JSC “National Company “KazMunayGas”

Interim condensed consolidated financial statements (unaudited)

For the three months ended March 31, 2016

CONTENTS

Building a better working world

«Эрнст энд Янг» ЖШС
Әл-Фараби д-лы, 77/7
«Есентай Тауэр» ғимараты
Алматы қ., 050060
Қазақстан Республикасы
Тел.: +7 727 258 5960
Факс: +7 727 258 5961
www.ey.com

ТОО «Эрнст энд Янг»
пр. Аль-Фараби, 77/7
здание «Есентай Тауэр»
г. Алматы, 050060
Республика Казахстан
Тел.: +7 727 258 5960
Факс: +7 727 258 5961

Ernst & Young LLP
Al-Farabi ave., 77/7
Esentai Tower
Almaty, 050060
Republic of Kazakhstan
Tel.: +7 727 258 5960
Fax: +7 727 258 5961

Report on review of interim condensed consolidated financial statements

To the Shareholders and Management of JSC "National Company "KazMunayGas":

We have reviewed the accompanying interim condensed consolidated financial statements of JSC "National Company "KazMunayGas" and its subsidiaries, comprising the interim consolidated statement of financial position as at 31 March 2016 and the related interim consolidated statement of comprehensive income for the three months then ended, statements of changes in equity and cash flows for the three months then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

EY
Building a better working world

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of JSC "National Company "KazMunayGas" as at 31 March 2016 and for three months then ended are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young LLP

Gulmira Turmagambetova
Auditor

Auditor qualification certificate
No. 0000374 dated 21 February 1998

Evgeny Zhemaletdinov
General Director
Ernst and Young LLP

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

10 June 2016

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of tenge	Note	March 31, 2016 (unaudited)	December 31, 2015 (audited)
Assets			
Non-current assets			
Property, plant and equipment	5	**2,754,417,911**	2,651,338,456
Exploration and evaluation assets		**210,600,233**	208,526,063
Investment property		**29,570,835**	29,260,917
Intangible assets		**115,479,030**	116,514,982
Long-term bank deposits		**51,032,293**	48,808,421
Investments in joint ventures and associates	6	**3,539,197,079**	3,422,939,745
Deferred income tax assets		**102,519,766**	107,481,291
VAT receivable		**49,336,386**	42,455,417
Advances for non-current assets		**124,156,314**	133,734,033
Bonds receivable from the Samruk-Kazyna	21	**37,468,205**	37,400,972
Note receivable from a shareholder of a joint venture		**22,846,401**	21,602,249
Note receivable from associate	21	**43,478,926**	42,319,688
Loans and receivable due from related parties	8	**421,427,163**	433,410,880
Other non-current assets		**25,186,859**	26,256,696
		7,526,717,401	7,322,049,810
Current assets			
Inventories		**117,597,197**	125,506,949
VAT receivable		**90,007,880**	88,709,365
Income tax prepaid		**86,832,424**	60,482,541
Trade accounts receivable	7	**97,388,278**	95,261,169
Short-term bank deposits		**950,518,673**	947,909,540
Bonds receivable from Samruk-Kazyna	21	**1,110,000**	4,440,000
Loans due from related parties	8	**163,112,235**	113,045,841
Note receivable from a shareholder of a joint venture		**8,929,542**	8,821,698
Other current assets	7	**85,229,547**	92,945,564
Cash and cash equivalents	9	**546,490,553**	768,576,619
		2,147,216,329	2,305,699,286
Assets classified as held for sale	4	**1,171,187,458**	1,081,908,562
		3,318,403,787	3,387,607,848
Total assets		**10,845,121,188**	10,709,657,658

The accounting policies and explanatory notes on pages 9 through 31 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

In thousands of tenge	Note	March 31, 2016 (unaudited)	December 31, 2015 (audited)
Equity and liabilities			
Equity			
Share capital		**696,363,445**	696,363,445
Additional paid-in capital		**243,655,405**	243,655,405
Other components of equity		**1,682,176**	3,110,573
Currency translation reserve		**1,444,364,705**	1,405,325,707
Retained earnings		**3,005,140,042**	2,988,542,754
Attributable to equity holder of the Parent Company		**5,391,205,773**	5,336,997,884
Non-controlling interest	10	**765,973,242**	753,179,913
Total equity		**6,157,179,015**	6,090,177,797
Non-current liabilities			
Borrowings	11	**2,919,223,607**	2,932,323,037
Provisions		**150,809,186**	150,427,821
Deferred income tax liabilities		**227,336,715**	218,369,213
Financial guarantees		**8,038,985**	8,038,985
Other non-current liabilities		**21,234,320**	21,186,312
		3,326,642,813	3,330,345,368
Current liabilities			
Borrowings	11	**315,926,485**	296,545,652
Provisions		**118,601,788**	116,508,954
Income taxes payable		**5,852,863**	4,114,767
Trade accounts payable	12	**208,111,949**	174,016,256
Other taxes payable	13	**33,096,842**	40,015,053
Financial guarantees		**1,121,173**	1,121,173
Derivatives		**74,141**	174,880
Other current liabilities	12	**112,289,972**	144,413,935
		795,075,213	776,910,670
Liabilities directly associated with assets classified as held for sale	4	**566,224,147**	512,223,823
Total liabilities		**4,687,942,173**	4,619,479,861
Total equity and liabilities		**10,845,121,188**	10,709,657,658

Managing director for economics and finance — *Kassymbek A.M.*

ҚазМұнайГаз

Chief accountant — *Orynbayev Y.Y.*

The accounting policies and explanatory notes on pages 9 through 31 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of tenge	Note	For the three months ended March 31 2016 (unaudited)	2015 (unaudited)
Revenue	14	**264,646,042**	227,817,279
Cost of sales	15	**(300,990,124)**	(257,325,255)
Gross loss		**(36,344,082)**	(29,507,976)
General and administrative expenses	16	**(27,471,397)**	(34,049,791)
Transportation and selling expenses	17	**(47,219,831)**	(55,251,852)
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets, other than goodwill		**(1,371,665)**	(237,682)
Loss on disposal of property, plant and equipment, intangible assets and investment property, net		**(399,587)**	(308,682)
Other operating income		**2,843,835**	4,097,230
Other operating expenses		**(2,514,680)**	(2,050,374)
Operating loss		**(112,477,407)**	(117,309,127)
Net foreign exchange gain		**3,019,974**	15,970,794
Finance income	18	**23,991,792**	20,551,679
Finance costs	18	**(55,917,120)**	(43,955,796)
Share in profit of joint ventures and associates, net	19	**50,044,215**	47,883,166
Loss before income tax		**(91,338,546)**	(76,859,284)
Income tax expense	20	**(35,906,332)**	(29,895,608)
Loss for the period from continuing operations		**(127,244,878)**	(106,754,892)
Discontinued operations			
Profit after income tax for the period from discontinued operations	4	**158,605,578**	113,835,296
Net profit for the period		**31,360,700**	7,080,404
Net profit for the period attributable to:			
Equity holders of the Parent Company		**24,231,774**	6,446,555
Non-controlling interests		**7,128,926**	633,849
		31,360,700	7,080,404

The accounting policies and explanatory notes on pages 9 through 31 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

		For the three months ended March 31	
In thousands of tenge	Note	2016 (unaudited)	2015 (unaudited)
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**43,232,217**	15,147,345
Other comprehensive income to be reclassified to profit or loss in subsequent periods		**43,232,217**	15,147,345
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain on defined benefit plans		**14,313**	–
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**14,313**	–
Other comprehensive income for the period		**43,246,530**	15,147,345
Total comprehensive income for the period, net of tax		**74,607,230**	22,227,749
Total comprehensive income for the period attributable to:			
Equity holders of the Parent Company		**63,285,085**	21,072,321
Non-controlling interests		**11,322,145**	1,155,428
		74,607,230	22,227,749

Managing director for economics and finance

Kassymbek A.M.

Chief accountant

Orynbayev Y.Y.

