Eurasia RED Group's
Combined Financial Statements
31 December 2021, 2020, 2019

Contents

Statement of the Management Responsibility for the Preparation and Approval of the Combined Financial Statements for the Year Ended 31 December 2021, 2020, 2019

The following statement, which should be read in conjunction with the description of the auditors' responsibilities contained in the independent auditors' report, is made with a view to distinguishing the auditors' responsibilities in relation to the combined financial statements of Kazakhstani subsidiaries of Eurasia RED Holdings B.V.: As Trade Co LLP and its subsidiaries Home Mart LLP and East Land LLP combined with Stroy Alliance Group LLP, Agro Land Co LLP, Rental Group Inc. LLP and Company Shygys Zher LLP (hereinafter 'Eurasia Red Group' or the 'Group'). The Group companies since February 2022 will become the subsidiaries of Eurasia Red Limited, the company incorporated in Astana International Financial Centre.

The management of the Group is responsible for the preparation of combined financial statements that present fairly, in all material respects the combined financial position of the Group as at 31 December 2021, as well as combined financial results of its operations, changes in equity and cash flows for the year ended on that date, in accordance with International financial reporting standards ('IFRS'). When preparing the combined financial statements the management is responsible for:

- Selecting appropriate accounting policies and applying them consistently;
- Applying reasonable estimates and calculations;
- Ensuring compliance with the IFRS, or disclosing all significant deviations from the IFRS in notes to the combined financial statements; and
- Preparing the combined financial statements based on the assumption that the Group will continue as a going concern, except for the cases where such assumption is illegal.

Management is also responsible for:

- Development, implementation and maintenance of reliable internal control in all business units of the Group;
- Maintenance of the accounting records in the manner, which allows to disclose and explain Group's transactions, and present at any moment the information on the financial position of the Company with a sufficient degree of accuracy and ensure that the combined financial statements comply with IFRS;
- Maintenance of accounting records in accordance with applicable laws of the Republic of Kazakhstan and IFRS;
- Taking all reasonably possible measures to ensure the safekeeping of the assets of the Group; and
- Detection and prevention of financial and other irregularities.

The combined financial statements of the Group for the years ended 31 December 2021, 2020, 2019 were approved on 29 April 2022 and signed on behalf of the Group by:

Yerlan Mukashev General Director	Yerzhan Tumabekov Financial Director	Azat Abdoldin Chief Accountant

The combined financial statements should be read in conjunction with the notes to pages 13-58, which are an integral part of these combined financial statements.

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INDEPENDENT AUDITOR’S REPORT

To the sole shareholder and the management of Eurasia RED Holdings B.V. Kazakhstani subsidiaries group

Opinion

We have audited the accompanying combined financial statements of Eurasia RED Holdings B.V. Kazakhstani subsidiaries group (the "Group"), which comprise the combined statement of financial position as at 31 December 2021, 2020, 2019 and the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity, the combined statement of cash flows for the years then ended, as well as a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, 2020, 2019 as well as its financial results and cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted the audit in accordance with International Auditing Standards. Our responsibilities under these standards are described further in the Auditor's Responsibility for the Audit of the Combined Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements applicable to our audit of the combined financial statements in Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics for Professional Accountants.

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

Key audit matters

The key audit matters are the matters that, according to our professional judgment, were the most significant for our audit of the combined financial statements for the current period. These issues were considered in the context of our audit of the combined financial statements as a whole when forming our opinion on these statements, and we do not express a separate opinion on these issues. For each of the issues listed below, our description of how the relevant issue was addressed during our audit is provided in this context

We have fulfilled the responsibilities described in the section "Auditor's responsibility for the audit of the combined financial statements" of our report, including in relation to these issues. Accordingly, our audit included the implementation of procedures developed in response to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including those performed in the course of consideration of the issues listed below, serve as the basis for expressing our audit opinion on the accompanying combined financial statements.

Key audit matter	How the Relevant Key Matter was addressed in our audit
Fair value of investment property	
As at 31 December 2021, 2020 and 2019, the Group estimated the fair value of its investment property. Due to the high level of subjectivity of the assumptions used in assessing the fair value of investment property, we believe that this issue is the most significant for our audit. The Group uses independent external appraisers in its evaluation process. The fair value of the investment property was assessed using the income approach for completed assets and the comparative approach under the comparative analysis method and the income approach under the development method for unfinished assets. Significant assumptions used in the calculation of fair value included occupied space, rent rate increase, discount rate. Information about investment property is disclosed in Note 5 to the combined financial statements, a description of accounting policies, key judgments and estimates is disclosed in Notes 3.6 and 4 to the combined financial statements.	We reviewed the evaluation process of the Group, evaluated the independence and experience of external evaluators. For assets for which the revenue approach was used, we compared the initial data used by independent external appraisers with the Group's business plans. We evaluated the assumptions used and compared them with historical data. We have engaged our internal evaluators to analyze the evaluation method used by the Group. We compared the discount rate used in the calculations and the growth rate of the rental rate with the available external information. For assets for which a comparative approach was used within the framework of the comparative analysis method and a profitable approach within the framework of the development method, we compared the main initial data (the cost of land plots, technical characteristics - area, anchor tenants, etc., the cost of materials, construction works) with the technical documentation of the Group. We have verified the mathematical accuracy of the fair value calculations, as well as performed audit procedures with respect to the sensitivity calculations performed by management. We have analyzed the disclosures on the fair value of investment property in the combined financial statements.

Management's responsibility for the combined financial statements

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

In preparing the combined financial statements, management is responsible for assessing the Group's ability to continue as a going concern, for disclosing information related to going concern, as appropriate, and for preparing statements based on the going concern assumption, unless management intends to liquidate the Group, terminate its operations, or when it has no realistic alternative other than liquidation or termination of operations.

Auditor's responsibility for the audit of the combined financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report containing our opinion. Reasonable assurance represents a high degree of confidence, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect material misstatements if any. Misstatements may be the result of fraud or error and are considered material if, individually or collectively, they can reasonably be assumed to influence the economic decisions of users made on the basis of these combined financial statements.

As part of an audit conducted in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we perform the following:

- identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error; design and perform audit procedures in response to these risks; obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of non-detection of material misstatement as a result of unfair actions is higher than the risk of non-detection of material misstatement as a result of error, since unfair actions may include collusion, forgery, intentional omission, distorted presentation of information or actions bypassing the internal control system;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system;

- evaluate the appropriateness of accounting policies applied and the reasonableness of accounting estimates and related disclosures prepared by management;

- we conclude on the appropriateness of management's use of the going concern assumption, and based on the audit evidence obtained, we conclude whether there is a material uncertainty related to events or conditions that may result in significant doubts about the Group's ability to continue operating continuously. If we conclude that there is a material uncertainty, we should draw attention in our auditor's report to the relevant disclosures in the financial statements or, if such disclosures are inappropriate, modify our opinion. Our conclusions are based on audit evidence obtained prior to the date of our audit opinion. However, future events or conditions may cause the Group to lose the ability to continue its activities continuously;

- evaluate the overall presentation of the combined financial statements, their structure and content, including disclosures, as well as whether the combined financial statements represent the underlying transactions and events in such a way as to ensure their fair presentation.

We carry out informational interaction with persons responsible for corporate governance, bringing to their attention, among other things, information about the planned scope and timing of the audit, as well as significant comments on the audit results, including significant deficiencies in the internal control system that we identify during the audit.

We also provide the persons responsible for corporate governance with a statement that we have complied with all relevant ethical requirements regarding independence and informed these persons about all relationships and other issues that can reasonably be considered to have an impact on the independence of the auditor, and, if necessary, about appropriate precautions.

From the issues that we have brought to the attention of those responsible for corporate governance, we identify the issues that were most significant for the audit of the combined financial statements for the current period and, therefore, are the key audit issues. We describe these issues in our audit report, except in cases when public disclosure of information about these issues is prohibited by law or regulation, or when in extremely rare cases we come to the conclusion that information about any issue should not be reported in our audit report, since it can be reasonably assumed that the negative consequences of reporting such information will exceed the socially significant benefits of reporting it.

Lidiya Petruk _____

Auditor

Alberto Simoncini _____

Director of «Crowe Audit Astana Limited Liability Partnership»

Auditor's qualification certificate No. 0000546 dated 08.07.2003

Commercial license to engage in auditing activities on the territory of the Astana International Financial Center No. AFSA-O-CD-2019-0078, issued by the AIFC Committee on Financial Services Regulation on June 26, 2019

Nur-Sultan, District Yesil, Mangilik El Avenue, 55/22, block C4.3, office 231

29 April 2022

Combined Statement of Financial Position as at 31 December 2021, 2020, 2019

In thousands of tenge	Note	31 December 2021	31 December 2020	31 December 2019
ASSETS				
Non-current assets				
Property, plant and equipment	6	67,032	48,839	45,483
Investment property	5	99,501,329	90,135,390	91,250,785
Intangible assets		-	-	71
Right-of-use asset	7	51,681	60,405,	52,417
Long-term VAT recoverable		298,907	21,327	-
Long-term advances	12	1,627,520	95,779	6,700
Total non-current assets		**101,546,469**	**90,361,740**	**91,355,456,**
Current assets				
Inventories	9	14,837	35,325	80,898
Trade receivables	11	955,042	778,859	488,476
Loans receivable	10	146,957	183,126	190,134
Prepayment of income tax		8,715	950	2
VAT recoverable	26	1,663,299	1,574,783	248,006
Prepayments and other current assets	12	206,624	91,744	150,379
Cash and cash equivalents	13	934,010	369,366	150,640
		3,929,484	**3,034,153**	**1,308,535**
Assets held for sale	8	-	108,772	71,688
Total current assets		**3,929,484**	**3,142,925**	**1,380,223**
TOTAL ASSETS		**105,475,953**	**93,504,665**	**92,735,679**
EQUITY AND LIABILITIES				
Equity				
Charter capital	14	185,169	185,169	185,169
Additional paid-in capital	16	4,850,167	4,850,167	4,850,167
Retained earnings		43,431,206	37,263,283	31,721,008
Total equity		**48,466,542**	**42,298,619**	**36,756,344**
Non-current liabilities				
Deferred tax liabilities	26	11,964,847	9,566,210	7,269,441
Deferred income (incentives)		409,499	237,400	269,484
Borrowings from banks: non-current portion	15	26,364,131	26,184,820	21,981,424
Long-term VAT payable	18	1,050,450	-	-
Due to related parties	16	-	-	18,021,417
Lease liabilities	7	55,217	61,386	54,443
Total non-current liabilities		**39,844,144**	**36,049,816**	**47,596,209**
Current liabilities				
Trade payables	17	609,674	271,709	286,370
Borrowings from banks: current portion	15	4,504,481	2,095,113	3,556,913
Due to related parties	16	10,255,728	10,077,470	2,950,098
Lease liabilities	7	6,316	5,545	1,245
Income tax payable		-	69	1,991
Taxes and payments		42,121	17,413	14,157
VAT payable	26	677,417	1,671,144	386,611
Other current liabilities		238,757	233,567	206,580
Contractual obligations	19	830,773	784,200	979,161
Total current liabilities		**17,165,267**	**15,156,230**	**8,383,126**
Total liabilities		**57,009,411**	**51,206,046**	**55,979,335**
TOTAL EQUITY AND LIABILITIES		**105,475,953**	**93,504,665**	**92,735,679**

The combined financial statements of the Group for the years ended 31 December 2021, 2020, 2019 were approved on 29 April 2022 and signed on behalf of the Group by:

"AS Trade CO"

Yerlan Mukashev	Yerzhan Tumabekov	Azat Abdoldin
General Director	Financial Director	Chief Accountant

The combined financial statements should be read in conjunction with the notes to pages 13-58, which are an integral part of these combined financial statements.

Combined Statement of Financial Position as at 31 December 2021, 2020, 2019

In thousands of tenge	Note	2021	2020	2019
Revenue	19	6,813,499	3,947,890	5,712,677
Cost of sales	20	(1,895,492)	(1,234,950)	(1,920,265)
Gross profit		**4,918,007**	**2,712,940**	**3,792,412**
Selling expenses	21	(315,578)	(245,175)	(239,755)
Administrative expenses	22	(765,047)	(704,190)	(571,553)
Impairment losses and write-offs	23	(700,571)	(662,453)	(616,726)
Other income/(expenses), net	24	3,460	15,673,915	(68,292)
Income/(loss) from revaluation of investment property	5	6,731,073	(671,099)	14,284,247
Disposal of the subsidiary	1	-	-	(15,437)
Net loss on foreign exchange operations		(181,231)	(4,178,705)	(46,913)
Operating profit		**9,690,113**	**11,926,233**	**16,517,983**
Finance costs	25	(1,123,553)	(4,086,189)	(4,500,063)
Profit before tax		**8,566,560**	**7,839,044**	**12,017,920**
Income tax expense	26	(2,398,637)	(2,296,769)	(2,786,425)
Net income for the period		**6,167,923**	**5,542,275**	**9,231,495**
Other comprehensive income				
Other comprehensive income		-	-	-
Total comprehensive income for the year		**6,167,923**	**5,542,275**	**9,231,495**

The combined financial statements of the Group for the years ended 31 December 2021, 2020, 2019 were approved on 29 April 2022 and signed on behalf of the Group by:

Yerlan Mukashev
General Director

Yerzhan Tumabekov
Financial Director

Azat Abdoldin
Chief Accountant

The combined financial statements should be read in conjunction with the notes to pages 13-58, which are an integral part of these combined financial statements.

Eurasia RED Group
Combined Statement of Cash Flows
For the year ended 31 December 2021, 2020, 2019

In thousands of tenge	Note	2021	2020	2019
Cash flows from operating activities:				
Profit before tax		**8,566,560**	**7,839,044**	**12,017,920**
Adjustments for reconciliation of profit before tax to net cash flows				
Investment property revaluation loss/(income)		(6,731,073)	671,099	(14,275,536)
Depreciation and amortization expenses	20, 21, 22	18,987	17,356	13,441
Depreciation of a right-of-use asset	7	11,938	11,050	10,918
Loss/(income) from disposal of property plant and equipment	24	(5,263)	12	(7,378)
Finance costs	25	1,123,553	4,178,705	4,500,063
Provision for expected credit losses on trade receivables	23	(123,413)	18,176	142,266
Provision for impairment of inventory	23	3,328	29,324	21,467
Provision for impairment of prepayments and other current assets	23	(18,932)	16,200	5,050
Provision for expected credit losses on loans receivable	23	129,019	28,562	3,000
Provision for expected credit losses on cash	23	85	36	-
Vacation reserve expenses/(recovery)		12,932	73,231	(24,907)
Gain on debt release	24	(535)	(15,684,763)	(28,167)
Loss on disposal of a subsidiary		-	-	15,437
Impairment of the assets held for sale	23	710,484	567,408	433,331
Unrealized foreign exchange loss		181,231	4,086,238	46,916
Other		-	3,747	11,612
Cash flows from operating activities before changes in working capital		**3,878,901**	**1,853,426**	**2,885,311**
(Increase) / decrease in operating assets				
Change in inventories		17,160	16,249	8,971
Change in gross loans receivable		(92,850)	(18,554)	(30,784)
Change in gross trade receivables		(52,770)	(308,559)	(140,474)
Change in prepayments and other current assets		(95,949)	42,435	(131,935)
Change in VAT recoverable and other taxes		180,072	(30,156)	372,612
Change in trade payables		337,965	(14,661)	2,732
Change in deferred income		172,099	(32,084)	12,535
Change in other current liabilities		5,192	26,985	23,990
Change in contract liabilities		46,573	(194,964)	468,263
		4,396,392	**1,340,122**	**3,471,221**
Income tax paid		-	(1,993)	-
Interest received on placements with banks	25	40,132	10,648	46
Interest paid	15,16	(2,174,676)	(1,031,250)	(2,149,923)
Net cash flows from operating activities		**2,261,848**	**317,527**	**1,321,344**

The combined financial statements should be read in conjunction with the notes to pages 13-50, which are an integral part of these combined financial statements.

