



**ҚазМұнайГаз**  
NATIONAL COMPANY ҰЛТТЫҚ КОМПАНИЯСЫ

# NC KMG

## Operational and financial results FY 2017



# Disclaimer

## Forward-looking statements

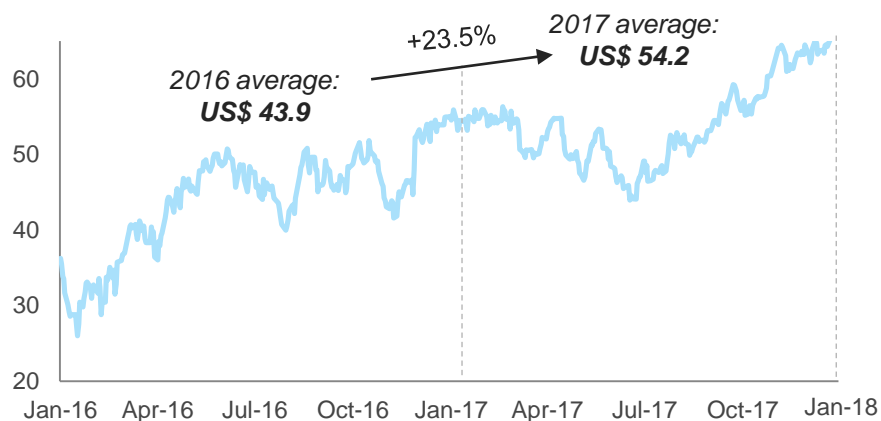
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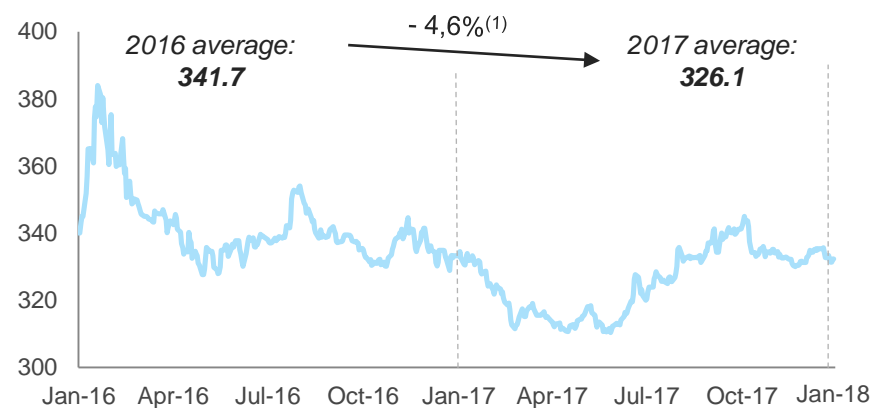
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# Macroeconomic environment

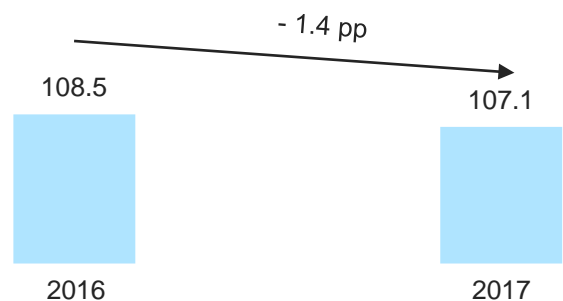
## Brent price (US\$/bbl)



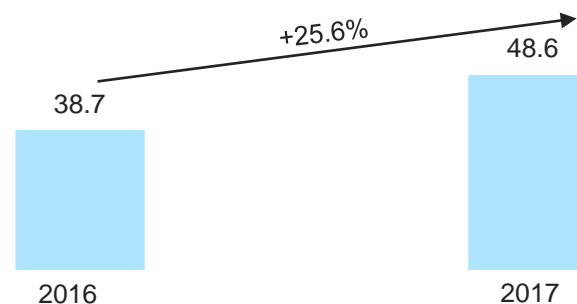
## US\$/KZT rate



## Kazakhstan CPI



## Export duty (US\$/tonne)



(1) Or 4.6% appreciation of KZT vs US\$.

Source: Company data

# 2017 key developments

Upstream	<ul style="list-style-type: none"> <li>✓ Production at Kashagan (one of the largest oilfields globally) resumed in 2016. In 2017 Kashagan produced 686 kt of oil net to KMG share (8.44%).</li> <li>✓ In June 2017 Eni and NC KMG signed an agreement transferring a 50% stake in the subsoil use rights for the Isatay exploration block to Eni.</li> </ul>
Midstream	<ul style="list-style-type: none"> <li>✓ Upgrades of the Asia Gas Pipeline increased capacity from 30 bcm pa to 55 bcm pa in 2017. Expansion to 65 bcm is expected by YE 2019.</li> <li>✓ Completion of CPC expansion project in Kazakhstan in 2017: capacity increased to ca. 54 mt pa for Kazakhstan crude.</li> <li>✓ KazTransGas ("KTG") and PetroChina signed a purchase-sale agreement on gas supplies to China in the amount of 5 bcm pa.</li> </ul>
Downstream	<ul style="list-style-type: none"> <li>✓ Modernisation at Atyrau and Pavlodar refineries completed in 2017. Atyrau refinery switches to K4, K5 fuel standards in 1H2018.</li> <li>✓ Phase 1 modernisation at Shymkent refinery completed in 2017. Phase 2 works to be completed in 2018, aiming at increasing the depth of refining from 75% to 81% and increasing the capacity from 5.2 to 6 mt pa.</li> <li>✓ Combined processing capacity of the major three Kazakh refineries will increase to 16.6 mt pa from 15.4 mt pa.</li> </ul>
Corporate	<ul style="list-style-type: none"> <li>✓ In 2017 NC KMG sold LLP Euro-Asia Air. Transaction with CEFC on sale of KMG I (51%) is expected to be completed in 2018. as at YE2017 out of 73 assets under the privatisation programme, 22 were sold for the total consideration of KZT 28.7 bln, 12 were either reorganised or liquidated.</li> <li>✓ In 2017 NC KMG has merged KMG RM as part of the transformation programme, implying a new organizational structure focused on operational management of assets, instead of formerly applied "portfolio investor" management concept.</li> <li>✓ NC KMG's option to buy back the stake in KMG Kashagan B.V. from Samruk-Kazyna was extended till the end of 2022.</li> <li>✓ NC KMG's share in EP has reached 99.2% post EP's repurchase of its own shares. EP's delisting is expected in May 2018.</li> </ul>
Financial	<ul style="list-style-type: none"> <li>✓ In April 2017, NC KMG issued a new triple-tranche US\$ Eurobond rated Baa3/BB/BBB- for the total amount of US\$2.75bln, which represented the largest corporate transaction from the CIS since 2013.</li> <li>✓ In August KMG Kashagan B.V. received an additional prepayment (US\$ 600 mln) for advance oil sales, which was used to repay the second tranche of the deferred obligation under the 2008 PSA.</li> <li>✓ In September 2017, KTG issued a US\$ 750 mln Eurobond. The proceeds were used to partially redeem BSGP's loan in the amount of US\$ 400 mln, with the remaining balance used to repay KTG's loan.</li> <li>✓ In October 2017, NC KMG conducted consent solicitation, which resulted in the alignment of the terms of both 2023 Notes and the 2044 Notes with terms of notes issued in April 2017.</li> <li>✓ In December 2017, KMG Group amended TCO crude oil and LPG supply agreement, extending delivery period till March 2021 and upsizing the prepayment amount by US\$ 1 bln.</li> </ul>