The accounting policies and explanatory notes on pages 9 through 31 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of tenge	Note	For the three months ended March 31 2016 (unaudited)	2015 (unaudited)
Cash flows from operating activities			
Loss before income tax from continued operations		**(91,338,546)**	(76,859,284)
Profit before income tax from discontinued operations		**158,288,600**	113,625,377
		66,950,054	36,766,093
Adjustments for:			
Depreciation, depletion and amortization		**44,484,620**	35,157,909
Depreciation, depletion and amortization from discontinued operation		**-**	8,962,425
Share in profit of joint ventures and associates, net	19	**(50,044,215)**	(47,883,166)
Finance costs	18	**55,917,120**	43,955,796
Finance costs from discontinued operation	4	**3,301,389**	2,455,527
Finance income	18	**(23,991,792)**	(20,551,679)
Finance income from discontinued operation	4	**(784,432)**	(180,909)
Unrealized loss from derivatives on petroleum products		**118,695**	4,229,757
Realized gain from derivatives on petroleum products		**(721,320)**	(1,891,323)
Impairment of property, plant and equipment and intangible assets other than goodwill		**1,371,665**	237,682
Impairment loss recognized on the re-measurement to fair value less costs to sell	4	**5,941,145**	-
Loss on disposal of property, plant and equipment, intangible assets and investment property, net		**399,587**	308,682
Provisions		**6,832,029**	10,161,141
Allowance for impairment of trade accounts receivable and other current and non-current assets	16	**867,850**	325,858
Allowance for impairment of trade accounts receivable and other current assets from discontinued operation		**200,094**	(77,179)
Provision for/(recovery of) obsolete and slow-moving inventories	16	**71,888**	(66,390)
Provision for/(recovery of) obsolete and slow-moving inventories from discontinued operation		**736,587**	(3,099,367)
Forfeiture of share based payments		**42,787**	-
Loss from disposal of subsidiaries		**-**	400,820
Unrealized foreign exchange gain		**(7,108,410)**	(18,898,624)
Operating profit before working capital changes		**104,585,341**	50,313,053
Change in inventory		**8,291,868**	15,655,180
Change in VAT receivable		**(8,207,689)**	8,422,412
Change in trade accounts receivable and other assets		**(14,752,362)**	12,098,607
Change in other taxes payable		**(9,305,786)**	(19,480,525)
Change in trade accounts payable		**34,953,190**	25,509,785
Change in other liabilities		**(167,269)**	(20,444,472)
Cash generated from operating activities		**115,397,293**	72,074,040
Income taxes paid		**(45,796,216)**	(40,556,594)
Interest received		**13,465,589**	14,547,395
Interest paid		**(28,789,525)**	(29,610,573)
Proceeds from derivatives		**230,843**	2,490,317
Net cash flows from operating activities		**54,507,984**	18,944,585

The accounting policies and explanatory notes on pages 9 through 31 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

In thousands of tenge	Note	For the three months ended March 31 2016 (unaudited)	2015 (unaudited)
Cash flows from investing activities			
Withdrawal of bank deposits, net		**2,620,358**	12,709,569
Purchase of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets		**(83,697,981)**	(110,864,682)
Proceeds from sale of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets		**147,363**	179,993
Dividends received from joint ventures and associates		**6,710,458**	4,626,250
Sale of subsidiary		**-**	313,396
Acquisition of and contribution to joint ventures		**(26,666,217)**	-
Loans to related parties, net		**(37,893,929)**	(17,330,509)
Net cash flows used in investing activities		**(138,779,948)**	(110,365,983)
Cash flows from financing activities			
Proceeds from borrowings		**144,197,147**	130,593,478
Repayment of borrowings		**(268,738,884)**	(494,269,234)
Distributions to the Samruk-Kazyna		**(750,592)**	-
Dividends paid to Samruk-Kazyna and National Bank of RK		**(31,104,442)**	-
Dividends paid to non-controlling interests		**(15,238)**	-
Net cash flows used in financing activities		**(156,412,009)**	(363,675,756)
Effects of exchange rate changes on cash and cash equivalents		**18,097,534**	15,467,476
Net change in cash and cash equivalents		**(222,586,439)**	(439,629,678)
Cash and cash equivalents, at the beginning of the period		**808,434,139**	826,443,718
Cash and cash equivalents, at the end of the period		**585,847,700**	386,814,040

NON-CASH TRANSACTIONS: SUPPLEMENTAL DISCLOSURE

The following significant non-cash transactions and other transactions were excluded from the interim consolidated statement of cash flows:

Hedge of losses on translation of borrowings denominated in US dollar

For the three months ended March 31, 2016 the Group utilized hedging of net investments in certain subsidiaries classified as foreign operations against selected borrowings denominated in US dollar *(Note 11)*. Effect of hedging was equal to 36,542,803 thousand tenge which was reclassified from profits and losses to other comprehensive income, under exchange differences on translation of foreign operations (for the three months ended March 31, 2015: 41,650,730 thousand tenge).

Capitalization of borrowing costs

For the three months ended March 31, 2016 the Group capitalized in the carrying amount of property, plant and equipment borrowing costs in the amount of 6,052,106 thousand tenge (for the three months ended March 31, 2015: 3,398,641 thousand tenge) *(Note 5)*.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Accounts payable for non-current assets

For the three months ended March 31, 2016 accounts payable for purchases of property, plant and equipment decreased by 4,893,524 thousand tenge (for the three months ended March 31, 2015: 255,907 thousand tenge).

Advances paid for non-current assets

Acquisition of property plant and equipment and intangible assets include advances paid for non-current assets in the amount of 19,192,764 thousand tenge (for the three months ended March 31, 2015: 14,547,762 thousand tenge).

Managing director for economics and finance — *Kassymbek A.M.*

Chief accountant — *Orynbayev Y.Y.*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent Company							
In thousands of tenge	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings	Total	Non-controlling interest	Total
As at December 31, 2014 (audited)	557,072,340	226,761,347	2,105,737	448,739,927	2,627,270,657	3,861,950,008	555,162,424	4,417,112,432
Net profit for the period (unaudited)	–	–	–	–	6,446,555	6,446,555	633,849	7,080,404
Other comprehensive income (unaudited)	–	–	–	14,625,766	–	14,625,766	521,579	15,147,345
Total comprehensive income for the period (unaudited)	–	–	–	14,625,766	6,446,555	21,072,321	1,155,428	22,227,749
Disposal of subsidiary	–	–	–	–	–	–	(286,530)	(286,530)
As at March 31, 2015 (unaudited)	557,072,340	226,761,347	2,105,737	463,365,693	2,633,717,212	3,883,022,329	556,031,322	4,439,053,651
As at December 31, 2015 (audited)	696,363,445	243,655,405	3,110,573	1,405,325,707	2,988,542,754	5,336,997,884	753,179,913	6,090,177,797
Net profit for the period (unaudited)	–	–	–	–	**24,231,774**	**24,231,774**	**7,128,926**	**31,360,700**
Other comprehensive income (unaudited)	–	–	–	**39,038,998**	**14,313**	**39,053,311**	**4,193,219**	**43,246,530**
Total comprehensive income for the period	–	–	–	**39,038,998**	**24,246,087**	**63,285,085**	**11,322,145**	**74,607,230**
Distributions to the Samruk-Kazyna	–	–	–	–	**(1,678,403)**	**(1,678,403)**	–	**(1,678,403)**
Recognition of share-based payments	–	–	**27,047**	–	–	**27,047**	**15,740**	**42,787**
Transactions with the Samruk-Kazyna *(Note 21)*	–	–	–	–	**(5,970,396)**	**(5,970,396)**	–	**(5,970,396)**
Execution of share-based payments	–	–	**(1,455,444)**	–	–	**(1,455,444)**	**1,455,444**	–
As at March 31, 2016 (unaudited)	**696,363,445**	**243,655,405**	**1,682,176**	**1,444,364,705**	**3,005,140,042**	**5,391,205,773**	**765,973,242**	**6,157,179,015**

Managing director for economics and finance

Kassymbek A.M.

Chief accountant

Orynbayev Y.Y.