In thousands of tenge	Note	2021	2020	2019
Investing activities:				
Purchase of property, plant and equipment and intangible assets		(34,914)	(20,653)	(21,143)
Purchase of investment property		(4,816,927)	(237,160)	(167,683)
Net cash flows used in investing activities		**(4,851,841)**	**(257,813)**	**(188,826)**
Financing activities:				
Proceeds from borrowings from banks	15	5,049,450	41,867,561	15,481,943
Proceeds from borrowings from related parties	16	-	-	83,000
Repayment of borrowings to banks	15	(1,753,046)	(41,454,504)	(16,714,625)
Repayment of borrowings to related parties	16	(181,646)	(228,847)	(401,666)
Net cash flows received from/(used in) financing activities		**3,114,758**	**184,210**	**(1,551,348)**
Net change in cash and cash equivalents		566,879	243,924	(465,827)
Exchange differences		(2,150)	(25,162)	139,847)
Cash and cash equivalents at the beginning of the period		369,366	150,640	756,314
Change in provision for expected credit losses	13	(85)	(36)	-
Cash and cash equivalents at the end of the period		**934,010**	**369,366**	**150,640**

The combined financial statements of the Group for the years ended 31 December 2021, 2020, 2019 were approved on 29 April 2022 and signed on behalf of the Group by:

Yerlan Mukashev
General Director

Yerzhan Tumabekov
Financial Director

Azat Abdoldin
Chief Accountant

The combined financial statements should be read in conjunction with the notes to pages 13-58, which are an integral part of these combined financial statements.

In thousands of tenge	Authorised capital	Additional Paid In Capital	Retained Earnings	Total
As at 31 December 2018	**185,311**	**4,850,167**	**22,489,513**	**27,524,991**
Disposal of subsidiary (see Note 1)	(142)	-	-	(142)
Total comprehensive income	-	-	9,231,495	9,231,495
As at 31 December 2019	**185,169**	**4,850,167**	**31,721,008**	**36,756,344**
Total comprehensive income	-	-	5,542,275	5,542,272
As at 31 December 2020	**185,169**	**4,850,167**	**37,263,283**	**42,298,619**
Total comprehensive income	-	-	6,167,923	6,167,923
As at 31 December 2021	**185,169**	**4,850,167**	**43,431,206**	**48,466,542**

The combined financial statements of the Group for the years ended 31 December 2021, 2020, 2019 were approved on 29 April 2022 and signed on behalf of the Group by:

Yerlan Mukashev
General Director

Yerzhan Tumabekov
Financial Director

Azat Abdoldin
Chief Accountant

The combined financial statements should be read in conjunction with the notes to pages 13-58, which are an integral part of these combined financial statements.

1 General information

The Eurasia RED Group (hereinafter - the 'Group') consists of eight separate companies, listed below.

The ultimate controlling parties of the Group are the private persons, owning the following membership interests in Eurasia RED Cooperatief U.A, the parent company of the Eurasia RED Holdings B.V.:

- Mr. Kumar Mukashev - 19.1%,
- Mr. Sailau Mukashev – 19.1%,
- Mr. Baltabek Mukashev – 19.1%,
- Mr. Aman Adilkhanov – 23.88%,
- Mr. Yerlan Mukashev – 14.32%,
- Mr. Dmitry Revin – 3%,
- Mr. Moris Tsatiashvilli – 1.5%.

The list of companies, as well as the composition of the participants of these companies, in accordance with the constituent documents, as at 31 December 2021, 2020 and 2019:

	Company	Date of foundation	Participants	2021	2020	2019
1	As Trade Co LLP	27 March 2003	Eurasia RED Holdings B.V.	99.99%	99.99%	99.99%
			Company «ROCKY MOUNTAIN CAPITAL LTD»	0.01%	0.01%	0.01%
2	Home Mart LLP	18 December 2003	As Trade Co LLP	100%	100%	100%
3	Agro Land Co LLP	31 March 2016	Home Mart LLP	97%	97%	97%
			East Land LLP	3%	3%	3%
4	East Land LLP	05 February 2010	Home Mart LLP	99.99%	99.99%	99.99%
			As Trade Co LLP	0.01%	0.01%	0.01%
5	Stroy Alliance Group LLP	16 January 2006	Eurasia RED Holdings B.V.	100%	100%	100%
6	Company Shygys Zher LLP	9 December 2020	East Land LLP	100%	100%	100%
7	Rental Group Inc LLP	9 December 2020	East Land LLP	100%	100%	100%
8	Eurasia RED Limited	23 December 2021	Eurasia RED Holdings B.V.	100%	n/a	n/a

On 23 December 2021 the registrar of companies of Astana International Financial Centre issued the certificate of incorporation of Eurasia Red Limited, 100% subsidiary of Eurasia Red Holdings B.V. This company has been registered with the aim to become a parent company for the group of companies in Kazakhstan and potential listing at AIFC.

The principal activity of the Group is development and rental business. Investments property consists of Aport Mall, SAT business center and Kuldja Mall.

Aport Mall located in Karasay district, Almaty, Republic of Kazakhstan, is owned by As Trade Co LLP (20,540 square metres), Home Mart LLP (60,215 square metres), Agro Land Co LLP (40,798 square metres) and Stroy Alliance Group LLP (21,148 square metres). Total area is 142,701 square metres of which 102 000 square metres rentable area.

SAT business center located 32A, Manasa Street, Almaty, Republic of Kazakhstan which has approximately 9,600 square metres of rentable area and 105 parting bays which are available to commercial tenants.

Kuldja Mall is under the construction, which is expected to be completed in 2023. Projected Mall area is 105,000 square metres, of which 71,000 square metres is rentable area.

In 2014 Home Mart LLP sold part of the mall Aport to IT Sirius LLP. In 2019 following termination of the sale and purchase agreement and return of the property rights to Home Mart LLP, the Group ceased to consider IT Sirius LLP as a structured subsidiary of the Group and recorded a disposal of this entity.

The combined financial statements of the Group for the year ended 31 December 2021 were authorized for issue by the management of the Group on 29 April 2022.

2 Basis of preparation of combined financial statements

2.1. Statement of compliance with IFRS

These combined financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ('IASB'), and interpretations issued by the International Financial Reporting Standards Interpretations Committee ('IFRIC') IASB.

As at 31 December 2021, the ultimate controlling parties of the Group are the private individuals, listed above, the Group of companies did not have a common parent company in Kazakhstan, so these financial statements of the Kazakhstani subsidiaries of Eurasia RED Holdings B.V. are combined financial statements.

IFRS 10 Consolidated Financial Statements, as a prerequisite for preparing consolidated financial statements, requires a clearly identifiable parent company, that is, an entity that directly or indirectly owns or otherwise controls a controlling interest in a subsidiary. However, these combined financial statements are prepared on the same basis as the consolidated financial statements of the Group if there was a single parent company.

The following principles were used in preparing the Group's combined financial statements:

- All intra-group assets and liabilities, equity, income, expenses and cash flows arising from operations within the Group are completely excluded,
- Unrealized gains or losses in assets are excluded,
- The same accounting policy is applied for all Group companies.

Therefore, these combined financial statements of the Group of Companies present the assets and liabilities of the Group, financial performance and cash flows of all the companies within the Group as if they were one company.

2.2. Basis for determining the cost

These combined financial statements have been prepared on the historical cost basis, adjusted for the initial recognition of financial instruments at fair value, except investment property, that has been measured at fair value.

2.3. Functional and presentation currency

The functional currency of most of the Group's companies is the Kazakhstani tenge (hereinafter – 'tenge') that is the national currency of the Republic of Kazakhstan.

The amounts in these combined financial statements are also expressed in the presentation currency of the financial statements - Kazakhstani tenge – 'tenge'), as required by the legislation of the Republic of Kazakhstan. The Group's results and financial position have been translated into tenge using the following procedures:

- Assets and liabilities for each statement of financial position have been translated at the exchange rate at the dates of the respective reporting periods;
- Income and expenses were translated at exchange rates at the average exchange rate for the year, since the change in the exchange rate against the tenge was not significant;
- Components of equity are translated at the historical exchange rate; and
- All resulting exchange differences are recognized as a separate component of equity through other comprehensive income.

All data in the combined financial statements are rounded to the nearest thousand tenge.

2.4. Going concern principle

The Group's combined financial statements have been prepared in accordance with the going concern principle, which involves the disposal of assets and the settlement of liabilities and contractual obligations in the normal course of business.

The Group's management assumes that the Group will continue to operate on a going concern basis and in making this assessment, management has taken into account the Group's current intentions and financial position.

These combined financial statements do not contain adjustments that would have been required if the Group had not been able to continue operating under the going concern assumption.

2. Basis of preparation of combined financial statements (continued)

2.5. Changes in accounting policies and presentation

The accounting policies adopted in the preparation of the combined financial statements are consistent with those applied in the preparation of the Group's annual combined financial statements for the years ended 31 December 2021, 2020, 2019 with the exception of the new standards that were adopted and entered into force on 1 January 2022. The Group has not applied any other standards, clarifications or amendments that were issued but have not yet entered into force.

The following are new standards, amendments and clarifications that have been issued but are not yet effective as of the date of the Group's combined financial statements. The Group intends to apply these standards, amendments and interpretations, if applicable, from the effective date.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

• A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
• Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
• Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

2.6. New standards and clarifications not yet effective for use

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. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) 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 the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

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

2. Basis of preparation of combined financial statements (continued)

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, and comparative information is required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date of the first application of IFRS 17. This standard does not apply to the Group.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. This standard does not apply to the Group.

Amendments to IFRS 3 - Reference to the Conceptual Framework

In May 2020, the IASB issued Amendments to *IFRS 3 Business Combinations - Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements*, issued in 1989, with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of *IAS 37 or IFRIC 21 Levies*, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the *Framework for the Preparation and Presentation of Financial Statements*.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds Before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

Amendments to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a ‘directly related cost approach’. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

2. Basis of preparation of combined financial statements (continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a

subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

This amendment is effective for annual periods beginning on or after 1 January 2022. Early application is allowed.

This standard is not applicable to the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of the annual improvements to IFRS process for the period 2018-2020, the IASB issued an amendment to IFRS 9. The amendment explains the amounts of commission fees that an entity considers when assessing whether the terms of a new or modified financial liability differ materially from those of the original financial liability. Such amounts include only those fees paid or received between a particular lender and the borrower, including fees paid or received by the lender or the borrower on behalf of the other party. The entity shall apply this amendment to financial liabilities that have been modified or replaced on or after the start date of the annual reporting period in which the entity first applies the amendment.

This amendment is effective for annual periods beginning on or after 1 January 2022. Early application is allowed. The Group will apply this amendment to financial liabilities that have been modified or replaced on or after the start date of the annual reporting period in which it first applies the amendment.

The amendment is not expected to have a material impact on the Group.

Amendment to IAS 41 Agriculture - Taxation in the Measurement of Fair Value

As part of the annual improvement process to IFRSs 2018-2020 period, the IASB issued an amendment to IAS 41 Agriculture. This amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude tax cash flows when measuring the fair value of assets within the scope of IAS 41.

An entity shall apply the amendment prospectively to the fair value measurement at or after the commencement date of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted.

This standard is not applicable to the Group.

3 Summary of significant accounting policies

3.1. Classification of current and long-term assets and liabilities

In the combined statement of financial position, the Group presents assets and liabilities based on their classification into current (short-term) and long-term. An asset is current (short-term) if:

- it is intended to be sold or intended for sale or consumption within the normal operating cycle;
- it is intended primarily for trading purposes;
- it is expected to be implemented within 12 (twelve) months after the end of the reporting period; or
- it represents cash or cash equivalents, except where there are restrictions on its exchange or use to settle liabilities for a minimum of twelve (12) months after the end of the reporting period.

All other assets are classified as non-current assets. The obligation is current (short-term) if:

- it is expected to be redeemed within the normal operating cycle;
- it is held mainly for trading purposes;
- but is due within 12 (twelve) months after the end of the reporting period; or
- the Group has no unconditional right to postpone the repayment of the obligation for at least 12 (twelve) months after the end of the reporting period.

The Group classifies all other liabilities as long-term. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3 Summary of significant accounting policies (continued)

3.2. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a transaction ordinarily between market participants at the measurement date. Fair value measurement assumes that a transaction to sell an asset or transfer a liability occurs:

- either in the primary market for the asset or liability;
- or, in the absence of a principal market, in the most favourable market for the asset or liability

The Group needs to have access to the principal or the most advantageous market.

The fair value of an asset or liability is measured using assumptions that would be used by market participants when pricing the asset or liability, assuming that market participants act in their best interests. The fair value of the nonfinancial asset takes into account the possibility of market participant to generate economic benefits from the asset the best and most effective way, or selling it to another market participant who will use the asset the best and most effective way.

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

All assets and liabilities for which the fair value is measured or disclosed in the combined financial statements are classified within the fair value hierarchy described below based on the lowest level source data that are material to the fair value measurement as a whole:

- Level 1 - market quotations of prices in the active market for identical assets or liabilities (without any adjustments);
- Level 2 - valuation models in which the underlying data relevant to the lowest level of the hierarchy are directly or indirectly observable in the market for fair value measurement;
- Level 3 - valuation models in which the inputs relevant to the fair value measurement at the lowest level of the hierarchy are not observable in the market

For the purposes of fair value disclosure, the Group has classified assets and liabilities based on their nature, inherent characteristics and risks, and the applicable level in the hierarchy of fair value sources as described above.

3.3 Non-current assets held for sale

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

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

Assets classified as held for sale are presented separately as current items in the combined statement of financial position.

3.4. Property, plant and equipment

Recognition and measurement

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

The cost includes costs directly related to the acquisition of the asset. The cost of assets manufactured or constructed by economic means includes the cost of materials and direct labor, any other costs directly related to bringing the asset to working condition for their intended use, as well as the cost of dismantling and removing items and restoring the site where they are located, and capitalized borrowing costs.

3 Summary of significant accounting policies (continued)

If the property, plant and equipment consists of separate components having different useful lives, they are accounted for as a separate item (significant component) of property, plant and equipment.

Any amount of gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with its carrying amount and is recognized on a net basis under 'other income' or 'other expenses' in net income or loss.

Subsequent costs

The cost of replacing a part (significant component) of an item of property, plant and equipment increases the carrying amount of that item if it is highly probable that the Group will receive future economic benefits associated with that part and its cost can be measured reliably. The carrying amount of the replaced part is written off. Expenses for current repairs and maintenance of items of property, plant and equipment are recognized as income and expense when incurred.

Depreciation

Depreciation is charged on a straight-line basis over the expected useful life of the asset until its liquidation value. Expected useful lives of property, plant and equipment:

	Useful life, years
Machinery and equipment	8
Vehicles	10
Other	11

The expected useful lives and residual values of property, plant and equipment are reviewed at each reporting date.

3.5. Intangible assets

Intangible assets are primarily software purchased by the Group with a limited service life, and are carried at cost (which includes the cost of acquisition plus any costs directly related to preparing the asset for its intended use) less accumulated amortisation and impairment losses.

The useful life of intangible assets is from 1 to 3 years. Amortisation is charged on a straight-line basis over the entire useful life.

3.6. Investment property

Recognition and measurement

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Equipment and furnishings that are an integral part of a building are considered to be part of the investment property.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

3 Summary of significant accounting policies (continued)

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

Redevelopment

Redevelopment is a reconstruction of an existing investment property. Redevelopment investment property objects are accounted for as investment property under construction. Components of investment property being reconstructed which are disposed during the reconstruction process are accounted for as “loss on reconstruction of investment property” in the combined statement of profit and loss and other comprehensive income at their amortised cost adjusted for the proceeds of selling such components and for the net realisable value of components which are available for re-use or sale.

3.7. Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that the present value of long-term assets may be impaired. If any such indication is identified, an assessment is made for a possible decrease in the recoverable value of the assets (if any). If it is not possible to estimate the recoverable amount for an individual asset, the Group determines the recoverable amount of the cash-generating group to which the asset belongs.