# Summary operating and financial highlights, 2017

	Item	Unit	2017	2016	% change
Upstream	Oil and condensate production	kt	23,362	22,638	+3.2%
	Gas production	mcm	7,997	7,365	+8.1%
Midstream	Oil transportation	kt	65,489	63,657	+2.9%
	Pipelines	kt	58,538	56,575	+3.5%
	Sea transport	kt	6,951	7,082	-1.8%
	Gas transportation	mcm	100,857	88,077	+14.5%
Downstream	Refining volume <sup>(6)</sup>	kt	17,835	17,207	+3.6%
Financial highlights	Revenue	KZTbln	2,459	1,857	+32.4%
		US\$bln <sup>(4)</sup>	7.54	5.43	+38.9%
	EBITDA <sup>(1)(2)</sup>	KZTbln	1,268	1,000	+26.8%
		US\$bln <sup>(4)</sup>	3.89	2.92	+33.1%
	Net profit	KZTbln	520	360	+44.2%
		US\$bln <sup>(4)</sup>	1.59	1.05	+51.4%
	Capex <sup>(3)</sup>	KZTbln	637	554	+15.0%
		US\$bln <sup>(4)</sup>	1.95	1.62	+18.4%
	Net debt <sup>(1)</sup>	KZTbln	1,341	1,130	+18.7%
		US\$bln <sup>(5)</sup>	4.04	3.39	+19.2%

(1) Calculated with relevant adjustments made for the assets classified as for sale.

(2) The Company calculates EBITDA for any relevant period as profit before income tax for such period plus finance cost for such period plus depreciation, depletion, amortisation and impairment of long-lived assets for such period.

(3) Capital expenditure as reported in segmental reporting disclosure to the financial statements.

(4) Converted from KZT to US\$ at the following average exchange rates: for 2017 – 326.00, for 2016 – 342.16.

(5) Converted from KZT to US\$ at the following period-end exchange rates: for 2017 – 332.33, for 2016 – 333.29.

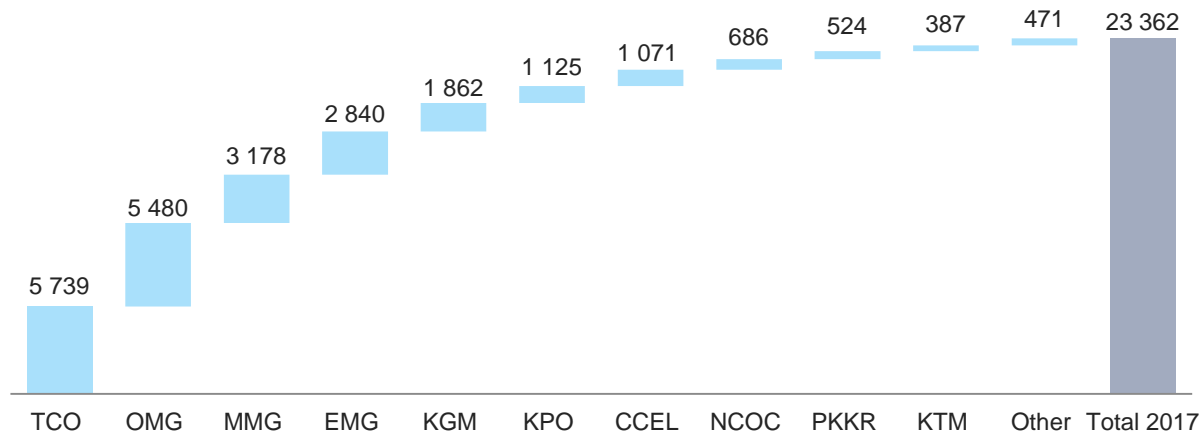
(6) The volume includes Kazakh refineries (net to NC KMG share) + KMG I (Petromidia).

Source: Company data.

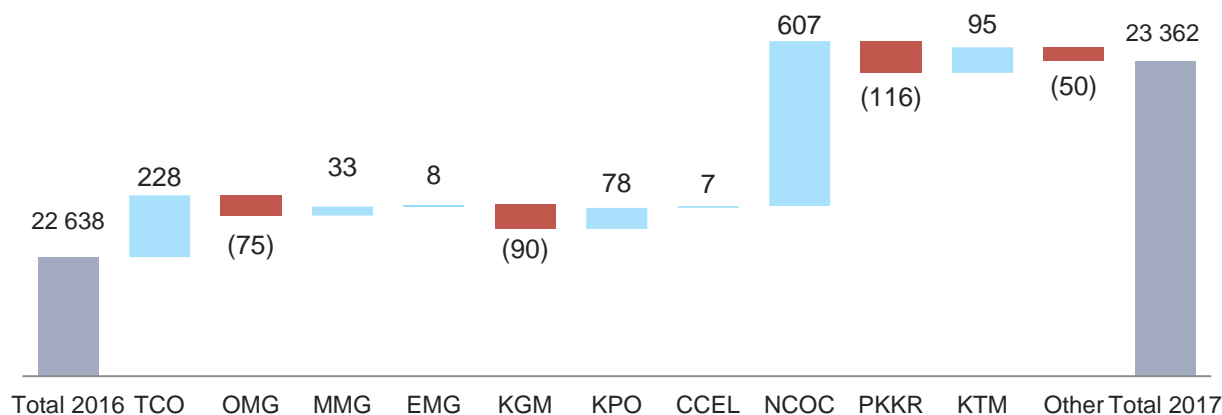
# Key operating results: upstream (1/2)