The accounting policies and explanatory notes on pages 9 through 31 form an integral part of these interim condensed consolidated financial statements (unaudited).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended March 31, 2016

1. GENERAL

JSC "National Company "KazMunayGas" (the "Company", "KazMunayGas" or "Parent Company") is a wholly owned state oil and gas enterprise of the Republic of Kazakhstan, which was established on February 27, 2002 as a closed joint stock company pursuant to the Decree No. 811 of the President of the Republic of Kazakhstan dated February 20, 2002 and the Resolution of the Government of the Republic of Kazakhstan (the "Government") No. 248 dated February 25, 2002. The Company was formed as a result of the merger of National Oil and Gas Company Kazakhoil CJSC and National Company Transport Nefti i Gaza CJSC. As the result of the merger, all assets and liabilities, including ownership interest in all entities owned by these companies, have been transferred to KazMunayGas. The Company was reregistered as a joint stock company in accordance with the legislation of the Republic of Kazakhstan in March 2004.

Starting from June 8, 2006, the sole shareholder of the Company was JSC "Kazakhstan Holding Company for State Assets Management "Samruk" ("Samruk"), which in October 2008 was merged with the state owned Sustainable Development Fund "Kazyna" and formed JSC "National Welfare Fund Samruk-Kazyna" ("Samruk-Kazyna"), now renamed to JSC "Sovereign Wealth Fund Samruk-Kazyna". The Government is the sole shareholder of Samruk-Kazyna. On August 7, 2015 National Bank of Republic of Kazakhstan ("National Bank of RK") purchased 10% plus one share of the Company from Samruk-Kazyna.

As at March 31, 2016, the Company has a direct interest in 37 operating companies (as of December 31, 2015: 37) (jointly the "Group").

The Company has its registered office in the Republic of Kazakhstan, Astana, Kabanbay Batyr avenue, 19.

The principal objective of the Group includes, but is not limited, to the following:

- participation in the Government activities relating to the oil and gas sector;
- representation of the state interests in subsoil use contracts through interest participation in those contracts; and
- corporate governance and monitoring of exploration, development, production, processing, transportation and sale of hydrocarbons and the designing, construction and maintenance of oil-and-gas pipeline and field infrastructure.

These interim condensed consolidated financial statements of the Group were approved by the Managing director for economics and finance and the Chief accountant on June 10, 2016.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the three months ended March 31, 2016 have been prepared in accordance with IAS 34 *Interim Financial Reporting* (IAS 34). These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2015.

Foreign currency translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the interim condensed consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

Transactions and balances (continued)

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in foreign operations. These items are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Group companies

The results and financial position of all of the Group's subsidiaries, joint ventures and associates (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at that reporting date;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized as a separate component of other comprehensive income.

Exchange rates

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

The currency exchange rates of KASE as at March 31, 2016 and December 31, 2015 were 343.62 and 340.01 tenge to 1 US dollar accordingly. These rates were used for translation of monetary assets and liabilities denominated in US dollars at March 31, 2016 and December 31, 2015. The weighted average rate for three month ended March 31, 2016 were 356.56 tenge to 1 US dollar accordingly. The currency exchange rate of KASE as at June 10, 2016 was 333.97 tenge to 1 US dollar.

New and amended standards and interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2015, except for the adoption of new standards and interpretations effective as of January 1, 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. The Group is an existing IFRS preparer and does not apply this standard.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 *Business Combinations* principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization

The amendments clarify the principle in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016. These amendments do not have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 *Agriculture*. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016. These amendments do not have any impact to the Group as the Group does not have any bearer plants.

Amendments to IAS 27 Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopters of IFRS electing to use the equity method in their separate financial statements will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after January 1, 2016. These amendments do not have any impact on the Group's interim condensed consolidated financial statements.

Annual improvements 2012-2014 cycle

These improvements are effective for annual periods beginning on or after January 1, 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operation

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

Annual improvements 2012-2014 cycle (continued)

IFRS 7 Financial Instruments: Disclosures

- *Servicing contracts*

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- *Applicability of the amendments to IFRS 7 to condensed interim financial statements*

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

These amendments do not have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- the materiality requirements in IAS 1;
- that specific line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position may be disaggregated;
- that entities have flexibility as to the order in which they present the notes to financial statements;
- that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. These amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any impact on the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

Annual improvements 2012-2014 cycle (continued)

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 *Consolidated Financial Statements.* The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 *Investments in Associates and Joint Ventures* allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any impact on the Group as the Group does not apply the consolidation exception.

3. SEASONALITY OF OPERATIONS

The Group's operating costs are subject to seasonal fluctuations, with higher expenses for materials and repair, maintenance and other services usually expected later in the year rather than in the first six months. These fluctuations are mainly due to the requirement to conduct formal public tenders during the first six months for goods and services purchased in the second six months of the year.

4. DISCOUNTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE

In accordance with the Governmental plan on the privatization of state owned companies in 2016-2020, the Group considers certain assets as the discontinued operations. The Group considered assets to meet the criteria to be classified as discontinued operations and assets classified as held for sale at March 31, 2016 for the following reasons:

- assets are available for immediate sale and can be sold in its current condition;
- the actions to complete the sale were initiated and expected to be completed within one year.

The assets and liabilities, classified as discontinued operations and assets classified as held for sale as at March 31, 2016 and the results for three months ended March 31, 2016 are as follows:

	March 31, 2016 (unaudited)			
In thousands of tenge	Assets classified as held for sale	Liabilities directly associated with the assets classified as held for sale	Net assets directly associated with the disposal group	Profit/(loss) after income tax for the the three months ended March 31, 2016 from discontinued operation (unaudited)
KMG International N.V.	1,129,918,234	552,357,048	577,561,186	158,533,225
Aysir Turizm ve Inshaat A.S.	14,549,963	3,833,071	10,716,892	(469,435)
EurasiaAir	25,040,653	10,031,267	15,009,386	565,787
Altyn Tolkyn	1,384,054	2,761	1,381,293	(23,999)
Other assets	294,554	–	–	–
Total	**1,171,187,458**	**566,224,147**	**604,668,757**	**158,605,578**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

4. DISCOUNTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE (continued)

KMG International N.V. (KMG I)

In December 2015, the Group decided to sell its 51% interest in KMG I. The disposal of KMG I is due to be completed in 2016 and, as at March 31, 2016, negotiations for the sale were in progress. The Group estimated fair value of the 51% share in KMG I at US dollars 680,000 thousand US dollars (equivalent of 233,661,600 thousand tenge).

The results of KMG I for the three month ended March 31, 2016 and 2015 are presented below:

	For the three months ended March 31,	
In thousands of tenge	**2016* (unaudited)**	2015* (unaudited)
Revenue	**391,350,945**	341,897,149
Cost of sales	**(199,480,573)**	(211,790,573)
Gross profit	**191,870,372**	130,106,576
General and administrative expenses	**(14,623,058)**	(1,886,670)
Transportation and selling expenses	**(12,008,726)**	(10,853,878)
Impairment loss recognized on the re-measurement to fair value less costs to sell	**(5,941,145)**	-
Other operating income	**124,796**	11,448
Other operating losses	**(330,174)**	(190,179)
Operating profit	**159,092,065**	117,187,297
Net foreign exchange loss, net	**(375,458)**	(344,802)
Finance income	**784,432**	180,909
Finance costs	**(3,301,389)**	(2,455,527)
Share in profit of joint ventures and associates, net	**369,040**	-
Profit before income tax for the period from discontinued operations	**156,568,690**	114,567,877
Income tax benefit	**1,964,535**	323,859
Profit after income tax for the period from discontinued operations	**158,533,225**	114,891,736

* *The results presented after eliminations of intergroup transactions.*

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

4. DISCOUNTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE (continued)

KMG International N.V. (KMG I) (continued)

The major classes of assets and liabilities of KMG I, classified as held for sale as at March 31, 2016 and December 31, 2015 are as follows:

In thousands of tenge	March 31, 2016 * (unaudited)	December 31, 2015 * (audited)
Assets		
Property, plant and equipment	**637,653,196**	632,565,455
Intangible assets	**79,883,670**	78,832,132
Investment in associate	**11,993,712**	11,496,830
Deferred tax asset	**41,403,746**	39,488,816
Inventories	**107,838,582**	86,794,671
Trade accounts receivable	**159,187,119**	90,336,362
Other non-current assets	**3,765,044**	3,931,742
Other current assets	**52,741,202**	62,551,082
Cash and cash equivalents	**35,451,963**	34,491,849
Assets classified as held for sale	**1,129,918,234**	1,040,488,939
Liabilities		
Borrowings	**222,238,640**	230,088,353
Deferred income tax liabilities	**78,302,408**	78,194,199
Provisions	**58,125,097**	53,394,218
Trade accounts payable	**96,755,489**	40,766,952
Other taxes payable	**17,986,445**	18,351,748
Other non-current liabilities	**519,210**	555,713
Other current liabilities	**78,429,759**	75,993,465
Liabilities directly associated with the assets classified as held for sale	**552,357,048**	497,344,648
Net assets directly associated with the disposal group *	**577,561,186**	543,144,291

* *Assets and liabilities presents after eliminations of intergroup transactions.*

The net cash flows incurred by KMG I are as follows:

	For the three months ended March 31,	
In thousands of tenge	2016* (unaudited)	2015* (unaudited)
Operating	**29,557,398**	1,163,740
Investing	**(17,178,704)**	(2,084,886)
Financing	**(11,819,607)**	(2,896,812)
Net cash inflows/(outflows)	**559,087**	(3,817,958)

* *The net cash flows presents after eliminations of intergroup transactions.*

As at March 31, 2016, items of property, plant and equipment with the net book value of 403,795,016 thousand tenge related to discontinued operations (as at December 31, 2015: 395,631,917 thousand tenge) were pledged as collateral to secure borrowings and payables of the Group.

As at March 31, 2016 the Group has pledged trade accounts receivable of approximately 103,080,300 thousand tenge as a collateral under its borrowings (as at December 31, 2015: 95,357,123 thousand tenge) related to discontinued operations.

As at March 31, 2016 the initial cost and correspondingly accumulated depreciation of fully depreciated but still in use property, plant and equipment were 180,875,039 thousand tenge (as at December 31, 2015: 176,319,465 thousand tenge).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

5. PROPERTY, PLANT AND EQUIPMENT

In thousands of tenge	Oil and gas assets	Pipelines	Refinery assets	Buildings and improvements	Machinery and equipment	Vehicles	Other	Capital work in progress	Total
Net book value as at December 31, 2015 (audited)	879,613,848	606,283,140	247,532,399	176,637,342	259,761,443	75,998,034	22,533,944	382,978,306	2,651,338,456
Foreign currency translation	7,729,862	–	–	294,267	181,362	506,637	5,147	722	8,717,997
Change in estimate	–	(3,381,552)	–	(49,140)	–	–	–	–	(3,430,692)
Additions	9,394,060	–	14,096	–	533,040	542,879	362,087	132,139,509	142,985,671
Disposals	(1,723,944)	(84,532)	(244,433)	(470,438)	(112,512)	(207,455)	(107,205)	(43)	(2,950,562)
Depreciation charge	(17,791,581)	(5,689,732)	(6,385,895)	(3,552,119)	(6,099,722)	(2,031,256)	(1,512,237)	–	(43,062,542)
Accumulated depreciation and impairment on disposals	1,577,923	72,053	202,975	164,140	98,547	202,668	85,306	–	2,403,612
Impairment	–	(80,040)	–	–	–	(125)	–	(732,027)	(812,192)
Transfers from/(to) inventory, net	–	(1,749)	–	–	10,226	4,204	27,529	(316,060)	(275,850)
Transfers from/(to) intangible assets	1,423	–	–	–	–	–	–	(16,980)	(15,557)
Transfers to assets classified as held for sale	–	–	(1,377)	(1,238)	–	–	–	(205)	(2,820)
Transfers from/(to) investment property	–	–	–	–	–	–	118	(477,728)	(477,610)
Transfers and reclassifications	7,620,208	29,737,338	(8,611,766)	1,592,023	11,042,611	190,760	508,441	(42,079,615)	–
Net book value as at March 31, 2016 (unaudited)	886,421,799	626,854,926	232,505,999	174,614,837	265,414,995	75,206,346	21,903,130	471,495,879	2,754,417,911
At cost	1,767,211,754	745,121,263	370,578,833	302,103,040	443,727,389	164,513,590	65,918,055	496,620,731	4,355,794,655
Accumulated depreciation and impairment	(880,789,955)	(118,266,337)	(138,072,834)	(127,488,203)	(178,312,394)	(89,307,244)	(44,014,925)	(25,124,852)	(1,601,376,744)
Net book value as at March 31, 2016 (unaudited)	886,421,799	626,854,926	232,505,999	174,614,837	265,414,995	75,206,346	21,903,130	471,495,879	2,754,417,911
At cost	1,746,242,742	718,921,016	379,475,290	301,171,033	429,780,561	163,345,292	65,179,163	405,590,234	4,209,705,331
Accumulated depreciation and impairment	(866,628,894)	(112,637,876)	(131,942,891)	(124,533,691)	(170,019,118)	(87,347,258)	(42,645,219)	(22,611,928)	(1,558,366,875)
Net book value as at December 31, 2015 (audited)	879,613,848	606,283,140	247,532,399	176,637,342	259,761,443	75,998,034	22,533,944	382,978,306	2,651,338,456

For the three months ended March 31, 2016, the Group capitalized in the carrying amount of property, plant and equipment borrowing costs at the average interest rate of 0.38% in the amount of 6,052,106 thousand tenge which are related to the construction of new assets (for the three months ended March 31, 2015: 3,398,641 thousand tenge at the average interest rate of 2.57%).

As at March 31, 2016, items of property, plant and equipment with the net book value of 446,821,344 thousand tenge (as at December 31, 2015: 386,385,948 thousand tenge) were pledged as collateral to secure borrowings and payables of the Group *(Note 11)*.

Additions to capital work in progress are mainly related to modernization projects of the Group refinery located in Atyrau and development drilling at Ozenmunaigas and Embamunaigas subsidiaries.

As at March 31, 2016 the cost of fully depreciated but still in use property, plant and equipment were 80,234,288 thousand tenge (as at December 31, 2015: 77,608,360 thousand tenge).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

6. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

			March 31, 2016 (unaudited)		December 31, 2015 (audited)	
In thousands of tenge	**Main activity**	**Place of business**	**Carrying amount**	**Percentage ownership**	Carrying amount	Percentage ownership
Joint ventures						
Kashagan B.V.	Oil and gas exploration and production	Kazakhstan	**1,665,406,391**	**50.00%**	1,624,696,293	50.00%
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	**1,081,406,187**	**20.00%**	1,028,085,031	20.00%
Mangistau Investments B.V.	Oil and gas development and production	Kazakhstan	**213,306,272**	**50.00%**	206,541,978	50.00%
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	**101,442,768**	**50.00%**	97,406,849	50.00%
KazGerMunay LLP	Exploration and production of oil and gas	Kazakhstan	**83,946,077**	**50.00%**	82,409,608	50.00%
Kazakhoil-Aktobe LLP	Production of crude oil	Kazakhstan	**56,525,350**	**50.00%**	57,773,742	50.00%
Other			**121,891,612**		114,700,338	
Associates						
PetroKazakhstan Inc. ("PKI")	Exploration, production and processing of oil and gas	Kazakhstan	**165,702,079**	**33.00%**	163,616,692	33.00%
Other			**49,570,343**		47,709,214	
			3,539,197,079		3,422,939,745	

All of the above joint ventures and associates are strategic for the Group's business.

As at March 31, 2016 the Group's share in unrecognized losses of joint ventures and associates was equal to 485,057,136 thousand tenge (as at December 31, 2015: 532,305,115 thousand tenge). Decrease in unrecognized losses mainly attributable to the net profit of Asia Gas Pipeline LLP of 45,947,482 thousand tenge.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

6. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following table summarizes the movements in equity investments in joint ventures and associates during the three months ended March 31, 2016:

In thousands of tenge	
At January 1, 2016 (audited)	**3,422,939,745**
Share in profits of joint ventures and associates, net *(Note 19)*	50,044,215
Other changes in the equity of the joint venture	2,662,766
Dividends received	(741,239)
Additional contributions without change in ownership	26,412,942
Foreign currency translation	37,878,650
At March 31, 2016 (unaudited)	**3,539,197,079**

Additional contributions without change in ownership mainly relates to the cash calls for Kashagan project (27,392,863 thousand tenge or 76,638 thousand US dollars).

7. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

In thousands of tenge	**March 31, 2016 (unaudited)**	December 31, 2015 (audited)
Advances paid and prepaid expenses	**31,511,280**	31,391,070
Taxes receivable	**20,982,267**	24,516,318
Other current assets	**37,549,703**	41,725,829
Less: allowance for impairment	**(4,813,703)**	(4,687,653)
Total other current assets	**85,229,547**	92,945,564
Trade accounts receivable	**106,664,282**	104,176,270
Less: allowance for impairment	**(9,276,004)**	(8,915,101)
Trade accounts receivable	**97,388,278**	95,261,169

As at March 31, 2016 and at December 31, 2015 the above assets were non-interest bearing.

8. LOANS AND RECEIVABLE DUE FROM RELATED PARTIES

In thousands of tenge	**March 31, 2016 (unaudited)**	December 31, 2015 (audited)
Loans due from related parties	**505,009,593**	469,041,982
Receivable due from related parties	**90,628,770**	88,512,853
Less: allowance for impairment of loans due from related parties	**(11,098,965)**	(11,098,114)
	584,539,398	546,456,721

In thousands of tenge	**March 31, 2016 (unaudited)**	December 31, 2015 (audited)
Loans due from related parties in US dollars	**232,324,519**	226,092,770
Receivable due from related parties in US dollars	**90,628,770**	88,512,853
Loans due from related parties in tenge	**260,436,356**	230,915,858
Loans due from related parties in other foreign currencies	**1,149,753**	935,240
	584,539,398	546,456,721

8. LOANS AND RECEIVABLE DUE FROM RELATED PARTIES (continued)

In thousands of tenge	March 31, 2016 (unaudited)	December 31, 2015 (audited)
Current portion	**163,112,235**	113,045,841
Non-current portion	**421,427,163**	433,410,880
	584,539,398	546,456,721

9. CASH AND CASH EQUIVALENTS

In thousands of tenge	March 31, 2016 (unaudited)	December 31, 2015 (audited)
Term deposits with banks – US dollars	**317,249,099**	499,438,041
Term deposits with banks – tenge	**85,582,452**	76,341,941
Current accounts with banks – US dollars	**112,880,486**	159,107,357
Current accounts with banks – tenge	**22,474,000**	12,067,939
Current accounts with banks – other currencies	**4,544,969**	17,452,944
Term deposits with banks – other currencies	**3,280,884**	3,746,773
Cash-on-hand	**478,663**	421,624
	546,490,553	768,576,619
Cash and cash equivalents attributable to discontinued operations	**39,357,147**	39,857,520
	585,847,700	808,434,139

Term deposits with banks are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. As at March 31, 2016 the weighted average interest rate for time deposits with banks was 1.18% in US dollars and 13.40% in tenge, respectively (as at December 31, 2015: 0.58% in US dollars and 25.31% in tenge, respectively).

10. EQUITY

Non-controlling interest

The following tables illustrate information of subsidiaries in which the Group has significant non-controlling interests:

	Country of incorporation and operation	March 31, 2016 (unaudited)		December 31, 2015 (audited)	
		Share	Carrying value	Share	Carrying value
KazMunayGas Exploration Production JSC	Kazakhstan	**36.79%**	**671,822,750**	36.79%	666,542,230
KazTransOil JSC	Kazakhstan	**10.00%**	**42,805,206**	10.00%	40,542,082
Rompetrol Rafinare S.A.	Romania	**45.37%**	**1,712,689**	45.37%	4,350,577
Rompetrol Downstream S.R.L.	Romania	**45.37%**	**42,305,398**	45.37%	40,689,678
Rompetrol Petrochemicals S.R.L.	Romania	**45.37%**	**12,637,258**	45.37%	11,931,434
Rompetrol Vega	Romania	**45.37%**	**(23,144,271)**	45.37%	(22,799,241)
Other			**17,834,212**		11,923,153
			765,973,242		753,179,913

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

11. BORROWINGS

In thousands of tenge	**March 31, 2016 (unaudited)**	December 31, 2015 (audited)
Fixed interest rate borrowings	**2,190,954,803**	2,185,653,220
Weighted average interest rates	**7.05%**	7.82%
Floating interest rate borrowings	**1,044,195,289**	1,043,215,469
Weighted average interest rates	**5.18%**	4.40%
	3,235,150,092	3,228,868,689

In thousands of tenge	**March 31, 2016 (unaudited)**	December 31, 2015 (audited)
US dollar – denominated borrowings	**3,014,892,418**	3,007,519,468
Tenge-denominated borrowings	**220,257,674**	221,349,221
	3,235,150,092	3,228,868,689

In thousands of tenge	**March 31, 2016 (unaudited)**	December 31, 2015 (audited)
Current portion	**315,926,485**	296,545,652
Non-current portion	**2,919,223,607**	2,932,323,037
	3,235,150,092	3,228,868,689

As at March 31, 2016 and December 31, 2015, the debt securities issued and loans comprised:

Bonds	**Issuance amount**	**Redemption date**	**Interest**	**March 31, 2016**	December 31, 2015
Bonds LSE 2008	1.6 billion USD	2018	9.125%	**557,166,302**	537,528,897
Bonds LSE 2010	1.5 billion USD	2020	7.00%	**474,279,346**	459,835,697
Bonds LSE 2010	1.25 billion USD	2021	6.375%	**391,686,420**	380,467,835
Bonds LSE 2013	2 billion USD	2043	5.75%	**174,563,352**	169,911,347
Bonds LSE 2013	1 billion USD	2023	4.4%	**139,820,784**	136,531,343
Bonds LSE 2014	0.5 billion USD	2025	4.875%	**42,263,166**	41,220,808
Bonds LSE 2014	1 billion USD	2044	6.00%	**10,182,563**	9,902,685
Bonds KASE 2009	120 billion tenge	2017	6M Libor + 8.5%	**130,019,249**	150,176,515
Bonds KASE 2010	100 billion tenge	2017	0%	**89,808,479**	88,302,174
The Bank of New York Mellon	600 million USD	2017	6.375%	**44,936,913**	92,311,615
Others				**12,869,079**	12,781,662
Total				**2,067,595,653**	2,078,970,578

11. BORROWINGS (continued)

Loans	Issuance amount	Redemption date	Interest	March 31, 2016	December 31, 2015
Development bank of Kazakhstan JSC	71 billion tenge	2022-2025	7%-9%	**104,582,138**	106,013,401
Development bank of Kazakhstan JSC	884 million USD	2023	4.5% + 6M Libor – 7.72%	**344,749,880**	360,850,249
Loan from partners (Project Pearl)	Financing for share of costs KMT in execution of subsoil use contract	From beginning of commercial exploration	6M Libor + 1%	**85,435,804**	83,776,032
Halyk bank JSC	18 billion tenge	2016	5.5%-10%	**4,420,402**	5,705,273
Halyk bank JSC	72 million USD	2016	6%	**24,110,193**	23,762,900
Sberbank Russia	400 million USD	2024	12M Libor + 3.5%	**138,615,852**	137,067,428
Loan from partners (Project Zhambyl)	Financing for share of costs KMT in execution of subsoil use contract	From beginning of commercial exploration	12M Libor + 1%	**64,005,823**	62,827,375
Loan from partners (Project Satpayev)	Financing for share of costs KMT in execution of subsoil use contract	From beginning of commercial exploration	12M Libor + 1.5%	**27,021,093**	26,291,533
The Export-Import Bank of China	1 billion USD	2027	Libor + 4.1%	**176,487,331**	151,844,361
ING BANK	1 billion USD	2016	3M Libor + 2.1%	**68,713,692**	135,461,430
Japan Bank for International Cooperation	298 billion USD	2025	CIRR + 2.19%, 6M Libor + 1.10%	**46,810,165**	20,757,136
Other	–	–	–	**82,602,066**	35,540,993
Total				**1,167,554,439**	1,149,898,111

As at March 31, 2016 the Group's property, plant and equipment with carrying value of 446,821,344 thousand tenge (December 31, 2015: 386,385,948 thousand tenge) *(Note 5)* was pledged as loan collateral.