Calculation of the recoverable amount

The recoverable amount of an asset is determined as the highest of its value in use and the fair value of the asset less costs to sell it. When assessing the value of an asset, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market estimates of the time value of money and the risks specific to the asset.

The recoverable value of assets that do not independently generate cash receipts is determined as part of the recoverable value of the cash-generating unit to which these assets belong.

Recovery of impairment losses

A previously recognized impairment loss is reversed if there are changes in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined less amortisation if the impairment loss had not been recognized.

3.8. Financial instruments-initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition as subsequently measured at amortised cost, at fair value through of profit and loss and other comprehensive income, and at fair value through profit or loss. The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows for the financial asset and the business model used by the Group to manage these assets. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied a practical simplification, the Group initially measures financial assets at fair value, increased in the case of financial assets that are not measured at fair value through profit or loss, by the amount of transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied a practical simplification are valued at the transaction price determined in accordance with IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or at fair value through of profit and loss and other comprehensive income, it is necessary that the contractual terms of this asset provide for cash flows that are ‘exclusively payments for principal and interest’ on the outstanding portion of principal. This assessment is carried out at the level of each instrument. The business model used by a Group to manage financial assets describes the way a Group manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from the receipt of contractual cash flows, the sale of financial assets, or both.

3 Summary of significant accounting policies (continued)

All purchases or sales of financial assets that require the delivery of assets within the time limit set by law or in accordance with rules adopted in a particular market (trading on standard terms) are recognized on the date of the transaction, i.e. the date when the Group undertakes to buy or sell the asset.

Subsequent measurement

For subsequent valuation purposes, financial assets are classified into four categories:

- financial assets measured at amortised cost (debt instruments);
- financial assets at fair value through of profit and loss and other comprehensive income with subsequent reclassification of accumulated gains and losses (debt instruments);
- financial assets classified at the entity's discretion as measured at fair value through of profit and loss and other comprehensive income without subsequent reclassification of accumulated gains and losses upon derecognition (equity instruments);
- financial assets at fair value through profit or loss.

Financial assets measured at amortised cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- a financial asset is held in the framework of a business model, the purpose of which is to hold financial assets to receive cash flows stipulated by the contract;
- the contractual terms of the financial asset determine receipt of cash flows on specified dates, which are solely payments against the principal amount of the debt and interest on the outstanding portion of the principal amount of the debt.

Financial assets measured at amortized cost are subsequently measured using the effective interest method, and impairment requirements apply to them. Gains or losses are recognized in profit or loss if the asset is derecognized, modified or impaired. The Group classifies trade receivables, loans given, finance lease receivables and cash and cash equivalents as financial assets measured at amortized cost.

Financial assets at fair value through other comprehensive income (debt instruments)

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

- a financial asset is held in the framework of a business model, the purpose of which is to obtain both cash flows stipulated by the contract and the sale of financial assets;
- the contractual terms of the financial asset determine receipt of cash flows on specified dates, which are solely payments against the principal amount of the debt and interest on the outstanding portion of the principal amount of the debt.

In the case of debt instruments at fair value through other comprehensive income, interest income, exchange rate translation and impairment losses or the recovery of such losses are recognized in the statement of profit or loss and calculated in the same way as for financial assets measured at amortized cost. The remaining changes in fair value are recognized in other comprehensive income. On derecognition, the accumulated amount of changes in fair value recognized in other comprehensive income is reclassified to profit or loss. The Group has no debt instruments measured at fair value through other comprehensive income.

Financial assets classified at the Group's discretion as measured at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group may, at its sole discretion, decide, without the right to cancel it, to classify investments in equity instruments at fair value through other comprehensive income if they meet the definition of equity in accordance with IAS 32 ‘Financial Assets: Presentation’ and not intended for trading. The decision on such a classification is made for each instrument individually. Gains and losses on such financial assets are never reclassified to profit or loss.

3 Summary of significant accounting policies (continued)

Financial assets at fair value through profit or loss

The category of financial assets at fair value through profit or loss includes financial assets held for trading, financial assets classified at the discretion of the Group at initial recognition as measured at fair value through profit or loss, or financial assets that are necessarily measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near future. Derivatives, including segregated embedded derivatives, are also classified as held for trading unless they are designated, at the Group's discretion, as effective hedging instruments. Financial assets for which cash flows are not solely payments of principal and interest are classified and measured at fair value through profit or loss, regardless of the business model used.

Despite the criteria for classifying debt instruments as measured at amortized cost or at fair value through of profit and loss and other comprehensive income, as described above, at initial recognition, the Group may at its discretion classify debt instruments as measured at fair value through profit or loss, if such classification eliminates or significantly reduces accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value, and net changes in their fair value are recognized in the combined statement of profit or loss.

Trade receivables

This category is the most significant for the Group. Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, such financial assets are measured at amortized cost using the effective interest method, less any impairment. Amortized cost is calculated taking into account any discounts or premiums on acquisition and commissions or costs that are an integral part of the effective interest rate. Amortisation based on the effective interest rate is included in finance income in the combined statement of profit or loss. Impairment losses are recognized in the combined statement of profit or loss as finance costs for borrowings and as provision and write-down costs for receivables.

Loans given at amortised cost

The Group measures loans issued at amortised cost. Contractual conditions on these assets due to the receipt dates of cash flows that are solely payments of principal amount and interest on the outstanding principal amount of the debt.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) ceases to be recognized (i.e., is excluded from the Group's combined statement of financial position) if:

- The rights to receive cash flows from the asset have expired;
- The Group transferred its rights to receive cash flows from the asset or undertook to pay the received cash flows to a third party in full and without significant delay under the ‘transit’ agreement;
- The Group transferred practically all the risks and benefits of the asset, or (b) the Group did not transfer, but does not retain practically all the risks and benefits of the asset, but transferred control of the asset.

If the Group transferred its rights to receive cash flows from the asset or entered into a transit agreement, it assesses whether it retained the risks and benefits associated with the ownership right, and, if so, to what extent.

If the Group has not transferred, but has not retained practically all the risks and benefits of the asset, and has not transferred control of the asset, the Group continues to recognize the transferred asset to the extent that it continues to participate in it. In this case, the Group also recognizes the corresponding liability. The transferred asset and related liability are measured on a basis that reflects the rights and obligations retained by the Group. The continuing participation, which takes the form of a guarantee for the transferred asset, is measured at the lower of the initial carrying amount of the asset or the maximum amount of consideration that may be required to be paid by the Group.

Impairment of financial assets

Expected credit losses are recognized in two stages. In the case of financial instruments for which the credit risk has not increased significantly since their initial recognition, an estimated loss allowance is created for credit losses that may arise as a result of defaults that may occur over the next 12 months (12-month expected credit losses). For financial instruments for which credit risk has increased significantly since initial recognition, an estimated loss allowance is created for credit losses expected over the remaining life of the financial instrument, regardless of the timing of default (expected credit losses over the entire term).

3 Summary of significant accounting policies (continued)

For cash and cash equivalents, the Group calculates expected credit losses over a 12-month period. 12-month expected credit losses are the portion of credit losses over the entire term that represents expected credit losses that occur as a result of defaults on a financial instrument that may occur within 12 months after the reporting date. However, if the credit risk of a financial instrument has increased significantly since initial recognition, the loss allowance is estimated at an amount equal to the expected credit losses over the entire term.

The Group believes that there has been a significant increase in credit risk if payments under the agreement are more than 30 days overdue. A financial asset is also considered to have defaulted if payments under the agreement are 90 days overdue. However, in certain cases, the Group may conclude that a financial asset has defaulted if internal or external information indicates that it is unlikely that the Group will receive the full amount of the remaining payments stipulated under the contract, without taking into account the credit quality improvement mechanisms held by the Group.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition, respectively, as financial liabilities at fair value through profit or loss, loans and borrowings, trade payables, or derivatives classified at the Group's discretion as hedging instruments in an effective hedge. All financial liabilities are initially recognized at fair value, less (in the case of accounts payable) directly attributable transaction costs. The Group's financial liabilities include trade and other payables, borrowings and finance lease obligations.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows: Financial liabilities at fair value through profit or loss the Category Financial liabilities at fair value through profit or loss' includes financial liabilities held for trade and financial liabilities classified at the Group's discretion at initial recognition as measured at fair value through profit or loss. Financial liabilities are classified as held for trade if they are incurred for the purpose of repurchasing in the near future.

Gains or losses on liabilities held for trading are recognized in the combined statement of profit or loss and other comprehensive income. Financial liabilities classified at the Group's discretion at initial recognition as measured at fair value through profit or loss are included in this category at the date of initial recognition and only if the criteria of IFRS 9 are met. the Group does not have financial liabilities classified at its discretion as measured at fair value through profit or loss.

Borrowings, lease liabilities and trade payables

After initial recognition, borrowings, lease liabilities and trade payables are subsequently measured at amortised cost. Amortised cost is calculated taking into account all discounts or premiums from the issue of funds and transaction costs, which are an integral part of the effective interest rate.

Derecognition

A financial liability is derecognized if the liability is settled, cancelled, or expires. If an existing financial liability is replaced by another liability to the same lender on substantially different terms, or if the terms of an existing liability are significantly modified, such replacement or modification is accounted for as derecognition of the original liability and recognition of a new liability, and the difference in their carrying amounts is recognized in a combined statement of profit or loss and other comprehensive income or in the other component of equity.

Financial guarantees.

Financial guarantees are contracts under which the Group is obliged to make payments to compensate the holder of the guarantee for the loss that he suffered due to the inability of a certain debtor to repay its debt on time in accordance with the terms of the debt instrument.

Financial guarantees are initially recognized at fair value and subsequently carried at amortised cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the combined statement of financial position when there is a currently legally protected right to offset the recognized amounts and there is an intention to settle on a net basis, realize the assets and settle the liabilities simultaneously.

3 Summary of significant accounting policies (continued)

3.9. Inventories

Inventories are recorded at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less costs to complete production and costs to sell. Net realisable value is based on an estimate of the possible realisable value less all estimated costs associated with the completion, marketing, sale, and delivery of the product.

The cost of inventory includes all acquisition, processing and other costs, including non-recoverable taxes and duties incurred to bring the inventory to its current state and location.

Inventories are written off to the cost of services and to expenses of the period using the weighted average method.

3.10. Prepayments

Prepayments are stated at cost less any provision for impairment. Prepayments are classified as long-term if the expected period for receiving goods or services related to them exceeds one year, or if the prepayments relate to an asset that will be recorded as long-term at initial recognition. The amount of the prepayment for the acquisition of an asset is included in its carrying amount when the Group gains control of the asset and it is probable that future economic benefits associated with it will be received by the Group.

Other prepayments are charged to profit or loss when goods or services related to them are received. If there is an indication that assets, goods or services related to advances and prepayments will not be received, the carrying amount of the advances and prepayments is reduced and the corresponding impairment loss is recognized in profit or loss for the year.

3.11. Value added tax

The object of value added tax (hereinafter referred to as VAT) is the taxable turnover of the Company, which consists of turnover for the sale of services and goods in the Republic of Kazakhstan, as well as the taxable import of the Company, defined as goods imported or imported into the territory of the Republic of Kazakhstan (except for those exempt from VAT), subject to declaration in accordance with the customs legislation of the Republic of Kazakhstan.

VAT, attributed to offset

VAT, attributed to offset, is formed on purchased goods (works, services). The Company has the right to offset VAT for the reporting tax period the amounts of VAT payable for goods received, including property, plant and equipment, intangible assets, works and services, if they are used in the reporting tax period or will be used for taxable turnover purposes, as well as if supporting documents are available. VAT refunds or credits for refund are deferred for the next twelve months after the reporting date, then such refundable VAT is transferred to long-term assets.

VAT payable

In accordance with the provisions of the Tax Code of the Republic of Kazakhstan, the excess of the amount of VAT charged over the amount of VAT attributable to offset is payable to the budget, that is, VAT accrued on the sale of goods (works, services) is offset against acquisitions (purchases) on a net basis.

If VAT on a net basis relates to different companies in the Group, it is shown separately in the combined statement of financial position.

3.12. Cash and cash equivalents

Cash and cash equivalents in the combined statement of financial position includes cash in banks and on hand.

3.13. Labour costs and related contributions

In accordance with the requirements of the legislation of the Republic of Kazakhstan, the Group withholds pension contributions from employees' salaries and transfers them to pension funds. The Group does not have any pension arrangements other than the State pension program of the Republic of Kazakhstan, which requires the employer to make deductions calculated as a percentage of the total salary. The company makes deductions of social tax and social contributions for its employees to the budget of the Republic of Kazakhstan. The Group has no obligations for post-employment payments or other compensation payments that require accrual.

Salary expenses, contributions to the Pension fund of the Republic of Kazakhstan and the social insurance fund, paid annual leave and sick leave, bonuses, as well as non-monetary benefits (such as health services) are calculated in the year when the services determining these types of remuneration were provided by the Group's employees.

3 Summary of significant accounting policies (continued)

3.14. Leases

At the time the contract is entered into, the Group assesses whether the agreement is a lease or whether it contains signs of a lease, i.e. the Group determines whether the contract transfers the right to control the use of the identified asset over a specified period of time in exchange for consideration.

The Group as a lessor

Leases for which the Group retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. The resulting rental income is recognized on a straight-line basis over the lease term and included in revenue in the combined statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred to enter into an operating lease are included in the carrying amount of the leased asset and are recognized over the lease term on the same basis as rental income. Contingent rentals are recognized as revenue in the period in which they are received.

Rental income from operating leases

Rental income receivable under operating lease is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivables. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

Guarantee payments made by the lessee

Guarantee payments made by lessees are amounts paid by lessees as security for the fulfillment of obligations under operating lease agreements. At the end of the lease term, the guarantee funds are used by the tenants to repay the last lease payments.

The Group as a lessee

Short-term rental and lease of assets with low cost

The Group applies the recognition exemption for short-term leases to its short-term office leases (i.e. contracts that have a lease term of no more than 12 months at the start of the lease and do not contain an option to purchase the underlying asset) because it is considering changing the location of its offices. Lease payments for short-term leases are recognized as expenses on a straight-line basis over the lease term.

An entity recognizes right-of-use assets at the commencement date of the lease (that is, the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, adjusted for revaluation of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made on or before the commencement date of the lease, less lease incentive payments received.

Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset.

At the commencement date of the lease, the Group recognizes lease liabilities that are measured at the present value of the lease payments to be made over the lease term. Lease payments include fixed payments (including fixed payments) less any incentive payments for lease receivable, variable lease payments that are index or rate dependent, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of the call option if there is reasonable assurance that the Group will exercise the option and termination penalties if the lease term reflects the Group's potential exercise of the option to terminate the lease. Variable lease payments that are independent of an index or rate are recognized as an expense (unless they are incurred to produce inventories) in the period in which an event or condition occurs that causes such payments to occur.

To calculate the present value of the lease payments, the Group uses the market borrowing rate at the commencement date of the lease, as the interest rate implicit in the lease cannot be easily determined. After the commencement date of the lease, the lease liability is increased to reflect the accrual of interest and decreased to reflect the lease payments made. In addition, the Group reassesses the carrying amount of lease liabilities in the event of a modification, a change in the lease term, a change in lease payments (for example, a change in future payments arising from a change in the index or rate used to determine those payments) or a change in the valuation of an option to purchase the underlying asset.

3 Summary of significant accounting policies (continued)

3.15. Revenue from contracts with customers

Revenue is recognized if the receipt of economic benefits by the Group is estimated as probable, and if revenue can be reliably estimated, regardless of the time of payment. Revenue is measured at the fair value of the remuneration received or to be received, taking into account the payment terms specified in the contract and net of taxes or duties. The Group analyzes its revenue-generating contracts in accordance with certain criteria in order to determining whether it acts as a principal or an agent. The Group has concluded that it acts as a principal for all revenue-generating contracts concluded by it, since in all cases it is the main party that has assumed obligations under the contract, has freedom of action with respect to pricing and is also exposed to inventory impairment and credit risk.