## Oil and gas condensate

Structure of oil and condensate production, 2017, (kt)



Changes in oil and condensate production, 2017 vs 2016, (kt)



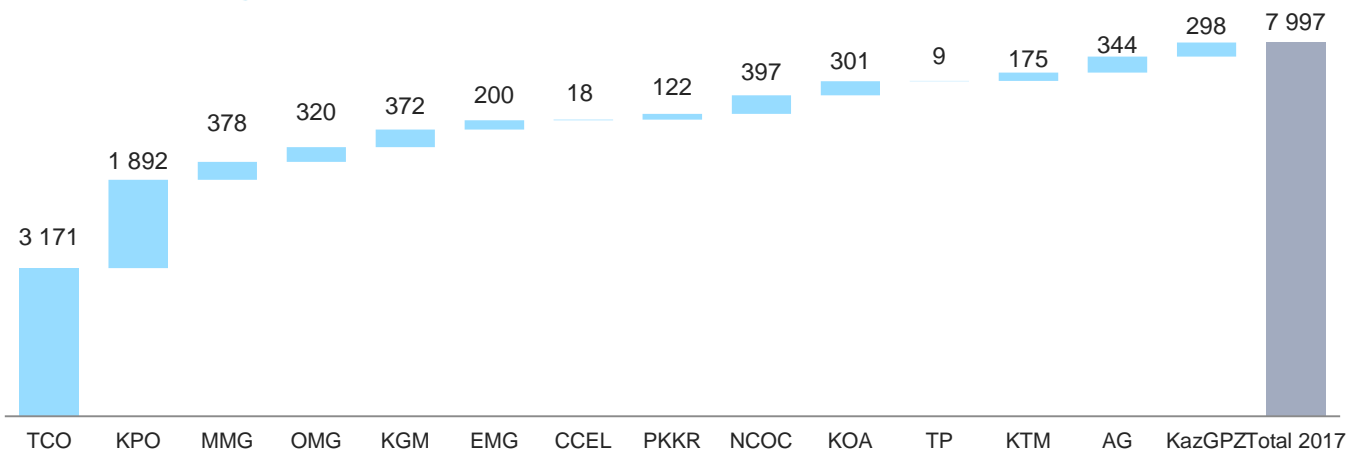
- Consolidated crude oil and gas condensate production volume includes proportionate share of NC KMG in the respective production associate companies and JVs.
- In 2017 total oil and condensate production of NC KMG reached 23.4 mln tonnes, which is +3% YoY.
- Major producers were TCO, OMG, MMG and EMG, accounting for 74% of the total production, whilst the share of big three projects (TCO, KPO, NCOC) equaled 32% of the total production.
- Increase in production at new fields more than compensate natural decline at mature fields.
- Export sales accounted for about ¾ of the total production, with 26% sold domestically.
- NC KMG markets itself crude produced by controlled entities as well as its share of crude in TCO, NCOC, KPO and MMG.
- NCOC's production rise by 607 kt was the main driver of 2017 total production growth.



# Key operating results: upstream (2/2)

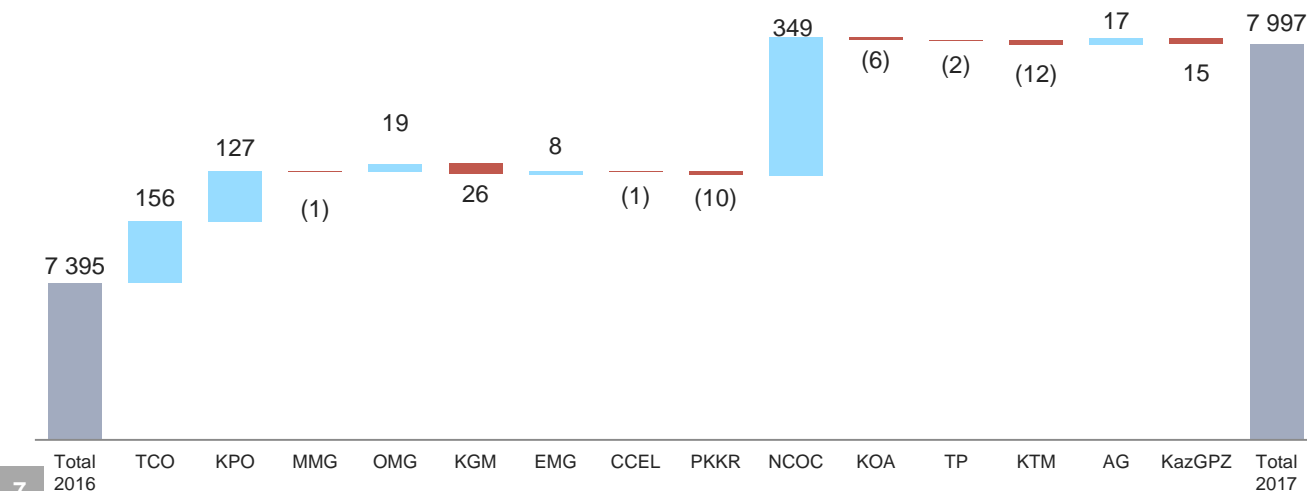
## Natural and associated gas

### Structure of gas production, 2017, (mcm)



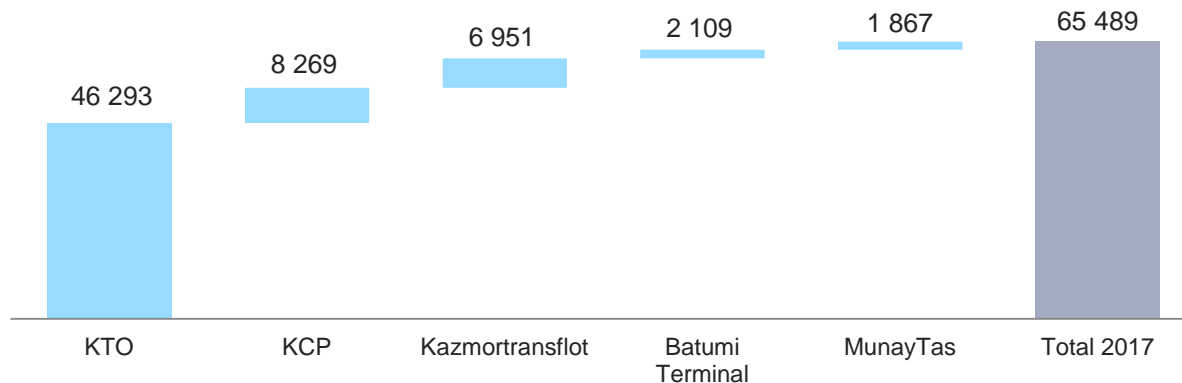
- Consolidated gas production volume includes proportionate share of NC KMG in the respective production of associate companies and JVs.
- Total production of natural and associated gas was 7,997 mcm or 8.1% higher YoY.
- Significant share of gas is re-injected into reservoirs to stimulate crude oil output rather than being sold.
- At the same time NC KMG buys and sells natural gas to meet demand in different regions of Kazakhstan and for export.
- Total sale turnover of gas was 17,759 mcm. Domestic sales accounted for 28%, export – 72%.