For the three months ended March 31, 2016 the Group received borrowings in the total amount of 144,197,147 thousand tenge. Particularly, KTG obtained a borrowing from the following syndicate of banks Citibank N.A., Natixis, ING Bank in the total amount of 113,334,600 thousand tenge with interest rate of Libor 1m + 2% for the purpose of refinancing of the current borrowings. The remaining borrowings mainly represent short-term loans, obtained for working capital purposes.

For the three months ended March 31, 2016 the Group redeemed borrowings in the amount of 268,738,884 thousand tenge. Particularly, the Group redeemed borrowings from the following syndicate of banks Citibank N.A., Natixis, ING Bank in the total amount of 63,831,920 thousand tenge, additionally borrowings from ING Bank and The Bank of New York Mellon in the amounts of 200 million US dollars (equivalent to 71,312,000 thousand tenge as of settlement date) and 142 million US dollars (equivalent to 48,368,990 thousand tenge as of settlement date), respectively. Other settlements represent redemption of trade credits obtained for working capital purposes within the framework of credit lines from banks.

Hedge of net investment in the foreign operations

As at March 31, 2016 certain borrowings denominated in foreign currency were designated as hedge instrument for the net investment in the foreign operations. For the three months ended March 31, 2016 losses of 36,542,803 thousand tenge (for the three months ended March 31, 2015 losses of 41,650,730 thousand tenge) on the translation of these borrowings were transferred to other comprehensive income and offset the gains on translation of foreign operations.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

12. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

In thousands of tenge	**March 31, 2016 (unaudited)**	December 31, 2015 (audited)
Advances received	**32,086,155**	30,276,485
Due to employees	**31,066,953**	30,227,320
Other	**49,136,864**	83,910,130
Total other current liabilities	**112,289,972**	144,413,935
Trade accounts payable	**208,111,949**	174,016,256

Trade accounts payable are denominated in the following currencies as at March 31, 2016 and as at December 31, 2015:

In thousands of tenge	**March 31, 2016 (unaudited)**	December 31, 2015 (audited)
US dollars	**125,935,693**	138,525,047
Tenge	**81,600,349**	34,652,490
Euro	**141,152**	673,149
Other currency	**434,755**	165,570
Total	**208,111,949**	174,016,256

As at March 31, 2016 and December 31, 2015 trade accounts payable and other current liabilities were not interest bearing.

13. OTHER TAXES PAYABLE

In thousands of tenge	**March 31, 2016 (unaudited)**	December 31, 2015 (audited)
Mineral extraction tax	**14,727,064**	15,855,702
Personal income tax	**4,892,429**	5,121,419
Withholding tax of non-residence companies	**4,539,084**	4,575,186
VAT	**2,988,750**	3,547,256
Excise tax	**109,049**	102,509
Rent tax on crude oil export	**47,627**	7,124,401
Other	**5,792,839**	3,688,580
	33,096,842	40,015,053

14. REVENUE

	For the three months ended March 31,	
In thousands of tenge	**2016 (unaudited)**	2015 (unaudited)
Sales of oil and gas products	**93,147,931**	66,164,055
Transportation fee	**82,821,348**	73,414,006
Sales of refined products	**48,344,802**	39,540,014
Sales of crude oil	**3,079,399**	9,729,469
Quality bank for crude oil	**(4,017,540)**	(4,771,162)
Other revenue	**41,270,102**	43,740,897
	264,646,042	227,817,279

Sales of crude oil to the market is performed through KMG I *(Note 4)*.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

15. COST OF SALES

In thousands of tenge	For the three months ended March 31, 2016 (unaudited)	2015 (unaudited)
Materials and supplies	**111,402,761**	88,265,951
Payroll	**65,350,727**	64,860,187
Depreciation, depletion and amortization	**41,068,288**	31,155,827
Mineral extraction tax	**15,233,914**	14,176,463
Other taxes	**11,711,161**	10,407,989
Electricity	**10,199,556**	9,135,720
Repair and maintenance	**5,072,978**	4,643,472
Other	**40,950,739**	34,679,646
	300,990,124	257,325,255

16. GENERAL AND ADMINISTRATIVE EXPENSES

In thousands of tenge	For the three months ended March 31, 2016 (unaudited)	2015 (unaudited)
Payroll	**12,405,982**	12,151,909
Other taxes	**1,890,216**	1,679,611
Consulting services	**1,706,876**	1,751,625
Depreciation and amortization	**1,660,542**	2,310,855
Social payments	**1,421,605**	1,518,550
Fines and penalties	**802,606**	3,268,337
VAT that cannot be offset	**376,906**	240,916
Charitable donations and sponsorship	**77,497**	5,574,337
Allowance for impairment of trade accounts receivable	**613,094**	327,905
Allowance for/(recovery of) impairment of other current assets	**30,128**	(2,047)
Allowance for impairment of other non-current assets	**224,628**	–
Allowance for/(recovery of) provision for obsolete and slow-moving inventories	**71,888**	(66,390)
Other	**6,189,429**	5,294,183
	27,471,397	34,049,791

17. TRANSPORTATION AND SELLING EXPENSES

In thousands of tenge	For the three months ended March 31, 2016 (unaudited)	2015 (unaudited)
Customs duty	**23,585,326**	26,727,434
Transportation	**16,624,156**	8,823,218
Depreciation and amortization	**1,663,365**	1,651,508
Payroll	**1,527,105**	1,874,310
Rent tax on crude oil export	**–**	12,170,638
Other	**3,819,879**	4,004,744
	47,219,831	55,251,852

The rent tax rate for the three months ended March 31, 2016 was nil due to low oil prices on the market.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

18. FINANCE INCOME/FINANCE COSTS

Finance income

In thousands of tenge	For the three months ended March 31, 2016 (unaudited)	2015 (unaudited)
Interest income on bank deposits, loans and bonds	**17,257,186**	8,743,755
Amortization of discount on loans due from related parties	**4,772,140**	2,543,485
Derecognition of liabilities	**–**	7,082,293
Other	**1,962,466**	2,182,146
	23,991,792	20,551,679

Finance costs

In thousands of tenge	For the three months ended March 31, 2016 (unaudited)	2015 (unaudited)
Interest on loans and debt securities issued	**45,126,538**	36,300,497
Discount on assets with non-market interest rate	**2,662,767**	319,302
Amortization of discount on loans and debt securities issued	**2,588,702**	1,674,082
Unwinding of discount on asset retirement obligations	**2,392,216**	1,989,366
Other	**3,146,897**	3,672,549
	55,917,120	43,955,796

19. SHARE IN (LOSS)/PROFIT OF JOINT VENTURES AND ASSOCIATES, NET

In thousands of tenge	For the three months ended March 31, 2016 (unaudited)	2015 (unaudited)
Tengizchevroil LLP	**42,287,567**	39,161,219
Mangistau Investments B.V.	**6,764,294**	(563,685)
KazRosGas LLP	**2,983,186**	2,541,205
KazGerMunay LLP	**766,362**	9,731,605
Beineu-Shymkent Gas Pipeline	**(2,662,766)**	(3,026,933)
PetroKazakhstan Inc.	**(2,493,185)**	(2,342,180)
Kazakhoil-Aktobe LLP	**(1,248,392)**	(1,532,965)
Ural Group Limited	**(289,967)**	(267,184)
Share in profit/(loss) of other joint ventures and associates	**3,937,116**	4,182,084
	50,044,215	47,883,166

20. INCOME TAX EXPENSE

In thousands of tenge	For the three months ended March 31, 2016 (unaudited)	2015 (unaudited)
Current income tax		
Corporate income tax	**21,487,051**	22,426,062
Excess profit tax	**(198)**	556,430
Withholding tax on dividends and interest income	**553,453**	493,845
Deferred income tax		
Corporate income tax	**5,867,853**	(834,972)
Excess profit tax	**–**	(12,384)
Withholding tax on dividends and interest income	**7,998,173**	7,266,627
Income tax expense	**35,906,332**	29,895,608

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

21. RELATED PARTY DISCLOSURES

Related party transactions were made on terms agreed to between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