Contract liabilities

A contractual obligation is an obligation to transfer to the buyer services for which the Group will receive refund (or has received) from the buyer. If the buyer pays the consideration before the Group transfers the product or service to the buyer, a contractual liability is recognized when the payment is made or when the payment becomes payable (whichever occurs first). Contractual liabilities are recognized as revenue when the Group fulfills its obligations under the contract.

Assets and liabilities arising from the right of return

The Group provides its customers with guarantees of the quality of the services, ensuring the possibility of recover of services cost. Refunds are recorded as a deduction to revenue in the revenue recognition period. The Group recognizes assets and liabilities associated with the right to recover the cost of services to the customer because it expects the customer to exercise its right to return.

3.16. Expenses

Expenses are recognized when the goods or services are actually received, regardless of when the cash was paid, and are reported in the financial statements in the period to which they relate.

3.17. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset, which necessarily takes an extended period of time to prepare it for use as the Group intended or for sale, are capitalized as part of the cost of that asset. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs include interest payments and other costs incurred by the Group in connection with the receipt of funds.

3.18. Government subsidies

Subsidies provided by the State are recognized at fair value if there is sufficient confidence that the subsidy will be received and the Group will be able to fulfill all the conditions for receiving such a subsidy.

Government subsidies allocated for reimbursement of borrowing costs are recognized in profit or loss as part of finance costs during the period corresponding to the time of occurrence of the costs that they should compensate.

Government subsidies allocated for cost recovery are recognized in profit or loss as part of cost during the period corresponding to the time of occurrence of the costs that they must compensate.

3.19. Income tax expense

Income tax expense includes current period income tax and deferred tax. Income tax expense is recognized in income and expenses except for the part that relates to transactions recognized in equity, in which case it is also recognized in equity.

Current income tax represents the amount of tax payable in respect of taxable income for the year, as well as all adjustments to the amount of the income tax liability for previous years.

Deferred tax is determined using the balance sheet method by determining the temporary differences between the carrying amounts of assets and liabilities for the purposes of the combined financial statements and the amounts used for tax purposes.

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

3 Summary of significant accounting policies (continued)

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available that can be reduced by the amount of the asset. The amount of deferred tax assets is reduced to the extent that it is no longer probable that the relevant tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and if the deferred taxes relate to the same taxable entity and the same tax authority.

3.20. Foreign currency

Transactions in foreign currencies are translated into tenge at the exchange rates on the dates of these transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into tenge at the exchange rate prevailing at that reporting date. Exchange differences arising on translation are recognized in the combined statement of profit or loss and other comprehensive income.

Weighted average exchange rates set by the Kazakhstan Stock Exchange are used as official exchange rates in the Republic of Kazakhstan. The exchange rates used by the Group in preparing these combined financial statements are shown in the following table:

	As at 31 December 2021	As at 31 December 2020	As at 31 December 2019
USD	431.67	420.91	381.18
EUR	487.79	516.13	426.85
RUB	5.77	5.65	6.17

3.21. Related party transactions

In accordance with IAS 24 'Related Party Disclosures', the Group discloses the nature of the related party relationship, as well as information about these transactions and outstanding balances necessary to understand the potential impact of these relationships on the combined financial statements.

In these combined financial statements, parties are considered related if they have the ability to control or exercise significant influence over the other party's operating and financial decisions. When deciding whether the parties are related, the content of the relationship between the parties is taken into account, and not just their legal form.

3.22. Contingent assets and liabilities

Contingent assets are not recognized in the combined financial statements. When the income is actually possible to be realized, then the related asset is not contingent and its recognition is appropriate.

Contingent liabilities are not recognized in the combined financial statements. They are disclosed unless the possibility of a drain on resources is unlikely.

3.23. Uncertain tax positions

Management reassesses the Group's uncertain tax positions at the end of each reporting period. Liabilities are recorded for income tax items that management believes are likely to result in additional tax charges if these items are challenged by the tax authorities. This assessment is based on an interpretation of the tax legislation in force or substantially effective at the end of the reporting period and any known court order or other decision on such matters. Liabilities for fines, penalties and taxes, other than income tax, are recorded based on management's best estimate of the expenses required to settle the liabilities at the end of the reporting period.

3.24. Subsequent events

Events occurring at the end of the reporting period that provide evidence of conditions that existed at the reporting date (adjusting events) are recorded in combined financial statements. Events occurring at the end of the reporting period that are non-adjusting events are disclosed in the notes to the combined financial statements if they are material.

4 Significant accounting judgements, estimates and assumptions

The preparation of the Group's combined financial statements requires management to make judgments and make accounting estimates and assumptions at the end of the reporting period that affect the reported amounts of revenues, expenses, assets and liabilities, and disclosures about contingent liabilities. However, uncertainty about these assumptions and estimates could lead to results that may require future significant adjustments to the carrying amount of the asset or liability for which such assumptions and estimates are made.

4 Significant accounting judgements, estimates and assumptions (continued)

Key assumptions about the future and other major sources of estimation uncertainty at the reporting date that could cause significant adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The assumptions and estimates of the Group are based on the inputs available to the Group at the time the combined financial statements were prepared.

However, current circumstances and assumptions about the future may change due to market changes or circumstances beyond the Group's control. Such changes are reflected in the assumptions as they occur.

Revenue from contracts with customers

Estimated provision for expected credit losses on trade receivables

For trade receivables, the Group applies a simplified approach to calculating expected credit losses. Consequently, the Group does not track changes in credit risk, but instead recognizes a provision for expected credit losses at each reporting date in an amount equal to the expected credit losses for the entire term. The Group used a matrix of estimated reserves based on existing experience of credit losses, adjusted for forecast factors specific to debtors and general economic conditions (Note 29).

Fair value of financial instruments

Where the fair value of financial instruments recognized in the combined statement of financial position cannot be determined based on data from active markets, it is determined using valuation techniques, including the discounted cash flow model. If possible, information from observable markets is used as input for these models, but in cases where this is not feasible, a certain amount of judgment is required to determine the fair value. Judgments include accounting for data such as liquidity risk, credit risk, and volatility. Changes in assumptions about these factors may affect the fair value of financial instruments reflected in the combined financial statements. Information on the fair value of the Group's financial instruments is provided in Note 29.

Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model was used, as there is a lack of comparable market data because of the nature of the properties. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2021, as at 31 December 2020 and at 31 December 2019 for the investment properties.

The key assumptions used to determine the fair value of the properties and sensitivity analyses:

Fair value of the properties was determined as a result of generalization of different valuation approaches and methods outcomes. The valuations have been performed by the valuer and are based on DCF models and proprietary databases of prices of transactions for properties of similar nature, location and condition. As at the dates of revaluation on 31 December 2021, as at 31 December 2021 and 31 December 2019, the properties' fair values are based on valuations performed by Colliers Valuation LLP, an accredited independent valuer who has valuation experience for similar office properties in Kazakhstan since 2004. A net gain (loss) from the revaluation of the investment properties of KZT 6,731,073 thousands was recognised in combined statement of profit and loss and comprehensive income for the year ended, 31 December 2021, (2020: KZT 670,818 thousands 2019: KZT 14,284,246 thousands).

The range of significant unobservable valuation input as at 31 December 2021, 31 December 2020 and 31 December 2019:

	Price per square meter		
In thousands of tenge	**2021**	**2020**	**2019**
Land	n/a	n/a	16.8 – 35.0
Aport Mall	n/a	n/a	214.4 – 981.5
SAT BC	294.2-366.4	308.2 – 375.6	288.2 – 545.4
Kuldja Mall	n/a	102.5 – 203.6	n/a

4 Significant accounting judgements, estimates and assumptions (continued)

Fair value hierarchy disclosures for investment properties as at 31 December 2021:

In thousands of tenge			**Fair value measurement using**		
Assets measured at fair value:	**Date of valuation**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Land	31 December 2021	n/a	-	n/a	-
Aport Mall	31 December 2021	70,219,512	-	70,219,512	-
SAT BC	31 December 2021	4,253,440	-	4,253,440	-
Kuldja Mall	31 December 2021	25,028,377	-	25,028,377	-

Fair value hierarchy disclosures for investment properties as at 31 December 2020:

In thousands of tenge			**Fair value measurement using**		
Assets measured at fair value:	**Date of valuation**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Land	31 December 2020	n/a	-	n/a	-
Aport Mall	31 December 2020	69,234,054	-	69,234,054	-
SAT BC	31 December 2020	4,192,921	-	4,192,921	-
Kuldja Mall	31 December 2020	15,927,931	-	15,927,931	-

Fair value hierarchy disclosures for investment properties as at 31 December 2019:

In thousands of tenge			**Fair value measurement using**		
Assets measured at fair value:	**Date of valuation**	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Land	31 December 2019	1,889,649	-	1,889,649	-
Aport Mall	31 December 2019	69,274,372	-	69,274,372	-
SAT BC	31 December 2019	4,858,004	-	4,858,004	-
Kuldja Mall	31 December 2019	15,610,641	-	15,610,641	-

There were no transfers between Level 1 and Level 2 during 2021-2019.

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

4 Significant accounting judgements, estimates and assumptions (continued)

Description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range (weighted average)		
			2021	2020	2019
Retail properties	DCF method	Estimated rental value per sqm per month	6 561	6 048	6 689
		Rent growth p.a.	4% - 9%	4% - 11%	4% - 9.5%
		Long-term vacancy rate	2%	2%	5%
		Discount rate	13.44	13.86%	13.85%
Office properties	Average of DCF and direct comparison method based on market observable transaction of similar properties and adjusts to reflect the conditions and locations of subjected property	Estimated rental value per sqm per month	3 928	3 539	4 500
		Rent growth p.a.	4% - 12%	4%-11.4%	4%-9.25%
		Long-term vacancy rate	2%	4%	5%
		Discount rate	13.44%	13.86%	13.50%

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

Impairment of property, plant and equipment

At each reporting date, the Group determines whether there is any indication that assets may be impaired. If this is the case, the Group calculates the recoverable amount of the asset. The recoverable amount of an asset is the largest of the following: the fair value of the asset or cash-generating unit, less costs to sell, and the value in use of the asset. The recoverable amount is determined for a combined asset, unless the asset generates cash inflows that are largely independent of inflows generated by other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written off to its recoverable amount. When estimating cost of use, expected cash flows are discounted to their present value using a pre-tax discount rate that reflects current market estimates of the time value of money and asset-specific risks.

As at 31 December 2021, 2020 and 2019, the Group did not identify any indications of impairment of property, plant and equipment.

Useful life of property, plant and equipment

The Group estimates the remaining useful life of property, plant and equipment at least at the end of each financial year and, if expectations differ from previous estimates, changes are accounted for as changes in estimates in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. These estimates may have a significant impact on the amounts of the carrying amount of property, plant and equipment and depreciation recognized in the statement of profit or loss and other comprehensive income. At the reporting date, management reviewed the remaining life of property, plant and equipment and concluded that there is no need to change the life of property, plant and equipment.

Provision for expected credit losses

The Group makes provisions for expected credit losses in accordance with IFRS 9.

The Group recognizes an estimated allowance for expected credit losses in respect of all debt instruments that are not measured at fair value through profit or loss. The expected credit losses are calculated based on the difference between the cash flows due under the contract and all cash flows that the Company expects to receive, discounted using the original effective interest rate or its approximate value. Expected cash flows include cash

flows from the sale of held collateral or from other credit quality improvement mechanisms that are an integral part of the contractual terms.

4 Significant accounting judgements, estimates and assumptions (continued)

Expected credit losses are recognized in two stages. In the case of financial instruments for which the credit risk has not increased significantly since their initial recognition, an estimated reserve is created for losses in respect of credit losses that may arise as a result of defaults that are possible over the next 12 months (12-month expected credit losses). For financial instruments for which credit risk has increased significantly since initial recognition, an estimated loss reserve is created for credit losses expected during the remaining term of this financial instrument, regardless of the timing of default (expected credit losses for the entire term).

With respect to loans issued, the Group applies a simplified approach to calculating expected credit losses. Consequently, the Group does not monitor changes in credit risk, but instead, at each reporting date, recognizes an estimated loss allowance in an amount equal to the expected credit losses for the entire term.

The Group considers that a default has occurred on a financial asset if the payments stipulated in the contract are 90 days overdue. However, in certain cases, the Group may also conclude that a default has occurred on a financial asset if internal or external information indicates that it is unlikely that the Group will receive, without taking into account the credit quality improvement mechanisms retained by the Group, the entire amount of the remaining payments stipulated in the contract. A financial asset is written off if the Group does not have reasonable expectations regarding the recovery of contractual cash flows.

Deferred tax assets and liabilities

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that the taxable temporary differences and the commercial nature of such expenses will be justified. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized in the combined financial statements based on the probable timing and amount of future taxable profit, as well as future tax planning strategies.

The Group recognises tax liabilities based on an assessment of the possibility of additional taxes being incurred. In cases where the final amounts of withheld taxes differ from the amounts initially recognized, such differences will affect the deferred tax expense of the period when such tax expenses were incurred.

As at 31 December 2021, the Group recognized net deferred tax liabilities in the amount of KZT 11,964,847 thousand (31 December 2020: net deferred tax liabilities in the amount of KZT 9,566,210 thousand, 31 December 2019: net deferred tax liabilities KZT 7,269,441 thousand) (Note 26).

Taxation

When assessing tax risks, management considers as possible liabilities certain areas of tax positions that the Group would not be able to challenge or does not believe that it can successfully challenge if assessed by the tax authorities. Such definitions involve significant judgments and may change as a result of changes in tax laws and regulations, the determination of expected results from tax revenues, and the results of tax audits by tax authorities. More detailed information on tax risks is provided in Note 29.

Segment information

Operating segment is a component of the Group that:

- Carries out activities from which the Group can receive revenue and incur expenses;
- Whose operating results are regularly reviewed by the chief operating decision maker when allocating resources to the segment and assessing its performance;
- For which financial information is available.

Segments where (a) earnings are equal to or exceed ten percent of total income, or (b) earnings in absolute terms are 10% or more of the total reported profit in the combined financial statements from all breakeven operating segments (or a loss which is 10% or more of the total reported loss in the combined financial statements from all unprofitable operating segments), (c) and segments for which assets amount to or exceed ten percent of the total assets of all operating segments are shown separately.

Segment reporting is prepared in accordance with internal reporting and is provided to the end owners. The Group's ultimate beneficial owners are the operational decision-makers and monitor the operational performance of each business unit separately for the purpose of making decisions about resource allocation and evaluating their performance. Segment results are measured on the basis of profit or loss and are measured in accordance with the profit or loss estimate in the combined financial statements.

The Group's financing operations (including finance costs, finance income and other income) and income taxes are considered from the perspective of the entire Group and are not allocated to operating segments.

4 Significant accounting judgements, estimates and assumptions (continued)

Prices for transactions between operating segments are set on a commercial basis, similar to transactions with third parties.

5. Investment Property

Investment property as at 31 December 2021, 2020 and 31 December 2019 are as follows:

In thousands of tenge	Land	Aport Mall	SAT BC	Kulja Mall	Total
As at 31 December 2018	**1,276,664**	**66,812,400**	**4,740,000**	**4,132,635**	**76,961,699**
Additions	80,725	43,266	342	36,647	160,980
Capitalized interest on loans	-	-	-	3	3
Disposals	(147,417)	(16)	-	-	(147,433)
Revaluation	175,004	2,431,399	118,551	11,550,582	14,275,536
As at 31 December 2019	**1,384,976**	**69,287,049**	**4,858,893**	**5,719,867**	**91,250,785**
Additions	-	991	1,317	145,773	148,081
Capitalized interest on loans	-	-	-	12,115	12,115
Transferred to asset for sale	(604,492)	-	-	-	(604,492)
Revaluation	-	(53,986)	(667,289)	50,176	(671,099)
As at 31 December 2020	**780,484**	**69,234,054**	**4,192,921**	**15,927,931**	**90,135,390**
Additions	-	127,535	-	3,157,651	3,285,186
Capitalized interest on loans	-	-	-	150,238	150,238
Capitalized interest reduced for subsidies received	-	-	-	(26,871)	(26,871)
Transferred from inventory	-	9,377	-	-	9,377
Transferred to PPE	-	-	-	(2,580)	(2,580)
Transferred to asset for sale	(780,484)	-	-	-	(780,484)
Revaluation	-	848,546	60,519	5,822,008	6,731,073
As at 31 December 2021	**-**	**70,219,512**	**4,253,440**	**25,028,377**	**99,501,329**

Investment property comprises the following commercial properties:

Aport Mall (including occupied land) located in Karasay district, Almaty, Republic of Kazakhstan. The Group has completed the process of construction in 2018. The mall has 142,701 square metres of rentable area which is available to commercial tenants and over 1,500 parking bays. The occupied land plots area of Aport Mall comprised 29,825 hectares.