### Changes in gas production, 2017 vs 2016, (mcm)



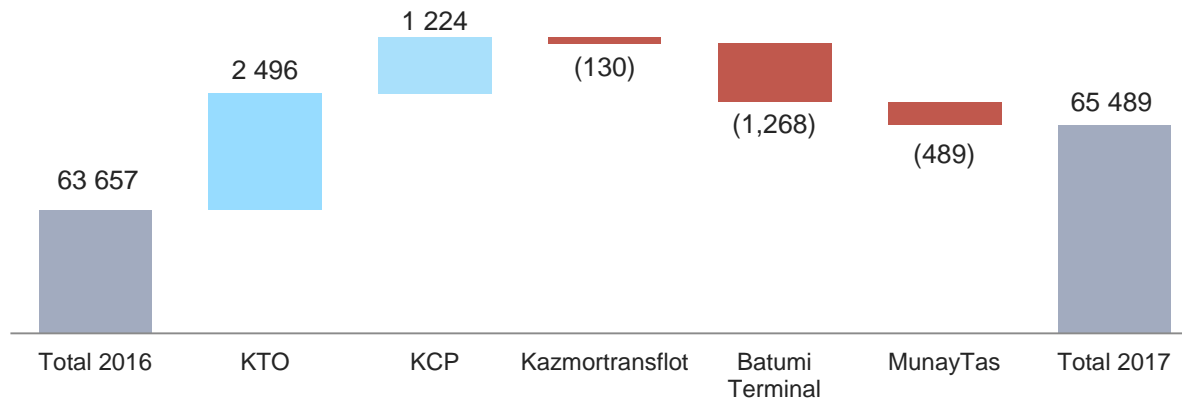
# Key operating results: midstream (1/3)

## Structure of oil transportation, 2017, (kt)



- Total volume of oil transportation reached 65.5 mln tonnes, posting +3 YoY growth. It includes net share of NC KMG in transportation volume of respective JVs.
- Increase of transportation volumes at KTO, KCP was due to an additional agreement between KTO and PJSC NC Rosneft on increasing the transit of oil from Russia to China, as well as resumption of production at Kashagan.
- Decrease of loading volumes at Batumi Oil terminal is due to lower volume of oil products imported to Georgia.
- Decline of transportation volume at Munay Tas occurred as a result of reduction in production volumes in Aktobe region of Kazakhstan and increase of domestic deliveries rather than export.

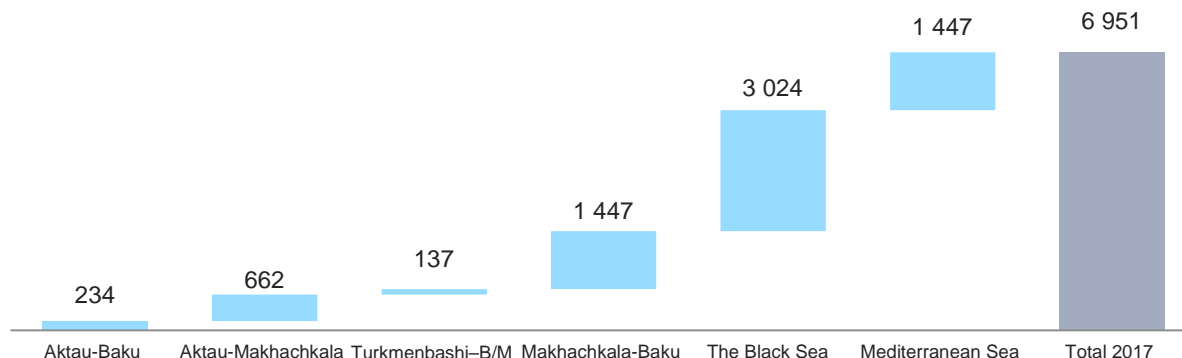
## Changes in oil transportation, 2017 vs 2016, (kt)





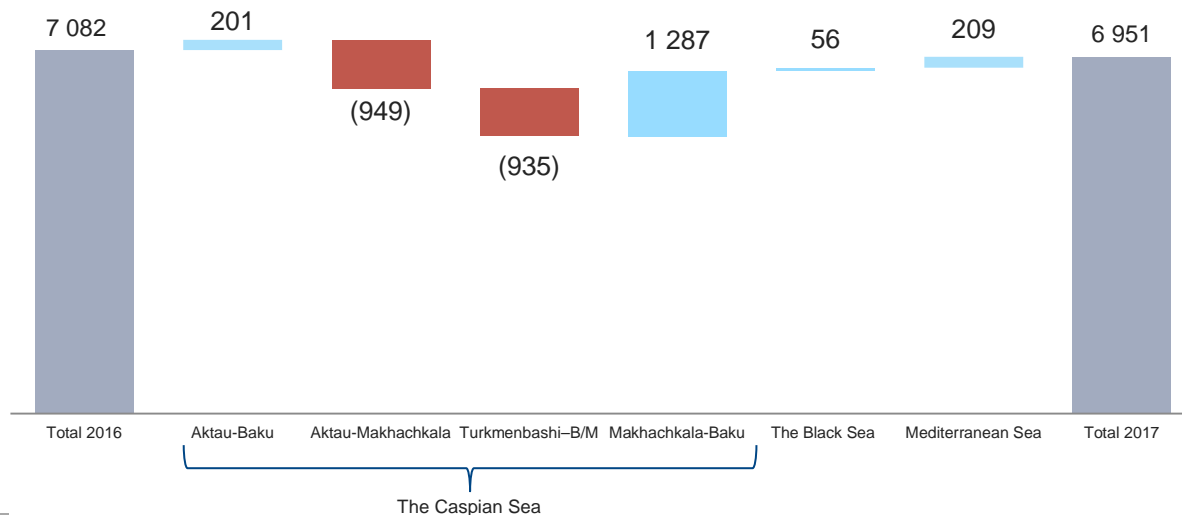
# Key operating results: midstream (2/3)

## Structure of oil transportation, marine fleet, 2017, (kt)



- Total volume of oil transportation by marine fleet to the net share of NC KMG amounted to 7 mln tonnes or -1.8% YoY.
- The Black Sea accounted for 44% of the total volume, the Mediterranean Sea - 21%, the Caspian Sea - 36%.
- Increase in volumes transported across the Black Sea and the Mediterranean Sea were generally in line with NC KMG's production growth.
- Decline of 395 kt in the volumes of oil transported via the Caspian Sea was due to the fact that there were additional volumes shipped in Turkmenbashi – Baku/ Makhachkala destination in 2016.