The following table provides the balances of transactions with related parties as at March 31, 2016 and December 31, 2015:

In thousands of tenge		Due from related parties	Due to related parties	Cash and deposits placed with related parties	Borrowings payable to related parties
Samruk-Kazyna entities	**March 31, 2016**	**111,664,307**	**937,224**	**298,030**	**7,558,909**
	December 31, 2015	86,673,893	28,779,665	38,349	7,527,711
Associates	**March 31, 2016**	**245,995,797**	**2,031,142**	**–**	**–**
	December 31, 2015	238,975,765	2,740,195	–	–
Other related parties	**March 31, 2016**	**–**	**9,570,307**	**–**	**585,400,585**
	December 31, 2015	–	12,943,081	274,253	622,971,826
Joint ventures in which the Group is a venturer	**March 31, 2016**	**394,128,811**	**115,073,167**	**–**	**–**
	December 31, 2015	386,156,435	71,317,430	–	–

Due from related parties

For the three months ended March 31, 2016 the Company provided the additional interest free loan to the Samruk-Kazyna in the amount of 31,589,451 thousand tenge. The difference between fair value and nominal value of the loan amounting 5,970,396 thousand tenge recognized as transaction with Samruk-Kazyna in the interim consolidated statement of changes in equity.

As at March 31, 2016 changes in due from associates mainly related to the accrual of interest on the right to claim payments under "Kazakhstan Note" in the amount of 2,971,716 thousand tenge and its revaluation in the amount of 2,291,984 thousand tenge.

Increase in due from joint ventures is mainly due to revaluation of US dollar denominated loan given to the PetroKazakhstanOilProducts LLP.

Due to related parties

For the three months ended March 31, 2016 the Company paid dividends to Samruk-Kazyna in the amount 27,993,998 thousand tenge.

As at March 31, 2016 changes of due to joint ventures mainly include increasing of trade payable for goods and services to Tengizchevroil LLP, BeineuShymkent Pipelines LLP and KazRosGas LLP in the amount of 19,656,124 thousand tenge, 11,432,204 thousand tenge and 10,656,979 thousand tenge, respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

21. RELATED PARTY DISCLOSURES (continued)

Borrowings payable to related parties

For the three months ended March 31, 2016 the Group redeemed bonds and loans payable to DBK in the total amount of 58,181,035 thousand tenge including interest.

The following table provides the total amount of transactions, which have been entered into with related parties during three months ended March 31, 2016 and 2015:

In thousands of tenge		Sales to related parties	Purchases from related parties	Interest earned from related parties	Interest incurred to related parties
Samruk-Kazyna entities	**March 31, 2016**	**18,195,744**	**6,625,973**	**2,069,534**	**144,286**
	March 31, 2015	15,476,594	6,043,844	1,175,550	136,246
Associates	**March 31, 2016**	**2,951,413**	**7,769,775**	**3,465,000**	**-**
	March 31, 2015	1,849,368	4,025,090	-	-
Other related parties	**March 31, 2016**	**-**	**3,788,892**	**-**	**3,873,253**
	March 31, 2015	29,643	1,768,832	168,366	2,936,065
Joint ventures in which the Group is a venturer	**March 31, 2016**	**68,109,448**	**74,387,654**	**6,740,798**	**-**
	March 31, 2015	49,816,000	34,217,209	2,235,729	-

Purchase transactions with Samruk-Kazyna, other state-controlled entities and joint ventures are mainly represented by transactions of the Group with NC Kazakhstan Temir Zholy JSC (railway services), NC Kazakhtelecom JSC (telecommunication services), NAC Kazatomprom JSC (energy services), KEGOC JSC (energy supply), Kazpost JSC (postal services) and Samruk-Energo JSC (energy supply). In addition, the Group sells and purchases crude oil and natural gas, refined products and provides transportation services to and from Samruk-Kazyna entities, associates and joint ventures.

Key management employee compensation

Total compensation to key management personnel included in general and administrative expenses in the accompanying interim consolidated statement of comprehensive income was equal to 2,077,494 thousand tenge and 1,633,266 thousand tenge for the three months ended March 31, 2016 and 2015, respectively. Compensation to key management personnel consists of contractual salary and performance bonus based on operating results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

22. FINANCIAL INSTRUMENTS

Fair values of financial instruments and investment property

The carrying amount of the Group financial instruments and investment property as at March 31, 2016 and December 31, 2015 are reasonable approximation of their fair value, except for the financial instruments and investment property disclosed below:

			Fair value by level of assessment		
In thousands of tenge	Carrying amount	Fair value	Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
As at March 31, 2016 (unaudited)					
Bonds receivable from the Samruk-Kazyna	38,578,205	77,666,896	–	77,666,896	–
Fixed interest rate borrowings	2,190,954,803	2,143,846,526	1,877,599,048	266,247,478	–
Financial guarantee	9,160,158	9,160,158	–	9,160,158	–
Derivatives, net	(74,141)	(74,141)	–	(74,141)	–
Investment property	29,570,835	32,496,466	–	32,496,466	–

			Fair value by level of assessment		
In thousands of tenge	Carrying amount	Fair value	Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
As at December 31, 2015 (audited)					
Bonds receivable from the Samruk-Kazyna	41,840,972	93,722,183	–	93,722,183	–
Fixed interest rate borrowings	2,185,653,220	2,230,487,370	1,960,846,551	269,640,819	–
Financial guarantee	9,160,158	9,160,158	–	9,160,158	–
Derivatives, net	(174,880)	(174,880)	–	(174,880)	–
Investment property	29,260,917	32,496,894	–	32,496,894	–

The fair value of bonds receivable from the Samruk-Kazyna and fixed-rate borrowings have been calculated by discounting the expected future cash flows at market interest rates.

During the reporting period no transfers between Level 1 and Level 2 of the fair value assessment were made.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

23. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to the contingent liabilities and commitments disclosed in the Group annual consolidated financial statements of the Group for the year ended December 31, 2015, the following changes have taken place during the three months ended March 31, 2016:

Cost recovery audits

As of March 31, 2016 the Group's share in the total disputed amounts of the non-recoverable costs is 207,730 million tenge (as of December 31, 2015: 217,166 million tenge). The Group and its partners under the production sharing agreements are in negotiation with the Government with respect to the recoverability of these costs.

KazMunayGas Trading AG (former – Vector Energy AG) litigations with SC Bioromoil SRL (KMGI)

As of March 31, 2016, KazMunayGas Trading AG is engaged in litigations with SC Bioromoil SRL. SC Bioromoil SRL was seeking to recover the costs related to the Romanian customs duties in relation to the sale of biodiesel in 2009 and 2010 and compensation for lost profits. The total amount of claims amounted to 26.9 mllion US dollar (9.3 billion tenge) as of March 31, 2016.

As of March 31, 2016 the Group has recorded provision for this claim in the amount 22 million US dollars (7.5 billion tenge) (as of December 31, 2015:nil).

Kazakhstan local market obligation

During three months ended March 31, 2016, in accordance with its obligations, the Group delivered 1,237,000 tons of crude oil (three months ended March 31, 2015: 993,623 tons), including joint ventures, to the Kazakhstan market.

Commitments under subsoil use contracts

As at March 31, 2016 the Group had the following commitments related to minimal working program in accordance with terms of licenses, production sharing agreements and subsoil use contracts, signed with the Government:

Year	Capital expenditures	Operational expenditures
2016	82,149,517	9,153,000
2017	24,848,378	4,057,862
2018	17,206,859	5,008,039
2019	13,653,184	5,432,221
2020-2048	14,845,462	21,137,954
Total	**152,703,400**	**44,789,076**

Other contractual commitments

As at March 31, 2016, the Group had other capital commitments of approximately 1,111 billion tenge (as at December 31, 2015: 878 billion tenge), including joint ventures, related to acquisition and construction of property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

24. SEGMENT REPORTING

Management of the Group analyzes the segment information based on IFRS numbers. Segment profits are considered based on gross profit and net profit results.

The Group's operating segments have their own structure and management according to the type of the produced goods and services provided. Moreover, all segments are strategic directions of the business which offer different types of the goods and serve different markets.