SAT Business Center (including an occupied land plot) is located in Almaty, Republic of Kazakhstan. The Business Center was commissioned on 30 March 2006. No contingent rents are charged. The Group is using an insignificant part of the rentable area for administrative purposes. The occupied land plots area of SAT Business Center comprised 0.3031 hectares;

Kuldja Mall project at the reporting date is represented by construction-in-process of a shopping and entertainment center on the three land plots located in Medeu district, Kuldja tract, area 106. The plots area comprises 10.338 hectares.

The land plot amounting to 0.5 hectare located in Auyezovskiy district, Almaty was reclassified to assets held for sale in 2020 (see Note 8) as management decided that development of this area would no longer meet strategic investment plans.

The land plot amounting to 11.1 hectares located in Saryarkinskiy district, Nur-Sultan, Republic of Kazakhstan was reclassified to assets held for sale sold in 2021 (see Note 8) as management decided that development of this area would no longer meet strategic investment plans

5. Investment property (continued)

Fair value measurement of properties

Fair value hierarchy

As at 31 December 2021, 2020 and 2019 all of the Group's completed investment properties are carried at fair values measured at Level 3 valuations (Note 4).

The valuations were carried out by Colliers Kazakhstan, an independent professional property valuer. The Group's chief financial officer have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each reporting dates.

Fair value adjustment of investment properties is recognised in the line item "net valuation gains on investment properties" on the face of the consolidated statement of profit or loss.

All the gains recognised in profit or loss for the Relevant Periods arise from the properties held at the end of each of the reporting period.

Investment real estate objects are collateral items under bank loan agreements (Note 15).

6. Property, plant and equipment

Property, plant and equipment as at 31 December 2021 ,2020 and 31 December 2019 are as follows:

In thousands of tenge	**Machinery and equipment**	**Vehicles**	**Other**	**Total**
Historical cost				
As at 31 December 2018	**74,681**	**13,208**	**69,636**	**157,525**
Additions	8,198	-	12,945	21,143
Reclassification	(433)	-	433	-
Disposals	(7,172)	-	(9,546)	(16,718)
As at 31 December 2019	**75,274**	**13,208**	**73,468**	**161,950**
Additions	8,624	-	12,029	20,653
Disposals	(862)	-	(78)	(940)
As at 31 December 2020	**83,036**	**13,208**	**85,419**	**181,663**
Additions	16,057	-	18,857	34,914
Transferred from inventory	-	-	298	298
Transferred from investment property	2,580	-	-	2,580
Reclassification	379	-	(379)	-
Disposals	(6,868)	(3,980)	(8,411)	(19,259)
As at 31 December 2021	**95,184**	**9,228**	**95,784**	**200,196**
Accumulated depreciation				
As at 31 December 2018	**(46,475)**	**(13,180)**	**(59,515)**	**(119,170)**
Depreciation for the year	(9,897)	(28)	(3,394)	(13,319)
Disposals	7,069	-	8,953	16,022
As at 31 December 2019	**(49,303)**	**(13,208)**	**(53,956)**	**(116,467)**
Depreciation for the year	(11,185)	-	(6,100)	(17,285)
Disposals	850	-	78	928
As at 31 December 2020	**(59,638)**	**(13,208)**	**(59,978)**	**(132,824)**
Depreciation for the year	(12,324)	-	(6,663)	(18,987)
Disposals	5,752	3,980	8,915	18,647
As at 31 December 2021	**(66,210)**	**(9,228)**	**(57,726)**	**(133,164)**
Carrying value				
As at 31 December 2019	**25,971**	**-**	**19,512**	**45,483**
As at 31 December 2020	**23,398**	**-**	**25,441**	**48,839**
As at 31 December 2021	**28,974**	**-**	**38,058**	**67,032**

6. Property, plant and equipment (continued)

Depreciation expense is included in the following items:

In thousands of tenge	Note	2021	2020	2019
Cost of sales	20	10,894	10,316	6,970
Administrative expenses	22	6,870	6,089	5,874
Selling expenses	21	1,223	951	597
Total depreciation and amortization		**18,987**	**17,356**	**13,441**
Less: amortization of intangible assets		-	(71)	(122)
Total depreciation expense		**18,987**	**17,285**	**13,319**

7. Right-of-use assets and lease liabilities

The Group leases land plots in the territory of the Republic of Kazakhstan. The contracts are concluded for a period of 3 to 13 years. The obligations of the Group are secured by the ownership of the lessor. The monthly lease payment is KZT 1,445 thousand. Discount rate between 14.1% to 19.2%

The Group has some contracts for less than 12 months. For these contracts, the Group applies the recognition exemptions for short-term leases.

The carrying amount of the recognized right-of-use asset and its changes over the period are presented below:

In thousands of tenge	Note	Total
At 01 January 2019		**56,770**
Depreciation expense	20	(4,353)
At 31 December 2019		**52,417**
Additions and modifications		13,081
Depreciation expense	20, 22	(5,093)
At 31 December 2020		**60,405**
Depreciation expense	20, 22	(8,724)
At 31 December 2021		**51,681**

Lease liabilities

In thousands of tenge	Note	Total
At 01 January 2019		**56,770**
Interest expense	25	10,918
Payment		(12,000)
At 31 December 2019		**55,688**
Increase for the period		13,081
Interest expense	25	11,050
Income from rental payments decrease for April 2020		(1,000)
Offsetting receivables		(888)
Payment		(11,000)
At 31 December 2020		**66,931**
Interest expense	25	11,938
Offsetting receivables		(3,999)
Payment		(13,337)
At 31 December 2021		**61,533**

8. Assets held for sale

For the years ended 31 December 2021, 2020 and 2019, the Group had the following movement on assets held for sale:

In thousands of tenge	Note	Land plots
As at 31 December 2018		**496,309**
Increase over period		8,710
Impairment	23	(433,331)
As at 31 December 2019		**71,688**
Transfer from investment property (see Note 5)	5	604,492
Impairment	23	(567,408)
As at 31 December 2020		**108,772**
Transfer from investment property (see Note 5)	5	780,484
Impairment	23	(710,484)
Disposal		(178,772)
As at 31 December 2021		**-**

The land plot amounting to 11.1 hectares located in Saryarkinskiy district, Nur-Sultan was reclassified to assets held for sale in 2021 (see Note 8) as management decided that development of this area would no longer meet their investment plans

As at 1 January 2021 assets held for sales were represented by land plots located in Ile district of Almaty oblast amounting to 12.5 hectares. In 2017, the local authority appealed to the court with claims for seizure of these land plots for state needs. Home Mart agreed with the seizure for state needs but not agreed with the amounts of compensations and challenged the court's decision in the appellate and cassation instances. The appellate court ruled to increase the compensation for seizure of the land plots up to the total amount of KZT 71,688 thousand Following the appellate court ruling the Group recognized impairment of the assets held for sale in 2019.

In 2021 management decided to cease further efforts to appeal the amount of compensations and recorded disposal of this land plot.

Following change of investment plans with respect to the land plots located in Auyezovskiy district, Almaty and in Saryarkinskiy district, Nur-Sultan (see Note 5), the Group recognized impairment of these assets in 2020 and 2021 respectively. Both land plots were sold in 2021.

9. Inventories

In thousands of tenge	31 December 2021	31 December 2020	31 December 2019
Fuel	3,817	3,474	2,961
Goods	38	14,287	14,456
Other	84,802	88,056	104,649
Less: provision for impairment	(73,820)	(70,492)	(41,168)
Total	**14,837**	**35,325**	**80,898**

The movement of the provision for obsolete and slow-moving inventories is presented as follows:

In thousands of tenge	Note	2021	2020	2019
Provision for impairment of inventories as at 01 January		**(70,492)**	**(41,168)**	**(19,701)**
Accrued	23	(3,328)	(29,324)	(21,467)
Provision for impairment of inventories as at 31 December		**(73,820)**	**(70,492)**	**(41,168)**

10. Loans receivable

In thousands of tenge	Note	31 December 2021	31 December 2020	31 December 2019
Current loans given				
Current loans to employees		60,883	72,823	80,120
Current loans to key management personnel		89,508	75,192	50,053
Loans to other related parties		154,147	63,673	62,961
Less: provision for expected credit losses	23	(157,581)	(28,562)	(3,000)
Total loans given		**146,957**	**183,126**	**190,134**

The Group provided interest-free loans to related parties with a fixed repayment period-on demand and without collateral.

The Group's exposure to credit risk in relation to trade receivables is disclosed in Note 29.

Movements in the provision for expected credit losses on loans given are presented as follows:

In thousands of tenge	Note	2021	2020	2019
At 01 January		(28,562)	(3,000)	-
Written off from the reserve		-	3,000	-
Accrual	23	(129,019)	(28,562)	(3,000)
At 31 December		**(157,581)**	**(28,562)**	**(3,000)**

11. Trade receivables

In thousands of tenge	31 December 2021	31 December 2020	31 December 2019
Trade receivables for leases	1,035,447	585,221	424,744
Trade receivables for leases from related parties	14,373	437,195	213,419
Trade receivables from related parties	72,435	39,741	39,741
Other trade receivables	352	7,680	83,374
Less: provision for expected credit losses	(167,565)	(290,978)	(272,802)
Total trade receivables	**955,042**	**778,859**	**488,476**

As at 31 December 2021, 2020 and 2019, trade receivables are denominated in tenge.

The movement of the allowance for expected credit losses on trade receivables is presented as follows:

In thousands of tenge	Note	2021	2020	2019
At 01 January		(290,978)	(272,802)	(140,143)
Used		-	-	9,607
Recovered	23	123,413	13,316	-
Accrued	23	-	(31,492)	(142,266)
At 31 December		**(167,565)**	**(290,978)**	**(272,802)**

The Group normally allows credit terms to well-established customers are mainly 60 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors. Rental and other receivables are expected to be recovered within one year.

The Group's exposure to credit risk in relation to trade receivables is disclosed in Note 29.

12. Prepayments and other current assets

In thousands of tenge	31 December 2021	31 December 2020	31 December 2019
Long-term prepayments			
Prepayments issued for the execution of construction and installation works and the supply of supplies	1,627,520	95,779	6,700
Total long-term prepayments	**1,627,520**	**95,779**	**6,700**
Prepayments and other current assets			
Prepayments for the supply of inventory and services	153,602	77,627	54,226
Receivables from employees on reported amounts	40,073	9,915	74,280
Prepaid expenses	15,541	30,798	30,841
Other taxes, fees and duties	12,320	5,757	2,179
Receivables from key management personnel on reported amounts	9,479	-	3,010
Receivables from employees on paid wages	2,434	2,321	12,551
Prepayments for the supply of inventory and services for related parties	2,228	13,235	5,014
Other receivables	-	76	63
Less: provision for impairment of prepayments and other current assets	(29,053)	(47,985)	(31,785)
Total prepayments and other current assets	**206,624**	**91,744**	**150,379**

The movement of the provision for impairment of prepayments and other current assets is presented as follows:

In thousands of tenge	Note	2021	2020	2019
At 01 January		(47,985)	(31,785)	(26,735)
Recovered	23	18,932	-	-
Accrued	23	-	(16,200)	(5,050)
At 31 December		**(29,053)**	**(47,985)**	**(31,785)**

13. Cash and cash equivalents

In thousands of tenge	31 December 2021	31 December 2020	31 December 2019
Cash on bank accounts in KZT	25,438	39,153	133,667
Cash on hand in KZT	22,704	10,632	13,206
Cash on bank accounts in USD	90	1,117	3,767
Cash on a short-term deposit account in KZT	885,900	318,500	-
Less: provision for expected credit losses	(121)	(36)	-
Total cash and cash equivalents	**934,010**	**369,366**	**150,640**

As at 31 December 2021 and 31 December 2020, a term deposit is a deposit placed in Halyk bank of Kazakhstan JSC for a period of up to three months. The contract provides for additional contributions and withdrawals with any frequency. The interest rate on the deposit is 7.5%.

The movement of the provision for expected credit losses on cash and cash equivalents is presented as follows:

In thousands of tenge	Note	2021	2020	2019
At 01 January		(36)	-	-
Accrued	23	(85)	(36)	-
At 31 December		**(121)**	**(36)**	-

Information about the Group's exposure to credit and foreign exchange risk arising from cash is disclosed in Note 29.

14. Capital

Information about participants and ultimate controlling parties is provided in Note 1.

For the purpose of preparation of the combined Financial Statements, the share capital at 31 December 2021, 2020 and 2019 represents the authorized capital of the Group companies As Trade Co LLP and Stroy Alliance Group LLP.

(a) Capital management.

The Group's equity capital management objectives are to safeguard the Group's ability to continue as a going concern and to provide an adequate return to members commensurately with the level of risk. To meet these objectives, the Group manages the equity capital structure and makes adjustments to it in the light of changes in economic conditions by paying dividends to members, issuing new equity shares by the Group, and raising or repaying debts as appropriate.

The Group's equity capital management strategy, which was unchanged from the previous periods, is to maintain a reasonable ratio of net bank borrowings to equity. The Group monitors equity on the basis of the net debts-to-equity ratio, which is calculated as net bank borrowings over equity. Net debts are calculated as total debts less cash and bank balances. Equity comprises all of its components, including share capital, reserves and retained earnings.

The management of the Group reviews the capital structure periodically. The management considers the cost of capital and the risk exposures. The Group manages its overall capital structure through the payment of dividends and raising of new capital as well as the issue of new or the redemption of existing debt.

15. Borrowings

As at 31 December 2021, 2020 and 31 December 2019 borrowings comprised:

In thousands of tenge	**31 December 2021**	**31 December 2020**	**31 December 2019**
Non-current portion			
Halyk Bank of Kazakhstan JSC	26,364,131	26,184,820	21,981,424
Total non-current portion	**26,364,131**	**26,184,820**	**21,981,424**
Current portion			
Halyk Bank of Kazakhstan JSC	4,504,481	2,095,113	3,556,913
Total current portion	**4,504,481**	**2,095,113**	**3,556,913**
Total borrowings from banks	**30,868,612**	**28,279,933**	**25,538,337**

As at 31 December 2021, loans represented by the following:

In thousands of tenge	**Currency**	**Interest rate,%**	**Maturity**	**Nominal amount**	**Amortised cost**
Halyk Bank of Kazakhstan JSC	KZT	14%	2027-2031	28,509,505	30,242,607
Halyk Bank of Kazakhstan JSC	USD	7%	2027	616,856	626,005
Total				**29,126,361**	**30,868,612**

As at 31 December 2020, loans represented by the following:

In thousands of tenge	**Currency**	**Interest rate,%**	**Maturity**	**Nominal amount**	**Amortised cost**
Halyk Bank of Kazakhstan JSC	KZT	14%	2027	24,956,280	27,451,939
Halyk Bank of Kazakhstan JSC	USD	7%	2027	816,653	827,994
Total				**25,772,933**	**28,279,933**

15 Borrowings (continued)

As at 31 December 2019, loans represented by the following:

In thousands of tenge	Currency	Interest rate,%	Maturity	Nominal amount	Amortised cost
Halyk Bank of Kazakhstan JSC	KZT	14%	2027	8,382,742	10,014,335
Halyk Bank of Kazakhstan JSC	USD	6%-6.5%%	2027-2029	15,380,438	15,524,002
Total				**23,763,180**	**25,538,337**

Home Mart LLP credit facilities

On 23 December 2015, Home Mart LLP entered into the credit facility #KD 01-15-32 for a non-revolving line of credit with the aggregate principal amount of US$ 52,500 thousand with fixed interest rate. This credit facility was provided to refinance liabilities to International Finance Corporation and Islamic Bank “Al Hilal” JSC. The facility is secured and had the original maturity date of 22 December 2022. According to latest amendment dated 21 October 2020 the facility has the maturity date of 26 February 2027.The outstanding balance of the credit facility as at 31 December 2021 is US$ 1,404 thousand and interest payable US$ 710 thousand (2020: US$ 1,404 thousand and interest payable US$ 738 thousand; 2019: US$ 39,591 thousand and interest payable US$ 375 thousand) and KZT 1,089 thousand and interest payable in amount of KZT 533,192 thousand (2020: KZT 1,089 thousand and interest payable KZT 1,178,101 thousand; 2019: KZT 624,418 thousand and interest payable KZT 336,017 thousand).