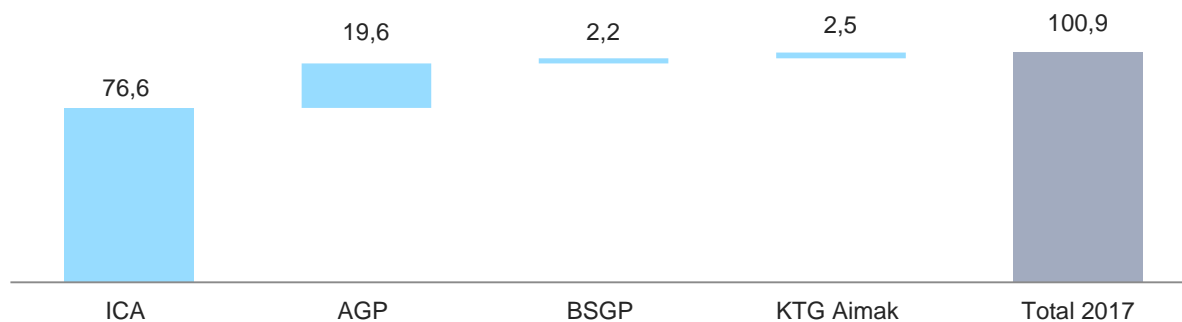
## Changes in oil transportation, marine fleet, 2017 vs 2016, (kt)



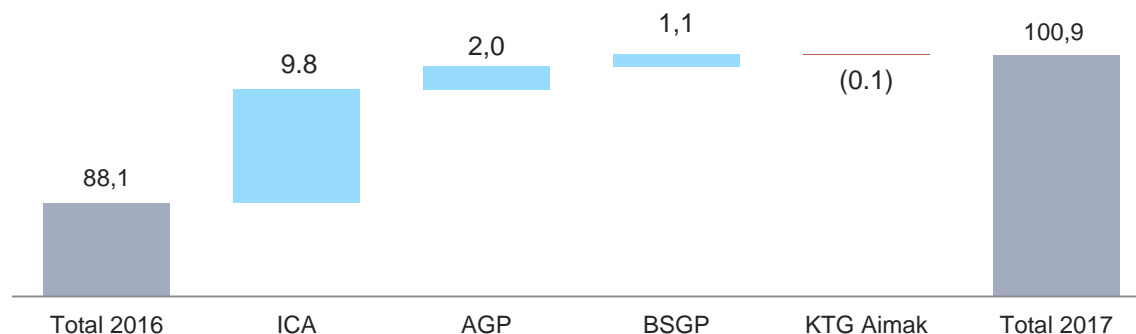
# Key operating results: midstream (3/3)

## Transportation of gas

### Structure of gas transportation, 2017, (bcm)

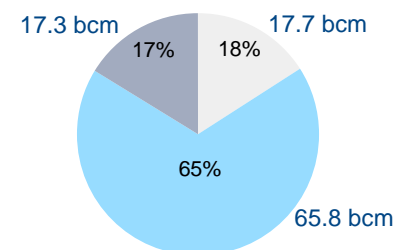


### Changes in gas transportation, 2017 vs 2016, (bcm)



- Volume of gas transportation to the net share of NC KMG amounted to 100.9 bcm vs 88.1 bcm in 2016.
- The main growth contributor was ICA (+9.8 bcm, +15YoY). The growth was due to increasing gas transit by Gazprom and increased exports of gas to Russia, Kyrgyzstan, Uzbekistan.

Domestic transportation International transit Export

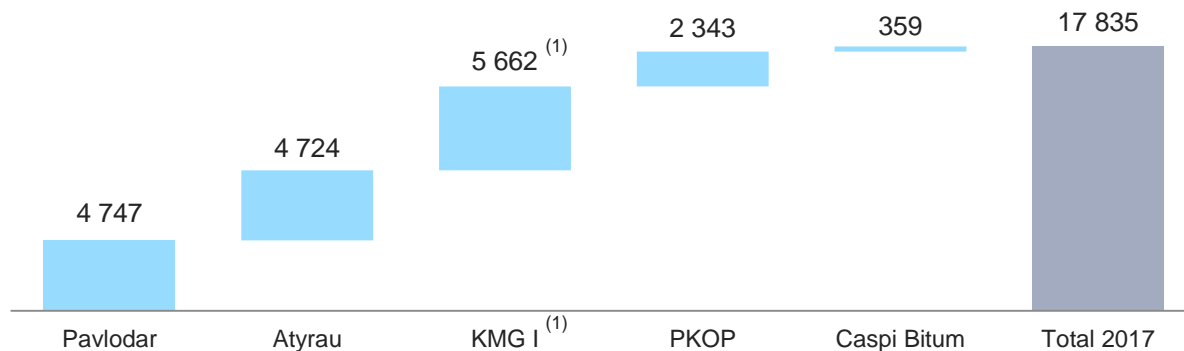


- International transit rose by 13% (7.5 bcm) as the result of increasing transit flows by Gazprom (through ICA) and by PetroChina International Company Limited (through AGP).
- Export expanded 34% (4.5 bcm) largely due to increased volumes of gas transported to Russia, Kyrgyzstan, Uzbekistan from Tengiz, Kashagan, Zhanazhol, Shogryly-Shomyshty fields.