The Group's activity consists of four main operating segments: exploration and production of oil and gas, transportation of oil, transportation of gas, refining and trading of crude oil and refined products. The remaining operating segments have been aggregated and presented as other operating segment due to their insignificance.

The following represents information about operating segments of the Group as at March 31, 2016 and for the three months then ended:

In thousands of tenge	Exploration and production of oil and gas	Oil transportation	Gas transportation	Refining and trading of crude oil and refined products	Other	Elimination	Total
Revenues from sales to external customers	4,373,729	50,150,512	130,584,884	64,714,415	14,822,502	–	264,646,042
Revenues from sales to other segments	145,629,083	11,610,576	485,145	1,233,984	6,500,075	(165,458,863)	–
Total revenue	150,002,812	61,761,088	131,070,029	65,948,399	21,322,577	(165,458,863)	264,646,042
Gross profit	54,021,270	28,963,405	31,125,865	29,555,424	(6,495,642)	(173,514,404)	(36,344,082)
Finance income	11,021,729	2,224,891	2,381,609	3,135,605	14,995,827	(9,767,869)	23,991,792
Finance costs	(4,392,130)	(997,658)	(9,396,250)	(4,856,295)	(45,471,386)	9,196,599	(55,917,120)
Depreciation, depletion and amortization	(19,399,225)	(8,414,054)	(6,868,380)	(8,312,422)	(1,481,680)	–	(44,475,761)
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets other than goodwill	(688,688)	(80,040)	(602,812)	–	(125)	–	(1,371,665)
Share in profit of joint ventures and associates, net	41,266,200	2,659,490	184,932	5,931,683	1,910	–	50,044,215
Income tax expenses	(23,197,727)	(5,352,781)	(4,536,637)	(2,093,956)	(725,231)	–	(35,906,332)
Net profit for the period	34,797,273	24,540,143	11,147,604	11,448,676	(33,271,016)	(17,301,980)	31,360,700
Other segment information							
Investments in joint ventures and associates	3,346,439,661	88,459,791	71,765,752	29,376,874	3,155,001	–	3,539,197,079
Capital expenditures	58,683,463	2,989,051	10,060,164	70,635,396	2,747,411	–	145,115,485
Allowances for obsolete inventories, doubtful accounts receivable, advances paid, and other assets	(15,591,901)	(885,854)	(6,362,039)	(6,612,634)	(2,054,950)	–	(31,507,378)
Assets of the segment	6,121,928,535	740,633,731	1,139,332,104	2,348,618,466	1,219,204,293	(724,595,941)	10,845,121,188
Liabilities of the segment	597,360,633	152,829,712	556,261,942	1,611,454,719	2,434,741,590	(664,706,423)	4,687,942,173

Eliminations represent the exclusion of intra-group turnovers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

24. SEGMENT REPORTING (continued)

Inter-segment transactions were made on terms agreed to between the segments that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

The following represents information about operating segments of the Group as at December 31, 2015 and for the three months ended March 31, 2015:

In thousands of tenge	Exploration and production of oil and gas	Oil transportation	Gas transportation	Refining and trading of crude oil and refined products	Other	Elimination	Total
Revenues from sales to external customers	6,029,699	48,335,084	93,368,758	61,495,368	18,588,370	–	227,817,279
Revenues from sales to other segments	129,951,838	10,213,395	497,118	1,753,004	4,886,268	(147,301,623)	–
Total revenue	135,981,537	58,548,479	93,865,876	63,248,372	23,474,638	(147,301,623)	227,817,279
Gross profit	48,690,739	29,570,287	12,515,738	18,970,347	(5,063,954)	(134,191,133)	(29,507,976)
Finance income	15,660,551	1,243,723	2,093,399	583,857	7,722,787	(6,752,638)	20,551,679
Finance costs	(5,775,668)	(696,829)	(2,695,738)	(1,859,598)	(37,190,643)	4,262,680	(43,955,796)
Depreciation, depletion and amortization	(11,269,934)	(6,535,645)	(7,891,846)	(15,840,072)	(2,620,357)	37,520	(44,120,334)
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets other than goodwill	(226,647)	–	–	–	(11,035)	–	(237,682)
Share in profit of joint ventures and associates, net	32,285,867	(207,488)	13,096,243	2,653,576	54,968	–	47,883,166
Income tax expenses	(16,883,510)	(5,851,220)	(6,006,006)	(898,019)	(256,853)	–	(29,895,608)
Net profit for the period	35,149,015	24,360,605	(755,606)	(5,741,552)	(39,643,325)	(6,288,733)	7,080,404
Other segment information							
Investments in joint ventures and associates	3,243,334,533	60,522,184	92,468,369	23,445,191	3,169,468	–	3,422,939,745
Capital expenditures	66,543,299	14,075,343	7,947,160	6,849,193	5,641,008	–	101,056,003
Allowances for obsolete inventories, doubtful accounts receivable, advances paid, and other assets	(11,602,749)	(855,459)	(5,862,523)	(6,614,583)	(5,863,282)	–	(30,798,596)
Assets of the segment	6,613,126,707	713,980,295	1,087,756,149	2,212,877,178	822,587,426	(740,670,097)	10,709,657,658
Liabilities of the segment	568,163,254	172,158,449	517,619,492	1,495,561,554	2,552,194,461	(686,217,349)	4,619,479,861

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

25. SUBSEQUENT EVENTS

On March 31, 2016 the Group entered into four years crude oil and liquefied petroleum gas ("LPG") supply agreement with Vitol and on April 13, 2016 received an advance of 1.5 billion US dollars (equivalent of 501 billion tenge). The total minimum delivery volume approximates 30 million tons of crude oil and 1 million tons of LPG in the period from the date of the contract to June 2020. The agreement stipulates pricing calculation with reference to market quotes and prepayments are settled through physical deliveries of crude oil and LPG starting from May 2017. The outstanding balance of advances received is subject to interest at 1M Libor + 1.85% per annum.

On April 15, 2016 the London Court of International Arbitration issued award to recover the costs related to SC Bioromoil SRL in the amount 22 million US dollars.

On April 27, 2016 the Group received loan from "Citibank, NA Nassau, Bahamas branch" in the amount 140 million US dollars for general corporate purposes at interest 1M LIBOR + 2% per annum. The maturity date is June 27, 2016.

On April 29, 2016 the Group signed certain transaction documents on the selling 51% interest in KMG I to CEFC Hainan International Holding Co., Ltd (CEFC). The transaction is estimated to be completed by October 2016 after obtaining necessary clearance from European and other regulatory authorities.

According to a Decree issued 22 April 2016, prosecutors of Romania with the General Headquarters of the Department for Fight Against Organized Crime and Terrorism (DIICOT) have ordered a reclassification and continued investigation of the case against 26 suspects under charges of organized crime (14 of them were employees of KMG I). In accordance to the same Decree, there were added several civil responsible parties to the case, which include KMG I, SC Oilfield Exploration Business Solutions SA and SC Rompetrol Rafinare S.A. (KMG I subsidiaries). The amount of claims of the civil action is RON 1,724,168,825, USD 290,786,616 and EUR 34,941,924. By Decree issued on 6 May 2016, the DIICOT have applied a prejudgment seizure on KMGI, SC Oilfield Exploration Business Solutions SA and SC Rompetrol Rafinare S.A. movable and immovable assets except bank accounts, receivables and inventories. Prescribed seizure does not impact on the operational activity of the companies. KMG I is in the process of appealing the seizure orders in domestic courts and international arbitration. The investigation is ongoing and court trial is expected after investigation is finished.

On May 26, 2016 the Group entered into a loan agreement with the European Bank for Reconstruction and Development for provision of two tranches:

- to finance Group's investment projects in the amount 39 billion tenge with interest 3M LIBOR + 3.15% per annum;
- to refinance the Group's debt in the amount 220 million US dollars at the half base rate of the National Bank of RK + 3.15% per annum.

On June 3, 2016 the payment was made from the letter of credit №ILC-NCST13/090 to Sinopec Engineering (Group) Co, Ltd. in the amount 31,200,043 US dollars (equivalent to 10,536,567 thousand tenge) for the performed work in April and May 2016.