On 15 November 2016, Home Mart LLP entered into the credit facility #KS 01-16-32 for a non-revolving line of credit with the aggregate principal amount of KZT 4,421,500 thousand with fixed interest rate. This credit facility was provided for construction of the 3rd -stage of Aport Mall. The facility is secured by collateral and had the original maturity date of 15 November 2026. According to latest amendment dated 23 August 2020 the aggregate principal amount was increased to KZT 4,858,728 thousand. The outstanding balance of the credit facility as at 31 December 2021 is KZT 218,615 thousand and interest payable KZT 686,915 thousand (2020: KZT 437,229 thousand and interest payable KZT 983,995 thousand; 2019: KZT 3,916,034 thousand and interest payable KZT 750,033 thousand).

On 09 October 2020, Home Mart LLP entered into the credit facility #KS 01-20-22 for a non-revolving line of credit with the aggregate principal amount of KZT 3,824,963 thousand with fixed interest rate. This credit facility was provided to refinance the credit facility #KS 01-16-32. The facility is secured by collateral and has the maturity date of 20 February 2027. The outstanding balance of the credit facility as at 31 December 2021 is KZT 3,624,963 thousand and interest payable KZT 25,375 thousand (2020: KZT 3,804,963 thousand and interest payable KZT 25,155 thousand).

Agro Land Co LLP credit facilities

On 15 December 2016, Agro Land Co LLP entered into the credit facility #KD 01-16-31 for a non-revolving line of credit with the aggregate principal amount of KZT 4,318,000 thousand with fixed interest rate. This credit facility was provided for construction of Aport Mall. The facility is secured and had the maturity date of l 15 December 2026. According to latest amendment dated 23 August 2020 the aggregate principal amount was increased to KZT 4,347,613 thousand. The outstanding balance of the credit facility as at 31 December 2021 is KZT 1 thousand and interest payable KZT 443,953 thousand (2020: KZT 29,614 thousand and interest payable KZT 560,015 thousand; 2019: KZT 3,311,171 thousand and interest payable KZT 453,856 thousand).

On 13 October 2020, Agro Land Co LLP entered into the credit facility ##KS 01-20-26 for a non-revolving line of credit with the aggregate principal amount of KZT 3,246,764 thousand with fixed interest rate. This credit facility was provided for construction of Aport Mall. The facility is secured by collateral and had the maturity date of 13 October 2027. The outstanding balance of the credit facility as at 31 December 2021 is KZT 3,046,764 thousand and interest payable KZT 20,142 thousand (2020: KZT 3,226,764 thousand and interest payable KZT 21,332 thousand).

On 26 October 2020, Agro Land Co LLP entered into the credit facility #KS 01-20-30 for a non-revolving line of credit with the aggregate principal amount of KZT 3,753,057 thousand with fixed interest rate. This credit facility was provided for construction of Aport Mall. The facility is secured by collateral and has the maturity date of20 February 2027. The outstanding balance of the credit facility as at 31 December 2021 is KZT 3,065,112 thousand and interest payable KZT 18,220 thousand (2020: KZT 3,606,834 thousand and interest payable KZT 2,805 thousand).

15 Borrowings (continued)

As Trade Co LLP credit facilities

On 13 October 2020, As Trade Co LLP entered into the credit facility #KS 01-20-25 for a non-revolving line of credit with the aggregate principal amount of KZT 7,000,000 thousand with fixed interest rate. This credit facility was provided for construction of Aport Mall. The facility is secured by collateral and has the maturity date of l 13 October 2027. The outstanding balance of the credit facility as at 31 December 2021 is KZT 6,860,000 thousand and interest payable KZT 45,352 thousand (2020: KZT 6,980,000 thousand and interest payable KZT 46,145 thousand).

East Land LLP credit facilities

On 26 December 2019, East Land LLP entered into the credit facility #KS 01-19-35 for a non-revolving line of credit with an aggregate principal amount of US$ 53,355 thousand with fixed interest rate. This credit facility was provided for construction of Aport Mall. The facility is secured and had the original maturity of 26 December 2029. According to latest amendment dated 21 October 2020 the facility has the maturity of 26 February 2027.The outstanding balance of the credit facility as at 31 December 2021 in US$ is nil (2020: US$ 511 thousand and interest payable US$ 0 thousand; 2019: US$ 39 thousand and interest payable US$ 0 thousand) and KZT 1,165,169 thousand and interest payable in amount of KZT 8,877 thousand (2020: KZT 59,786 thousand and interest payable KZT 0 thousand; 2019: KZT 624,418 thousand and interest payable KZT 336,017 thousand).

During 2021, the subsidy and guarantee agreements were concluded for individual bank loan agreements under the Credit Line Agreement within the framework of the State Business Support and Development Program "Business Roadmap-2025" in accordance with the State Support Program, the Rules for Subsidizing Part of the Interest Rate with the Damu Entrepreneurship Development Fund JSC. Within the framework of the signed contract, a part of the interest rate of 8% is subsidized.

On September 10, 2021, the additional Agreement No. 3 was signed on refinancing the credit line provided in US dollars and determining the total amount of the limit under the Agreement in the amount of KZT 6 900 000 thousand with the maturity date of March 1, 2031. The interest rate is 14% per annum, of which 8% is subsidized by JSC "Regional Branch of Joint Stock Company "Entrepreneurship Development Fund "Damu" in Almaty region" for 60 months.

Stroy Alliance Group LLP credit facilities

On 14 October 2020, Stroy Alliance Group LLP entered into the credit facility #KD 01-20-24 for a non-revolving line of credit with the aggregate principal amount of KZT 6 830 000 thousand with fixed interest rate. This credit facility was provided for acquisition of the part of Aport Mall. The facility is secured by collateral and has the maturity date of 14 October 2027. The outstanding balance of the credit facility as at 31 December 2021 is KZT 6,610,000 thousand and interest payable KZT 208,839 thousand (2020: KZT 6,690,000 thousand and interest payable KZT 44,228 thousand).

Company Shygys Zher LLP credit facilities

On 15 June 2021, Company Shygys Zher LLP entered into the credit facility №KD 01-21-25 for a non-revolving line of credit with the aggregate principal amount of KZT 5,480,000 thousand with fixed interest rate. This credit facility was provided for acquisition of the part of Aport Mall. The facility is secured by collateral and the maturity date of 15 June 2031. The outstanding balance of the credit facility as at 31 December 2021 is KZT 2,310,465 thousand and interest payable KZT 62,418 thousand.

Rental Group LLP credit facilities

On 15 June 2021, Rental Group LLP entered into the credit facility #KD 01-21-24 for a non-revolving line of credit with the aggregate principal amount of KZT 6,618,000 thousand with fixed interest rate. This credit facility was provided for acquisition of the part of Aport Mall. The facility is secured and had the maturity date of 15 June 2031. The outstanding balance of the credit facility as at 31December 2021 is KZT 1,527,048 thousand and interest payable KZT 26,049 thousand.

15 Borrowings (continued)

Changes in borrowings arising from financing activities are presented as follows:

In thousands of tenge	**2021**	**2020**	**2019**
As at 1 January	**28,279,933**	**25,538,337**	**26,850,678**
Proceeds from borrowings	5,049,450	41,867,561	15,481,943
Repayment of borrowings	(1,753,046)	(41,454,504)	(16,714,625)
Accrued interest in the statement of profit or loss and other comprehensive income	3,461,209	2,953,886,	,483,958
Capitalized interest in investment property	150,238	12,115	3
Interest payment	(2,120,388)	(1,031,250)	(2,149,923)
Repayment through subsidies	(2,407,813)	(440,502)	(536,975)
Exchange differences	25,935	1,513,809	123,278,
Amortization of discount and indexation	183,094	59,243	-
Recognition and amortization of discounts on long-term debt	-	(738,762)	-
As at 31 December	**30,868,612**	**28,279,933**	**25,538,337**

Collateral for loans:

- Investment property (Note 5);
- 3% of the participation interest of AsTrade Co LLP in Home Mart LLP
- Guarantees issued by related parties providing for joint responsibility for discharge of liabilities to the bank.

16. Due to related parties

As at 31 December 2021, 2020 and 31 December 2019 due to related parties comprised:

In thousands of tenge	**31 December 2021**	**31 December 2020**	**31 December 2019**
Non-current portion			
Eurasia Red Holdings B.V.	-	-	8,523,033
Eurasia Red Cooperatief U.A.	-	-	9,498,384
Total non-current portion	**-**	**-**	**18,021,417**
Current portion			
Golden Hill Limited TOO	194,810	194,810	182,960
Eurasia Red Holdings B.V.	10,060,918	9,882,660	2,528,174
Eurasia Red Cooperatief U.A.	-	-	238,964
Total current portion	**10,255,728**	**10,077,470**	**2,950,098**
Total due to related parties	**10,255,728**	**10,077,470**	**20,971,515**

As at 31 December 2021, loans represented by the following:

In thousands of tenge	**Currency**	**Interest rate,%**	**Maturity**	**Nominal amount**	**Amortised cost**
Eurasia Red Holdings B.V.	USD	2.25%	2021	5,641,132	5,859,064
Eurasia Red Holdings B.V.	KZT	2.25%	2021	4,042,374	4,201,854
Golden Hill Limited TOO	KZT	No	2020	194,810	194,810
Total				**9,878,316**	**10,255,728**

As at 31 December 2020, loans represented by the following:

In thousands of tenge	**Currency**	**Interest rate,%**	**Maturity**	**Nominal amount**	**Amortised cost**
Eurasia Red Holdings B.V.	USD	2.25%	2021	5,638,149	5,735,759
Eurasia Red Holdings B.V.	KZT	2.25%	2021	4,042,374	4,146,901
Golden Hill Limited TOO	KZT	No	2021	194,810	194,810
Total				**9,875,333**	**10,077,470**

16 Due to related parties (continued)

As at 31 December 2019, loans represented by the following:

In thousands of tenge	Currency	Interest rate,%	Maturity	Nominal amount	Amortised cost
Golden Hill Limited LLP	KZT	No	2020	194,810	182,961
Eurasia Red Holdings B.V.	USD	2.25%	2027	9,971,592	11,051,207
Eurasia Red Cooperatief U.A.	USD	2.25%	2027	8,694,422	9,737,347
Total				**18,860,824**	**20,971,515**

Home Mart LLP facilities

On 17 December 2010, Home Mart LLP entered into the credit facility with Eurasia Red Cooperatif U.A. for a non-revolving line of credit with the aggregate principal amount of US$ 22,307 thousand with fixed interest rate. Due to lower than market interest rate, the Group recognized accrual of discount in capital in the amount of KZT 4,338,317 thousand. This credit agreement replaced all the loan agreements signed between these companies due to changes in the terms of loans. The loan was unsecured and had the original maturity date of15 June 2019. According to the agreement dated 31 March 2020 the debt has been released by the creditor. As at 31 March 2020 the creditor has granted Home Mart LLP full and final discharge.

The outstanding balance of the credit facility as at 31 December 2021, 2020 and interest payable is nil (2019: US$ 22,295 thousand and interest payable US$ 4,656 thousand).

On 01 March 2010, Eurasia Red Cooperatif U.A. has accepted all rights and obligations of Eurasia Red Ltd under all loan agreements between Home Mart LLP and Eurasia Red Ltd with the aggregate principal amount of US$ 11,678 thousand and KZT 4,042,374 thousand. According to the agreement on Share Premium Contribution dated 1 April 2011 Eurasia Red Cooperatif U.A. contributed all the rights and obligations under those loans to Eurasia Red Holdings B.V. The loan was unsecured and had the original maturity date of December 2022. According to agreement dated 31 March 2020 the amounts of interest accrued as at 31 March 2020 have been released by the creditor from repayment. The debtor undertook to repay principal amount not later than 31 December 2021. The interest accrued since 1 April 2020 is paid in lump sum on the day of full repayment of principal amounts. The outstanding balance of the credit facility as at 31 December 2021 $ 9 215 thousand and KZT 4 042 374 thousand and interest payable US$ 250 thousand and KZT 159 480 thousand (2020: US$ 9,543 thousand and KZT 4,042,374 thousand and interest payable US$ 167 thousand and KZT 68,526 thousand, 2019: US$ 10,093 thousand and KZT 4,042,374 thousand and interest payable US$ 2,500 thousand and KZT 895,185 thousand). See Note 30 for subsequent repayment of the principal debt under this credit facility

As Trade Co LLP credit facilities

On 07 December 2010, As Trade Co LLP entered into the credit facility with Eurasia Red Cooperatif U.A. for a non-revolving line of credit with the aggregate principal amount of US$ 2,000 thousand with fixed interest rate. Due to lower than market interest rate, the Group recognized accrual of discount in capital in the amount of KZT 511,850 thousand. This credit agreement replaced all the loan agreements signed between these companies due to changes in the terms of loans. The loan was unsecured and had the original maturity date of l 15 June 2019. According to the agreement dated 31 March 2020 the debt has been released by the creditor. As at 31 March 2020 the creditor has granted As Trade Co LLP full and final discharge. The outstanding balance of the credit facility as at 31 December 2021 and interest payable is nil (2020: nil; 2019: principal amount of US$ 432 thousand interest payable US$ 195 thousand).

On 1 March 2010, Eurasia Red Cooperatif U.A. has accepted all rights and obligations of Eurasia Red Ltd under all loan agreements between As Trade Co LLP and Eurasia Red Ltd with the aggregate principal amount of EUR 1,348 thousand and US$ 3,994 thousand. According to the agreement on Share Premium Contribution dated 1 April 2011 Eurasia Red Cooperatif U.A. contributed all the rights and obligations under those loans to Eurasia Red Holdings B.V. The loan was unsecured and had the original maturity date of December 2022. According to the agreement dated 31 March 2020 the part of principal amount and amounts of interest accrued as at 31 March 2020 have been released by the creditor from repayment. The debtor undertook to repay the rest of principal amount not later than 31 December 2021. The interest accrued since 1 April 2020 is paid in lump sum on the day of full repayment of principal amounts.

The outstanding balance of the credit facility as at 31 December 2021 is US$ 3,852 thousand and interest payable is US$ 152 thousand (2020: principal amount of US$ 3,852 thousand and interest payable US$ 65 thousand, 2019: principal amount of EUR 1,320 thousand and US$ 3,852 thousand and interest payable EUR 294 thousand and US$ 878 thousand). See Note 30 for subsequent repayment of the principal debt and accrued interest under this credit facility.