# Key operating results: downstream

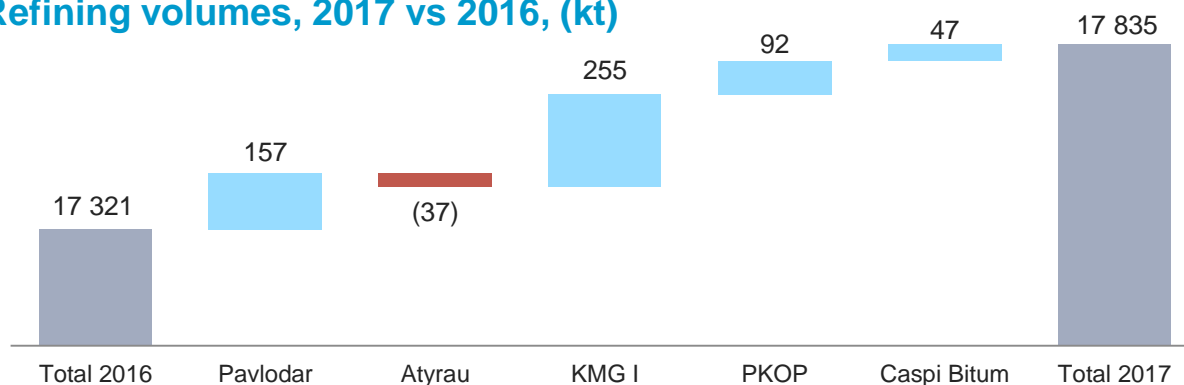
## Refining volumes

### Structure of refining volumes, oil and naphtha, 2017, (kt)



- Refining volumes to the net share of NC KMG amounted to 17.8 mln tonnes, including KMG I (Petromidia), +3.6% YoY.
- Contributions by assets: Pavlodar refinery (27%), Atyrau refinery (26%), KMG I (32%), PKOP (13%) and Caspi Bitum (2%).

### Refining volumes, 2017 vs 2016, (kt)

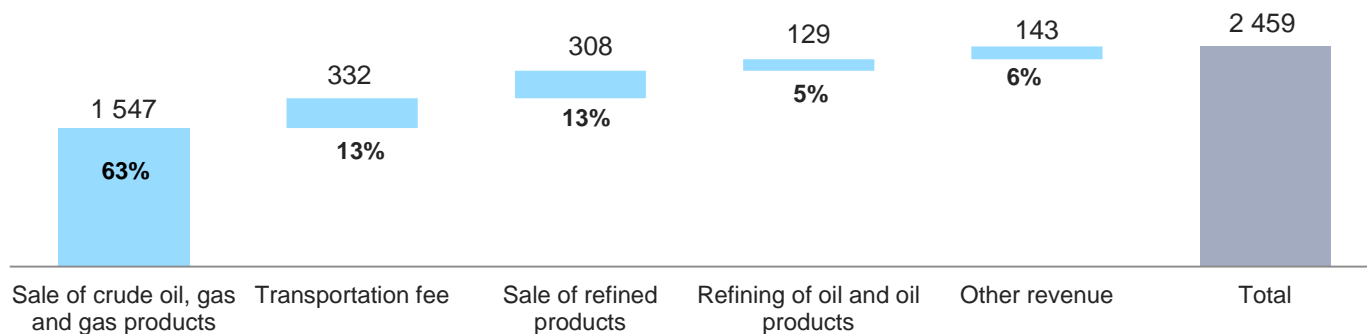


- Growth in refining volumes at Pavlodar, PKOP and CaspiBitum is in line with increased oil supplies from KMG EP and other producers.
- Decline in the volume of Atyrau refinery is related to undertaken modernisation works.
- KMG International's increase came from growth in refining of other derivative oil products, whilst crude refining remained unchanged YoY basis at 4.71 mln tonnes of.

(1) The volume of KMG I includes Petromidia refinery only.

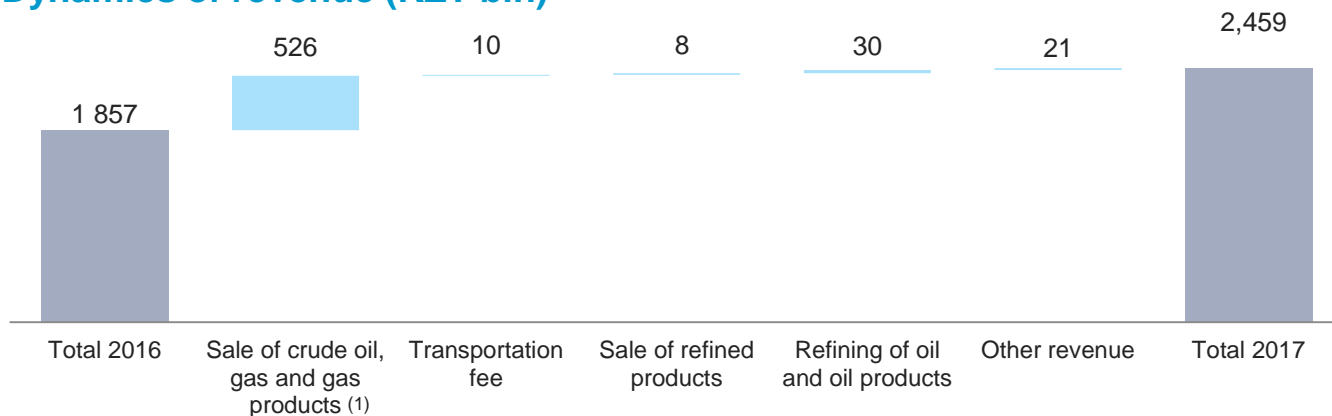
# Key financial results: revenue

## Composition of revenue in 2017, (KZT bln)



- A 32% YoY increase in revenue is primarily driven by:
  - KZT 467 bln growth in sales of crude oil under TCO Advance Oil Sale Transaction or 68% YoY<sup>1</sup>.
  - Higher oil prices in 2017 compared to 2016 (average Brent price was up 24% YoY to US\$ 54.2/bbl).
  - Sale of gas and gas products went up 18% YoY by KZT 59 bln. This is mainly explained by additional export sales to Uzbekistan and growth of demand by households and industrial enterprises domestically.

