 December 2023 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.

35. 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 comprise foreign currency risk, liquidity risk, and credit risk.

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, the Group's current liabilities did not exceed its current assets.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2023 and 31 December 2022, 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 2023						
Loans	46,374,563	–	900,595	3,101,970	888,465	51,265,593
Accounts payable	–	128,041	–	–	–	128,041
	46,374,563	128,041	900,595	3,101,970	888,465	51,393,634

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

In thousands of tenge	On demand	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
At 31 December 2022						
Loans	59,082,123	–	2,460,739	3,974,725	3,306,486	68,824,073
Debt securities issued	–	1,543,200	13,428,698	–	–	14,971,898
Accounts payable	–	2,158,781	–	–	–	2,158,781
	59,082,123	**3,701,981**	**15,889,437**	**3,974,725**	**3,306,486**	**85,954,752**

Credit risk

Financial instruments that potentially expose the Group to credit risk consist of cash on bank 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.

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 as well as cash in a cash control account in the regional treasury department of the Ministry of Finance of the Republic of Kazakhstan:

		Rating			
In thousands of tenge	Location	2023	2022	31 December 2023	31 December 2022
Cash control account	Kazakhstan	**No rating**	No rating	**306,152,975**	–
First Heartland Jusan Invest	Kazakhstan	**Ba3/Positive**	B1/ Stable	**21,105,722**	24,852,590
KazPost JSC	Kazakhstan	**No rating**	No rating	**2,898,467**	–
Reverse autoREPO with a basket of government securities	Kazakhstan	**No rating**	No rating	**2,157,293**	4,768,058
Halyk Bank JSC	Kazakhstan	**BBB-/stable/BB+**	BBB-/stable/BB+	**323,637**	19,062,516
Forte Bank JSC	Kazakhstan	**BB-/stable/BB**	BB-/negative/BB-	–	1,488,827
Bank Centre Credit JSC	Kazakhstan	**BB-/stable/BB**	B+ /Stable	–	2,227,258
				332,638,094	52,399,249

Fair value of financial instruments

As at 31 December 2023, 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 consolidated 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 2023, the carrying amounts of such receivables, net of allowances, approximated their fair value.
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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.

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 2023:

			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)
Assets measured at fair value					
Government bonds of the Republic of Kazakhstan *(Note 14)*	**467,532**	**467,532**	**467,532**	**–**	**–**
Assets with disclosed fair value					
Loans issued (*Note 9*)	**27,668,714**	**27,668,714**	**–**	**–**	**27,668,714**
Finance lease receivable *(Note 8)*	**40,378,812**	**40,378,812**	**–**	**–**	**40,378,812**
Trade accounts receivable	**875,838**	**875,838**	**–**	**–**	**875,838**

Measurement hierarchy for liabilities at fair value as at 31 December 2023:

			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 *(Note 21)*	**46,374,563**	**46,374,563**	**–**	**–**	**46,374,563**
Accounts payable	**128,041**	**128,041**	**–**	**–**	**128,041**
Other current liabilities	**1,576,764**	**1,576,764**	**–**	**–**	**1,576,764**

Measurement hierarchy for assets at fair value as at 31 December 2022:

			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)
Assets measured at fair value					
Government bonds of the Republic of Kazakhstan *(Note 14)*	426,806	426,806	426,806	–	–
Assets for which fair values are disclosed					
Loans issued (*Note 9*)	24,138,205	24,138,205	–	–	24,138,205
Finance lease receivable *(Note 8)*	47,309,507	47,309,507	–	–	47,309,507
Trade accounts receivable	320,370	320,370	–	–	320,370

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value measurement hierarchy (continued)

Measurement hierarchy for liabilities at fair value as at 31 December 2022:

			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 *(Note 21)*	59,082,123	59,082,123	–	–	59,082,123
Debt securities issued	13,174,356	13,174,356	–	–	13,174,356
Accounts payable	2,158,781	2,158,781	–	–	2,158,781
Other current liabilities	1,088,076	1,088,076	–	–	1,088,076

Changes in liabilities resulting from financing activities

The table below discloses the changes in short term financing liabilities for 2023 and 2022:

In thousands of tenge	1 January 2023	Cash inflow	Cash outflow	Change in exchange rates	Interest paid	Other*	31 December 2023
Loans	**59,082,123**	**–**	**(12,707,561)**	**–**	**(1,096,049)**	**1,096,050**	**46,374,563**
Debt securities issued	**13,174,356**	**–**	**(8,840,000)**	**(4,121,289)**	**(770,089)**	**557,022**	**–**
Total liabilities	**72,256,479**	**–**	**(21,547,561)**	**(4,121,289)**	**(1,866,138)**	**1,653,072**	**46,374,563**

In thousands of tenge	1 January 2022	Cash inflow	Cash outflow	Change in exchange rates	Interest paid	Other*	31 December 2022
Loans	81,880,635	–	(28,029,326)	5,439,433	(2,394,211)	2,185,592	59,082,123
Debt securities issued	11,801,600	–	–	1,223,911	(962,400)	1,111,245	13,174,356
Total liabilities	**93,682,235**	**–**	**(28,029,326)**	**6,663,344**	**(3,356,611)**	**3,296,837**	**72,256,479**

* *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 2023.

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 2023 and 2022 is presented in the following table:

In thousands of tenge	**2023**	2022
Loans	**46,374,563**	59,082,123
Debt securities issued	**–**	13,174,356
Accounts payable	**128,041**	2,158,781
Net debt	**46,502,604**	74,415,260
Equity	**61,032,151**	63,985,367
Debt-equity ratio	**0.76**	1.16

36. SUBSEQUENT EVENTS

On 16 February 2024, the Group completed the re-registration of the land plot intended for sale under the termination agreement of the construction investment agreement *(Note 19, 25)*.