16 Due to related parties (continued)

Changes in due to related parties arising from financing activities in 2021 are presented as follows:

In thousands of tenge	Golden Hill Limited LLP	Eurasia Red Holdings B.V.	Total
As at 1 January 2021	**194,810**	**9,882,660**	**10,077,470**
Loan repayment	-	(139,532)	(139,532)
Accrued interest	-	217,455	217,455
Interest payment	-	(54,288)	(54,288)
Exchange differences	-	154,623	154,623
As at 31 December 2021	**194,810**	**10,060,918**	**10,255,728,**

Changes in due to related parties arising from financing activities in 2020 are presented as follows:

In thousands of tenge	Golden Hill Limited LLP	Eurasia Red Holdings B.V.	Eurasia Red Cooperatief U.A.	Total
As at 1 January 2020	**182,960**	**11,051,207**	**9,737,348**	**20,971,515**
Loan repayment	-	(228,847)	-	(228,847)
Accrued interest	-	223,641	51,494	275,135
Exchange differences	-	807,524	1,666,676	2,474,200
Amortization of discount	11,850	1,299,596	956,750	2,268,196
Debt forgiveness	-	(3,270,461)	(12,412,268)	(15,682,729)
As at 31 December 2020	**194,810**	**9,882,660**	**-**	**10,077,470**

Changes in due to related parties arising from financing activities in 2019 are presented as follows:

In thousands of tenge	Golden Hill Limited LLP	Eurasia Red Holdings B.V.	Eurasia Red Cooperatief U.A.	Total
As at 1 January 2019	**161,597**	**10,591,443**	**9,110,661**	**19,863,701**
Loans received	-	36,000	-	36,000
Loan repayment	-	(389,563)	(11,623)	(401,186)
Accrued interest	-	230,234	195,705	425,939
Exchange differences	-	(47,782)	(39,166)	(86,948)
Amortization of discount and indexation	21,363	630,875	481,771	1,134,009
As at 31 December 2019	**182,960**	**11,051,207**	**9,737,348**	**20,971,515**

17. Trade payables

Trade payables are accounts payable to suppliers and contractors for services and materials received.

In thousands of tenge	31 December 2021	31 December 2020	31 December 2019
Trade payables	506,121	267,182	283,174
Trade payables to related parties	103,553	4,527	3,196
Total trade payables	**609,674**	**271,709**	**286,370**

The Group's exposure to liquidity risk in relation to trade payables is disclosed in Note 29. The fair value of trade payables approximates their carrying amount due to the short-term maturity.

18. VAT payable

During 2021 Home Mart LLP reached an agreement with regional tax committee of Karasai district on payment of monthly instalments of the value added tax for the total amount of KZT 1,742,327 thousand from 25 February 2021 till 25 November 2024 (KZT 58,953 thousand monthly).

The current amount payable in 2022 is KZT 677,417 thousand, long-term part is KZT 1,050,450 thousand.

19. Revenue

Revenue for the years ended December 31 is presented as follows*:*

In thousands of tenge	**2021**	**2020**	**2019**
Rental income	6,330,556	3,085,523	4,627,779
Revenue from contracts with customers	482,943	862,367,	1,084,898
Total revenue	**6,813,499**	**3,947,890**	**5,712,677**

Rental income for the years ended December 31 is presented as follows*:*

In thousands of tenge	**2021**	**2020**	**2019**
Aport Shopping Mall			
Rental income	5,930,036,	2,749,787	4,246,322
SAT Business center			
Rental income	400,520	329,838	375,151
Rental income from parking	-	5,898	6,306
Total rental income	**6,330,556**	**3,085,523**	**4,627,779**

Revenue from contracts with customers for the years ended December 31 is presented as follows:

In thousands of tenge	**2021**	**2020**	**2019**
Aport Shopping Mall			
Reimbursement of utilities	295,498	699,389	765,190
Income from ad placement	144,332	121,241	279,515
Other income	42,468	-	-
	482,298	**820,630**	**1,044,705**
SAT Business center			
Reimbursement of utilities	135	27,082	23,166
Other income	510	14,655	17,027
	645	**41,737**	**40,193**
Total revenue from contracts with customers	**482,943**	**862,367**	**1,084,898**

Revenue from contracts with customers was recognized over a period of time.

Contract balances

In thousands of tenge	**31 December 2021**	**31 December 2020**	**31 December 2019**
Trade receivables	1,122,607	1,069,837	761,278
Contract liabilities	(830,773)	(784,200)	(979,161)

20. Cost of sales

Cost of sales for 2021, 2020 and 2019 comprised:

In thousands of tenge	Note	2021	2020	2019
Aport Shopping Mall				
Utilities		557,436	379,320	526,112
Payroll and related taxes		304,102	263,219	224,377
Taxes		256,542	36,666	153,621
Security services		192,484	135,483	167,476
Materials		161,489	80,872	162,098
Cleaning expenses		118,099	60,049	110,922
Repair and maintenance costs		75,357	76,204	348,400
Insurance		33,353	36,901	48,628
Depreciation of property, plant and equipment, and intangible assets	6	10,733	10,120	6,970
Depreciation of a right-of-use asset	7	8,008	4,377	4,353
Office expenses		6,346	1,307	1,399
Other rental expenses		1,724	174	120
Other		13,115	8,473	23,458
Cost of sales related to Aport shopping mall		**1,738,788**	**1,093,165**	**1,777,934**
SAT Business center				
Utilities		53,330	42,639	44,098
Repair and maintenance costs		25,595	31,839	23,547
Payroll and related taxes		24,028	21,882	20,691
Security services		23,597	17,301	23,136
Materials		10,620	11,305	14,806
Cleaning expenses		9,857	8,087	8,890
Taxes		3,777	3,762	4,133
Insurance		2,604	2,278	270
Other rent expenses		-	707	821
Depreciation of a right-of-use asset	7	179	179	-
Depreciation of property, plant and equipment, and intangible assets	6	160	196	-
Other		2,956	1,610	1,939
Cost of sales related to SAT Business center		**156,704**	**141,785**	**142,331**
Total Cost of sales		**1,895,492**	**1,234,950**	**1,920,265**

21. Selling expenses

In thousands of tenge	Note	2021	2020	2019
Marketing expenses		103,157	102,256	151,817
Trainings		100,861	-	-
Payroll expenses and related taxes		90,605	131,087	58,087
Depreciation of property, plant and equipment	6	1,223	951	597
Other tax expenses		-	1,426	2,169
Write-off of due from employees		-	-	12,951
Business trip expenses		-	-	1,314
Others		19,732	9,405	12,820
Total selling expenses		**315,578**	**245,125**	**239,755**

22. Administrative expenses

In thousands of tenge	Note	2021	2020	2019
Payroll expenses and related taxes		435,198	511,709	304,817
Representative expenses		76,201	-	22,353
Professional services		55,065	55,515	101,816
Penalties for the granted deferred payment of VAT	18	38,747	-	-
Fines and penalties on budget		29,889	15,602	8,327
Materials		23,550	14,227	16,177
Legal expenses		22,469	36,800	28,521
Business trip expenses		9,975	4,485	25,475
Taxes		8,435	5,351	7,718
Repair and maintenance expenses		8,010	6,972	5,954
Depreciation of property, plant and equipment	6	6,870	6,089	5,874
Bank services		5,349	3,333	3,673
Office expenses		4,576	2,551	1,880
VAT not subject to offset		3,754	-	-
Charity		2,451	-	1,986
Depreciation of a right-of-use asset	7	537	537	-
Other rental expenses		1,037	3,290	2,614
Other		32,773	37,679	34,368
Total administrative expenses		**765,047**	**704,140**	**571,553**

23. Impairment losses and write-offs

In thousands of tenge	Note	2021	2020	2019
Impairment loss on asset held for sale	8	710,484	567,408	433,331
Provision for impairment of inventories	9	3,328	29,324	21,467
Provision for expected credit losses of loans given	10	129,019	28,562	3,000
Provision (Recovery) for expected credit losses on trade receivables	11	(123,413)	18,176	142,266
Provision (Recovery) for impairment of advances issued and other current assets	12	(18,932)	16,200	5,050
Provision for expected credit losses on cash	13	85	36	-
Other expenses		-	2,747	11,612
Total impairment loss and write-offs		**700,571**	**662,453**	**616,726**

24. Other income/(expense), net

In thousands of tenge	Note	2021	2020	2019
Gain/(Loss) for disposal of property, plant and equipment		5,385	(12)	(672)
Gain on release of liabilities		535	2,034	28,167
Gain on release of debt from related party	16	-	15,682,729	-
Gain on sale of investment property		-	-	8,651
Gain/(Loss) on disposal of assets held for sale		(122)	-	1,945
Difference in the amount of currency exchange		(1,669)	(18,628)	(131,808)
Other (expenses)/income		(669)	7,792	25,425
Total other income/(expense), net		**3,460**	**15,673,915**	**(68,292)**

25. Finance income and costs

In thousands of tenge	Note	2021	2020	2019
Finance income				
Loan subsidy income		2,710,011	1,285,475	-
Interest income on deposits		40,132	10,648	46
Effective interest rate adjustment for subsidy income		-	32,645	6,606
Income from a decrease in lease payments		-	1,000	-
Total finance income		**2,750,143**	**1,329,768**	**6,652**
Finance cost				
Interest on bank loans	5, 15	3,461,209	2,953,886	2,483,958
Eurasia Red Holdings B.V. loan interest expense	16	217,455	223,641	230,234
Amortization of discounts on long-term interest payable on bank loans	15	183,094	59,243	-
Unwinding of discounts of the lease liability	7	11,938	11,050	10,918
Unwinding of discounts on loans from Eurasia Red Holdings B.V.	16	-	1,299,596	630,875
Unwinding of discounts on loans from Eurasia Red Cooperatief U.A.	16	-	956,750	481,771
Eurasia Red Cooperatief U.A. loan interest expense	16	-	51,494	195,705
Unwinding of discounts on loan from Golden Hill	16	-	11,850	21,363
(Income)/expense on recalculation at the effective interest rate		-	(59,042)	451,891
Other		-	5	-
Total finance cost		**3,873,696**	**5,508,473**	**4,506,715**
Total finance cost, net		**1,123,553**	**4,178,705**	**4,500,063**

Within the framework of “Business road map – 2025” government program of business support and development #968 dated 24 December 2019 and rules of subsidizing of part of interest rate #1060 dated 24 December 2019 the Group received the government support in the form of loan interest rate expenses partial payment and the payments under subsidies of industry support entrepreneurs of priority sectors of economy.

26. Income tax expense

Income tax expense comprises the following:

In thousands of tenge	2021	2020	2019
Current income tax	-	-	1,991
Deferred income tax	2,398,637	2,296,769	2,784,434
Total income tax expense	**2,398,637**	**2,296,769**	**2,786,425**

26. Income tax expense (continued)

A reconciliation between the income tax expense reported in the Group's financial statements and accounting profit before tax multiplied by the income tax rate is presented below:

In thousands of tenge	**2021**	**2020**	**2019**
Profit before tax	8,566,560	7,839,044	12,017,920
Standard rate of income tax	20%	20%	20%
Estimated amount at the set rate	**1,713,312**	**1,567,809**	**2,403,584**
Adjustments for income and expenses that do not change the tax base:			
Losses carried forward expiration expenses	761,416	314,504	-
Eurasia Red Loan Fee Expenses	43,491	55,027	85,188
Provision for expected credit losses on loans issued	25,804	5,712	600
Provision for expected credit losses on cash	17	7	-
Provision for advances issued and other receivables	(3,786)	3,240	1,010
Exchange rate difference on Eurasia Red loans	(30,925)	-	17,389
Impairment loss on assets for sale	(142,097)	(113,482)	(86,666)
Discount amortization expense on Eurasia Red loans	-	451,269	222,529
Discount amortization expense on Golden Hill loans	-	2,370	4,273
Bad debt write-off costs	-	549	2,322
Interest expense at effective interest rate	-	(4,043)	108,716
Other non-deductible expenses	31,405	13,807	27,480
Total income tax expense	**2,398,637**	**2,296,769**	**2,786,425**

Differences between IFRS and the tax legislation of the Republic of Kazakhstan give rise to temporary differences between the amortised cost of assets and liabilities in accounting and their tax base. The tax effect of the movements in temporary differences is presented below and is recorded at the tax rate expected to apply in the period when the temporary differences reverse.

In thousands of tenge	**1 January 2021**	**Recorded to profit or loss**	**31 December 2021**
Tax effect of deductible temporary differences			
Losses carried forward	1,297,339	(670,193)	627,146
Borrowings from banks	153,960	366,810	520,770
ECL on receivables	58,195	(24,682)	33,513
Vacation reserves	21,269	2,586	23,855
Inventory write-off	14,099	665	14,764
Rent liabilities	13,387	(1,080)	12,307
Taxes	1,302	2,689	3,991
Gross deferred tax assets	**1,559,551**	**(323,205)**	**1,236,346**
Less offsetting with deferred tax liabilities	(1,559,551)	323,205	(1,236,346)
Recognized deferred tax assets	**-**	**-**	**-**
Tax effect of taxable temporary differences			
Investment property	11,054,327	2,041,635	13,095,962
Deferred income (stimulus)	47,480	34,420	81,900
Property, plant and equipment, and intangible assets	9,768	3,227	12,995
Right of use assets	12,081	(1,745)	10,336
Assets held for sale	2,105	(2,105)	-
Gross deferred tax liabilities	**11,125,761**	**2,075,432**	**13,201,193**
Less offsetting with deferred tax assets	(1,559,551)	323,205	(1,236,346)
Recognized deferred tax liabilities	**9,566,210**	**2,398,637**	**11,964,847**

26. Income tax expense (continued)

In thousands of tenge	1 January 2020	Recorded to profit or loss	31 December 2020
Tax effect of deductible temporary differences			
Losses carried forward	4,426,089	(3,128,750)	1,297,339
Borrowings from banks	336,693	(182,733)	153,960
ECL on receivables	54,560	3,635	58,195
Rent liabilities	11,138	2,249	13,387
Inventory write-off	8,234	5,865	14,099
Vacation reserves	6,623	14,646	21,269
Subsidies	6,529	(6,529)	-
Taxes	781	521	1,302
Other	2,068	(2,068)	-
Gross deferred tax assets	**4,852,715**	**(3,293,164)**	**1,559,551**
Less offsetting with deferred tax liabilities	(4,852,715)	3,293,164	(1,559,551)
Recognized deferred tax assets	**-**	**-**	**-**
Tax effect of taxable temporary differences			
Investment property	12,045,690	(991,363)	11,054,327
Deferred income (stimulus)	53,896	(6,416)	47,480
Right of use assets	11,354	727	12,081
Property, plant and equipment, and intangible assets	9,111	657	9,768
Assets held for sale	2,105	-	2,105
Gross deferred tax liabilities	**12,122,156**	**(996,395)**	**11,125,761**
Less offsetting with deferred tax assets	(4,852,715)	3,293,164	(1,559,551)
Recognized deferred tax liabilities	**7,269,441**	**2,296,769**	**9,566,210**

In thousands of tenge	1 January 2019	Recorded to profit or loss	31 December 2019
Tax effect of deductible temporary differences			
Losses carried forward	4,252,617	173,472	4,426,089
Borrowings from banks	16,691	320,002	336,693
ECL on receivables	29,682	24,878	54,560
Rent liabilities	-	11,138	11,138
Inventory write-off	3,940	4,294	8,234
Vacation reserves	11,774	(5,151)	6,623
Subsidies	-	6,529	6,529
Taxes	54,637	(53,856)	781
Other	-	2,068	2,068
Gross deferred tax assets	**4,369,341**	**483,374**	**4,852,715**
Less offsetting with deferred tax liabilities	(4,369,341)	(483,374)	(4,852,715)
Recognized deferred tax assets	**-**	**-**	**-**
Tax effect of taxable temporary differences			
Investment property	8,203,965	3,841,725	12,045,690
Deferred income (stimulus)	51,390	2,506	53,896
Right of use assets	-	11,354	11,354
Assets held for sale	-	2,105	2,105
Loans from related parties	640,018	(640,018)	-
Property, plant and equipment, and intangible assets	(41,025)	50,136	9,111
Gross deferred tax liabilities	**8,854,348**	**3,267,808**	**12,122,156**
Less offsetting with deferred tax assets	(4,369,341)	(483,374)	(4,852,715)
Recognized deferred tax liabilities	**4,485,007**	**2,784,434**	**7,269,441**

27. Related party transactions

For the purposes of these combined financial statements, parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Group's immediate parent entity and ultimate controlling parties are disclosed in Note 1.