## Dynamics of revenue (KZT bln)

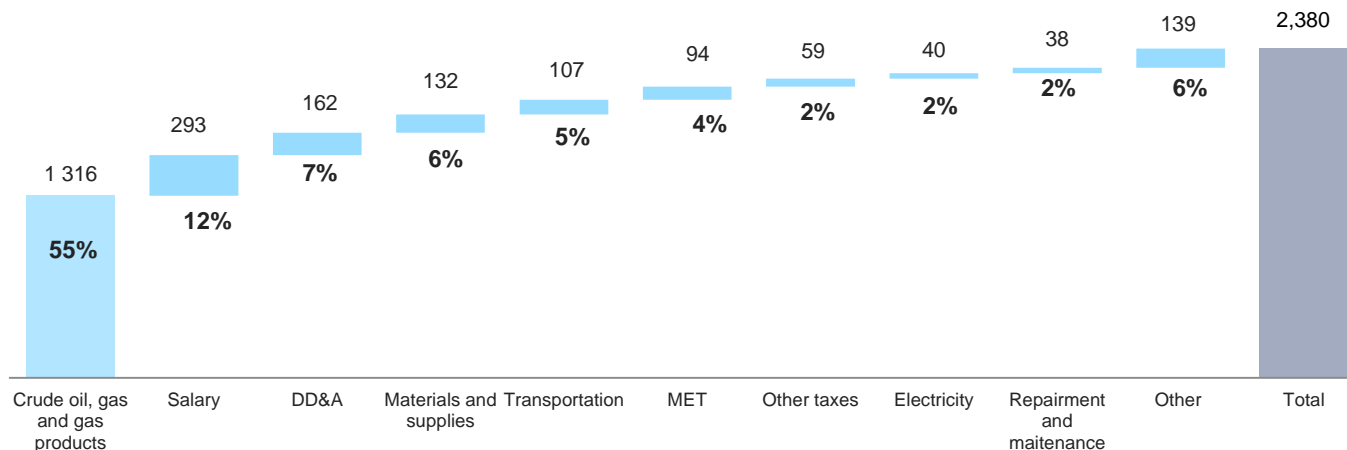


(1) Including the change in quality bank for crude oil.

Source: Company data

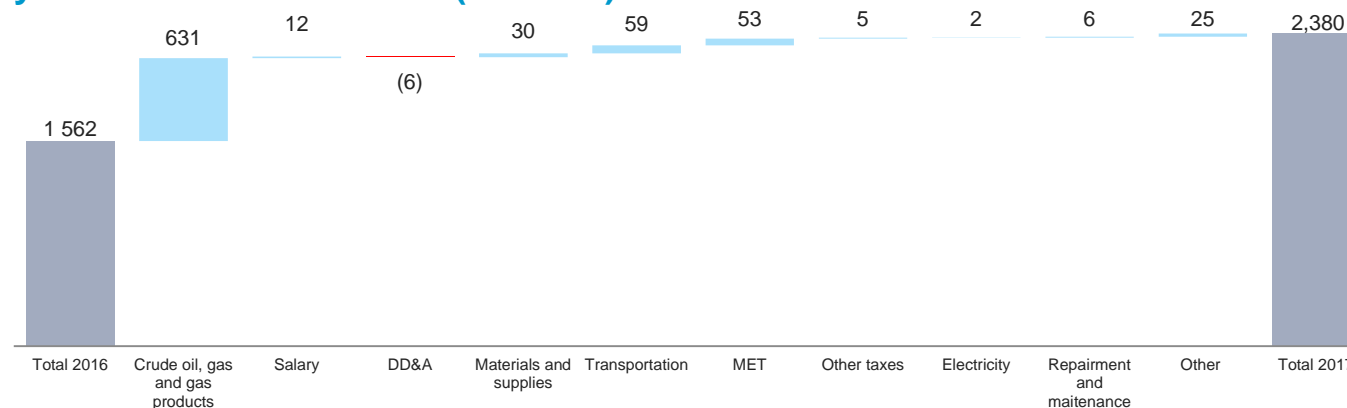
# Key financial results: cost of sales

## Composition of cost of sales in 2017 (KZT bln)



- Growth in cost of crude oil, gas and gas products by KZT 631 is explained by:
  - a. partly due to sales of oil under TCO forward sale contract.
  - b. partly due to a new purchasing scheme, whereby KMG's 100% subsidiary buys oil (cost of oil) for further sale to KMG I. In turn sales realised to third parties by KMG I associated with these costs are recognised separately in P&L of KMG I.

## Dynamics of cost of sales (KZT bln)

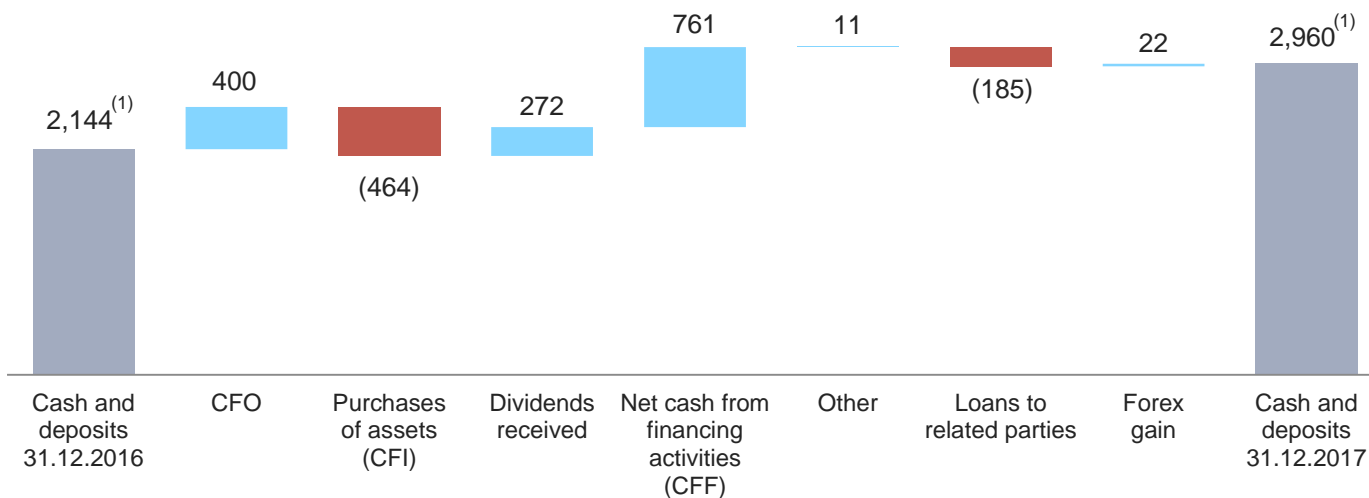


- A growth in MET by KZT 53 bln or +130% YoY. This is due to higher oil price environment in 2017 vs last year.
- Transportation costs were up by KZT 59 bln or +125% YoY due to increase in transportation volumes via Beineu Shymkent gas pipeline.