Entities under common control of ultimate controlling parties of the Group: Eurasia Agro Holding LLP, Italian Dream LLP, Aport Agro LLP, Eurasia Ligeco Company LLP, EMC LLP, Aquapark Hawaii LLP, Miami kitchen LLP, Restoran Miami LLP, IT-Sirius LLP, Caspian Retail LLP, Golden Hill Limited LLP, EURASIA RED Cooperatief U.A., Eurasia Red Ltd, Funky World LLP, Zhaubasar Security LLP, EURASIA RED Holdings B,V..

At 31 December 2021, 2020 and 31 December 2019, the outstanding balances with related parties were as follows:

In thousands of tenge	**Note**	**2021**	**2020**	**2019**
Loans given	10	154,147	63,673	62,961
Trade receivables	11	86,808	476,936	253,160
Long-term prepayments	12	237,135	-	-
Prepayments and other current assets	12	2,228	13,235	5,014
Trade payables	17	103,553	4,527	3,196
Due to related parties	16	(10,255,728)	(10,077,470)	(20,971,515)

The income, expense and cash turnover items with related parties for 2021, 2020 and 2019 were as follows:

In thousands of tenge	**2021**	**2020**	**2019**
Revenue	194,190	275,636	249,581
Cost of sales	(216,081)	-	(55,436)
Administrative expenses	(1,490)	(824)	(5,121)
Finance costs	(217,455)	(2,543,331)	(1,559,948)
Other income/(expenses)	(37,084)	(3,000)	-
Loans given to related parties	84,179	35,811	105,218
Repayment of loans to related parties	-	35,124	135,835
Loan receipt from related parties	36	-	(36)
Repayment of loan received	(139,532)	(228,847)	(401,186)
Release of debt from related parties	-	(15,682,729)	-

Key management personnel operations

The key management personnel consist of 7 people as at 31 December 2021 (2020: 7 people, 2019: 7 people). The total remuneration paid to key management personnel included in administrative expenses (Note 22) is KZT 100,147 thousand (2020: KZT119,413 thousand, 2019: KZT 94,070 thousand).

28. Contractual and contingent liabilities

Lawsuits

The Group is involved in various non-material litigation related to its operations, such as claims for compensation for property damage. The Group does not believe that such pending litigation or potential claims, individually or in the aggregate, could have any material adverse effect on its financial position or results of operations.

The Group assesses the probability of occurrence of significant liabilities and reflects the corresponding provision in the combined financial statements only when it is probable that the events giving rise to the liability will occur and the amount of the related liability can be reasonably determined.

28. Contractual and contingent liabilities (continued)

Taxation contingencies

The taxation system in Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements.

Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer. The current regime of fines and penalties for detected and confirmed violations of Kazakhstan's tax legislation is strict.

These circumstances may create tax risks in Kazakhstan that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these combined financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Tax audits may cover five calendar years of activity immediately preceding the audit year. Under certain circumstances, the checks may cover longer periods. Due to the uncertainty inherent in Kazakhstan's tax system, the potential amount of taxes, penalties and penalties, if any, may exceed the amount currently charged as at 31 December 2021.

Management believes that as at 31 December 2021, its interpretation of the applicable law is appropriate and it is probable that the Company's tax position will be confirmed.

Environmental issue

The Group is required to comply with various environmental laws and regulations. Kazakhstan's legislation on environmental protection is constantly changing and subject to ambiguous interpretations. Although management is confident that the Group complies with government environmental requirements, it is not certain that there are no contingent liabilities.

Guarantees and security

In 2018 the Group issued guarantees to Aquapark Hawaii LLP, a related party, in respect of bank loans granted to Aquapark Hawaii LLP. As at 31 December 2021 the outstanding amount of loans amounted to KZT 215,834 thousand (31 December 2020: KZT 442,531 thousand, 31 December 2019: KZT 401,786 thousand). The loan is interest bearing at 13.5% per annum and repayable in 2023.

In 2017 the Group issued guarantees to Funky World LLP, a related party, in respect of bank loans granted to Funky World LLP. As at 31 December 2021 the outstanding amount of loans amounted to KZT 767,574 thousand (31 December 2020: KZT 827,496 thousand, 31 December 2019: KZT 871,827 thousand). The loan is interest bearing at 13.5% per annum and repayable in 2024.

In 2016 the Group pledged 3% of the participation interest of AsTrade Co LLP in Home Mart LLP as a security for bank loans granted to EMC Dostyk LLP, a related party. As at 31 December 2021 the outstanding amount of loans amounted to KZT 207,538 thousand (31 December 2020: KZT 218,002 thousand, 31 December 2019: KZT 232,535 thousand). The loan is interest bearing at 13.5% per annum and repayable in 2023.

The Group's management believes that the availability of bank guarantees will not have an impact on the combined financial statements, as it assesses the risk of liability as low. The assessment of the Group's management is based on the study of the Debtor's solvency, the timeliness of repayment of obligations to the bank.

29. Financial risk management

Financial risk factors

The risk management function within the Group is carried out in respect of financial risks (credit, liquidity and market), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

29. Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and joint ventures, restricted cash, cash and cash equivalents and other receivables.

The carrying amounts of financial assets represent the maximum credit exposure. The Group's maximum exposure to credit risk by class of assets is as follows:

In thousands of tenge	Note	2021	2020	2019
Trade and other receivables				
Trade receivables, net	11	955,042	778,859	488,476
Loans given to related parties	10	154,147	63,673	62,961
Loans given to employees	10	60,833	72,823	80,120
Loans given to key management	10	89,508	75,192	50,053
Less: provision for expected credit losses	10	(157,581)	(28,562)	(3,000)
Total financial assets in trade and other receivables		**1,141,949**	**961,985**	**681,610**
Cash and cash equivalents				
Cash in bank	13	25,528	40,270	137,434
Short-term deposit	13	885,900	318,500	-
Less: provision for expected credit losses	13	(121)	(36)	-
Total cash and cash equivalents		**911,307**	**358,734**	**137,434**
Total maximum exposure to credit risk		**2,053,256**	**1,320,719**	**819,044**

Trade receivables

The Group does not require collateral in respect of its receivables. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Details of concentration of revenue are included in Note 19.

The Group carries out ongoing monitoring and analysis of existing receivables. The impairment analysis is performed at each reporting date on an individual basis.

As at 31 December 2021:

In thousands of tenge	Estimated total carrying value in case of default	Percentage of expected credit losses	Expected credit losses
Not overdue	902,787	0.63%	5,672
1-30 days	23,713	3.57%	847
31-60 days	16,040	4.1%	659
61-90 days	3,411	12.67%	432
91-360 days	26,944	38,01%	10,243
More than 360 days	149,712	100%	149,712
Total	**1,122,607**	**14.91%**	**167,565**

As at 31 December 2020:

In thousands of tenge	Estimated total carrying value in case of default	Percentage of expected credit losses	Expected credit losses
Not overdue	325,440	0.00%	-
1-30 days	27,428	0.11%	32
31-60 days	8,513	2.06%	175
61-90 days	3,844	0.00%	-
91-360 days	4,858	28.98%	1,277
More than 360 days	699,754	41.37%	289,494
Total	**1,069,837**	**27.21%**	**290,978**

29. Financial risk management (continued)

As at 31 December 2019:

In thousands of tenge	**Estimated total carrying value in case of default**	**Percentage of expected credit losses**	**Expected credit losses**
Not overdue	271,004	0.00%	-
1-30 days	245	0.10%	-
31-60 days	31,219	11.53%	3,601
61-90 days	2,017	74.86%	1,510
91-360 days	363,386	47.96%	174,284
More than 360 days	93,407	100.00%	93,407
	761,278	**35.83%**	**272,802**

Cash and cash equivalents

The Group held cash and cash equivalents of KZT 911,428 thousand at 31 December 2021 (2020: KZT 358,770 thousand; 2019: KZT 137,434 thousand). The cash and cash equivalents are held with banks and financial institutions rated from B- to BB based on rating agency Standard & Poor's ratings.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

All bank balances and term deposits are not due. An analysis by the credit quality of bank balances and term deposits is as follows:

29. Financial risk management (continued)

In thousands of tenge	Rating 2021	Rating 2020	Rating 2019	Cash balance 2021	Cash balance 2020	Cash balance 2019	Balance on deposit accounts 2021	Balance on deposit accounts 2020	Balance on deposit accounts 2019
Halyk Bank Kazakhstan JSC	BB/stable/BB, kzA+	BB/stable/BB, kzA+	BB/stable/B, kzA+	25,463	39,165	134,084	885,900	318,500	-
Bank CenterCredit JSC	B/stable, kzBB+	B/stable, kzBB+	B/negative/B, kzBB+	21	1,012	225	-	-	-
Forte Bank JSC	B/stable/B+, kzBBB	B/stable/B+, kzBBB	B+/stable/B, kzBBB	44	93	3,125	-	-	-
Total				**25,528**	**40,270**	**137,434**	**885,900**	**318,500**	**-**

Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under credit lines. Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn working capital facilities) and cash and cash equivalents on the basis of expected cash flow.

The table below shows liabilities at 31 December 2021 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Undiscounted cash flows from trade payables and due to joint ventures do not differ from the amount included in the consolidated statement of financial position due to their short-term maturities.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the reporting date. Foreign currency payments are translated using the spot exchange rate at the reporting date.

Considering loans from parent companies as not risk exposure as at 31 December 2021 current liabilities exceed current assets by KZT 2,980,055 thousand (2020: KZT 2,044,609 thousand, 2019: by KZT 4,124,494 thousand). Management believes that the Group will be able to manage liquidity on the required level to meet its obligations.

29. Financial risk management (continued)

The table below shows liabilities at 31 December 2021, 2020, 2019 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Undiscounted cash flows from trade payables and due to joint ventures do not differ from the amount included in the consolidated statement of financial position due to their short-term maturities.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the reporting date. Foreign currency payments are translated using the spot exchange rate at the reporting date.

The maturity analysis of financial liabilities at 31 December 2021 is as follows:

n thousands of tenge	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Total
Trade payables	-	-	609,674	-	609,674
Borrowings	-	-	4,504,481	26,364,131	30,868,612
Due to related parties	-	-	10,255,728	-	10,255,728
Total future payments including future principal and interest payments	**-**	**-**	**15,369,883**	**26,364,131**	**41,734,014**

The maturity analysis of financial liabilities at 31 December 2020 is as follows:

In thousands of tenge	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Total
Trade payables	-	-	271,709	-	271,709
Borrowings	-	-	2,095,113	26,184,820	28,279,933
Due to related parties	-	-	10,077,470	-	10,077,470
Total future payments including future principal and interest payments	**-**	**-**	**12,444,292**	**26,184,820**	**38,629,112**

The maturity analysis of financial liabilities at 31 December 2019 is as follows:

In thousands of tenge	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Total
Trade payables	-	-	286,370	-	286,370
Borrowings	-	-	3,556,912	21,981,424	25,538,337
Due to related parties	-	-	2,950,099	18,021,417	20,971,516
Total future payments including future principal and interest payments	**-**	**-**	**6,793,381**	**40,002,841**	**46,796,222**

Currency risk

The Group's revenue and substantial part of operating cost are denominated in Tenge. Management believes that the Group is secured from foreign exchange risks as foreign currency denominated borrowings in full amount received from parent companies and management does not consider it as any risk exposure. In addition, due to the fact that the variety of financial derivative instruments on the Kazakhstani market is limited and those instruments are rather expensive management chooses at the moment not to hedge the Group's foreign exchange risk, as currently benefits from implementing such instruments do not outweigh the costs.

The following table demonstrates the sensitivity to a reasonably possible changes in the exchange rates of US dollar and Euro to tenge, with all the variables held constant, of the Group's profit before income tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Group's equity.

29. Financial risk management (continued)

	2021		2020		2019	
In thousands of tenge	**Increase in exchange rate**	**Effect on profit before tax**	**Increase in exchange rate**	**Effect on profit before tax**	**Increase in exchange rate**	**Effect on profit before tax**
US Dollar/Tenge	10%	801,345	10%	1,213,801	10%	(181,198)
Euro/Tenge	10%	-	10%	53,708	10%	(2,166)

Interest rate risk

The Group has no loans or borrowings with variable interest rates at the reporting dates of December 31.

The Group does not account for any financial instruments with a fixed interest rate in the manner prescribed for instruments measured at fair value through profit or loss for the period, or as available for sale. Therefore, any change in interest rates at the reporting date would not have impacted the amount of profit or loss for the period or equity.

Fair value

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

All financial instruments of the Group are carried at amortised cost and refer to level two of fair value hierarchy. However, judgment is necessarily required to interpret market data to determine the estimated fair value. The Republic of Kazakhstan continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Management believes that the fair value of its financial assets and liabilities approximates their carrying amounts

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital under management. The Group considers total capital under management to be 'equity' as shown in the statement of financial position.

In thousands of tenge	**2021**	**2020**	**2019**
Borrowings from banks (Note 15)	30,868,612	28,279,933	25,538,337
Total debt	30,868,612	28,279,933	25,538,337
Total equity	49,687,865	42,398,977	36,756,344
Gearing ratio	**62%**	**67%**	**64%**

The management does not consider loans received from parent companies as risk exposure (see Note 30). The management believes that gearing ratio as at 31 December 2021 at 62% (31 December 2020: 67%, 31 December 2019: 64%) is acceptable. The Group will repay loans amounted KZT 30,868,612 thousand till 2027-2031 in accordance with contract terms and does not expect significant fluctuations in net income in 2022.

Price risk

The Group is not exposed to equity securities price risk because it does not hold a portfolio of quoted equity securities.

29. Financial risk management (continued)

Fair values

Information about assessment of financial assets and liabilities at fair value is disclosed in Note 3.

As at 31 December 2021, 2020 and 2019, the carrying amount of all financial assets and liabilities was approximately equal to their estimated fair value and corresponded to the 2nd level of the fair value hierarchy.

	2021		2020		2019	
In thousands of tenge	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Trade receivables	955,042	955,042	778,859	778,859	488,476	488,476
Loans given	146,957	146,957	183,126	183,126	190,134	190,134
Cash and cash equivalents	934,010	934,010	369,366	369,366	150,640	150,640
Borrowings from banks	30,868,612	30,868,612	28,279,933	28,279,933	25,538,337	25,538,337
Due to related parties	10,255,728	10,255,728	10,077,470	10,077,470	20,971,515	20,971,515
Lease liabilities	61,533	61,533	66,931	66,931	55,688	55,688

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Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2021, 2020 and 2019 are described in Note 4.

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

30. Subsequent events

In early January 2022, protests began in Kazakhstan, which turned into riots. On January 5, a state of emergency was introduced on the territory of the Republic of Kazakhstan, which lasted until January 19. During the period of mass protests, Internet access was restricted throughout Kazakhstan, the work of banks was suspended, operations on the stock market, trading on commodity exchanges were carried out, air traffic was suspended, which hindered the effective operation of enterprises.

By January 15, the situation in the Republic of Kazakhstan had stabilized and was taken under control by the authorities. The Government has taken a course to stabilize the political and socio-economic situation.

As at the date of issue of the financial statements, the amount of damage to the Company's property from the actions of looters amounted to KZT 31,384 thousand.

30. Subsequent events (continued)

Upon request made by the of the Group Halykbank granted grace period for January-February payments on current credit facilities. These postponed payments in the amount of KZT 938,345 thousand will be spread over the next monthly payments to Halykbank.

On 30 December 2021 Home Mart LLP signed the agreement with Eurasia Red Holdings B.V. for sale of 38.75% of participation interest in East Land LLP by way of offsetting the debt to Eurasia Red Holdings B.V. in the amount of KZT 7,978,052 thousand which included the total principle debt under the credit facility.

On 30 December 2021 AsTrade Co LLP signed the agreement with Eurasia Red Holdings B.V. for sale of 3.07% of participation interest in Home Mart LLP and 0.01% of participation interest in East Land LLP by way of offsetting the debt to Eurasia Red Holdings B.V. in the aggregate amount of KZT 1,703,936 thousand which included the total principle debt under the credit facility in the amount of $3,852 thousand and accrued interest in the amount of $137,484 (see Note 16).