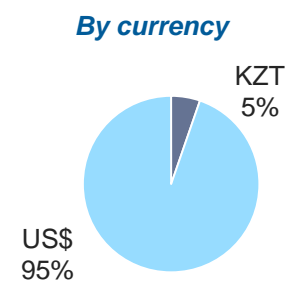
Source: Company data

# Cash & deposits

## Changes in cash and deposits over 2017<sup>(1)</sup> (KZT bln)



## Cash and deposits as at 31-Dec-2017



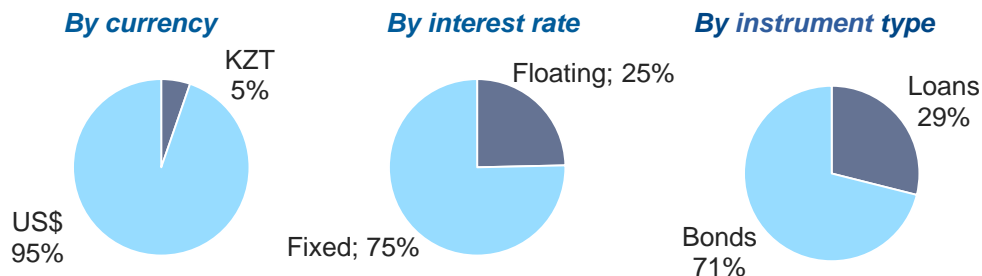
- NC KMG generated cash-flow from operating activities of KZT 400 bln.
- Cash-flow from operating activities along with dividends received exceeded CAPEX.
- Loans to related parties is mainly attributable to the loan provided by KTG to Beineu-Shymkent gas pipeline (KZT 136 bln or US\$ 400 mln), financed by KTG bond issue.

(1) Including the share of discontinued operations.

# Debt overview

## Debt position

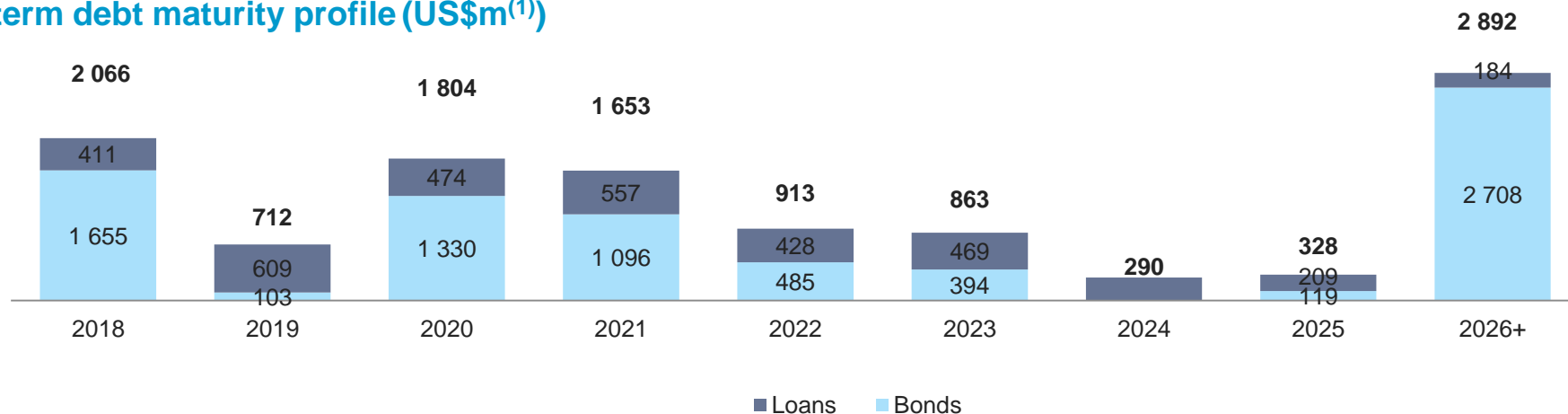
- Total debt as at 31-Dec-2017 is KZT 4,301 bln or US\$ 12.9 bln.



## Highlights

- Rated Baa3/BBB-/BB- by Moody's / Fitch / S&P
- In 2017, NC KMG further improved its debt portfolio structure and, among other things:
  - optimised debt maturity schedule shifting a significant share of indebtedness to 2026 and beyond.
  - issued a triple-tranche US\$ 2.75 billion Eurobond (due in 2022, 2027 and 2047).

## Long-term debt maturity profile (US\$m<sup>(1)</sup>)



(1) Converted from KZT to US\$ at the exchange rate of 332.33 (as at 31 December 2017).

Source: Company data



# Leverage dynamics

Item	Unit	YE2014	YE2015	YE2016	YE2017
<b>Gross debt</b>	US\$ mln	<b>17,018</b>	<b>10,197</b>	<b>9,825</b>	<b>12,943</b>
Cash and deposits	US\$ mln	8,878	5,309	6,433	8,908 <sup>(3)</sup>
<b>Net debt</b>	US\$ mln	<b>8,141</b>	<b>4,888</b>	<b>3,392</b>	<b>4,036</b>
Guaranteed obligations <sup>(1)</sup>	US\$ mln	545	566	718	352
<b>Net Debt, including guaranteed obligations</b>	US\$ mln	<b>8,686</b>	<b>5,454</b>	<b>4,110</b>	<b>4,338</b>
Net Debt/EBITDA <sup>(2)</sup>	x	3.18x	2.75x	1.66x	1.59x <sup>(3)</sup>

- Growth of gross debt and cash position was mainly attributable to NC KMG's April, 2017 Eurobond issue (US\$ 2.75 bln) and KTG September, 2017 Eurobond issue (US\$ 750 mln).
- Net debt increased due to utilisation of cash to provide a loan to BSGP and settlements under TCO prepayments.
- During 2017 guaranteed obligations of NC KMG decreased twofold at the back of loan redemption by BSGP in the amount of US\$ 400 mln.

(1) Beineu-Shymkent Gas Pipeline LLP (50% owned by KMG) and others.

(2) In accordance with Bond definition for covenant testing. Tested on a semiannual basis.

(3) Cash and deposits post KMG EP transaction declined by US\$ 1.92 bln. Net debt/EBITDA post KMG EP transaction rose to 2.2x.

# Prepayments overview

Item	Unit	YE2016	YE2017
Prepayments for TCO crude oil deliveries	US\$ mln	3,000	2,750
Prepayments for Kashagan crude oil deliveries <sup>(1)</sup>	US\$ mln	1,000	1,600

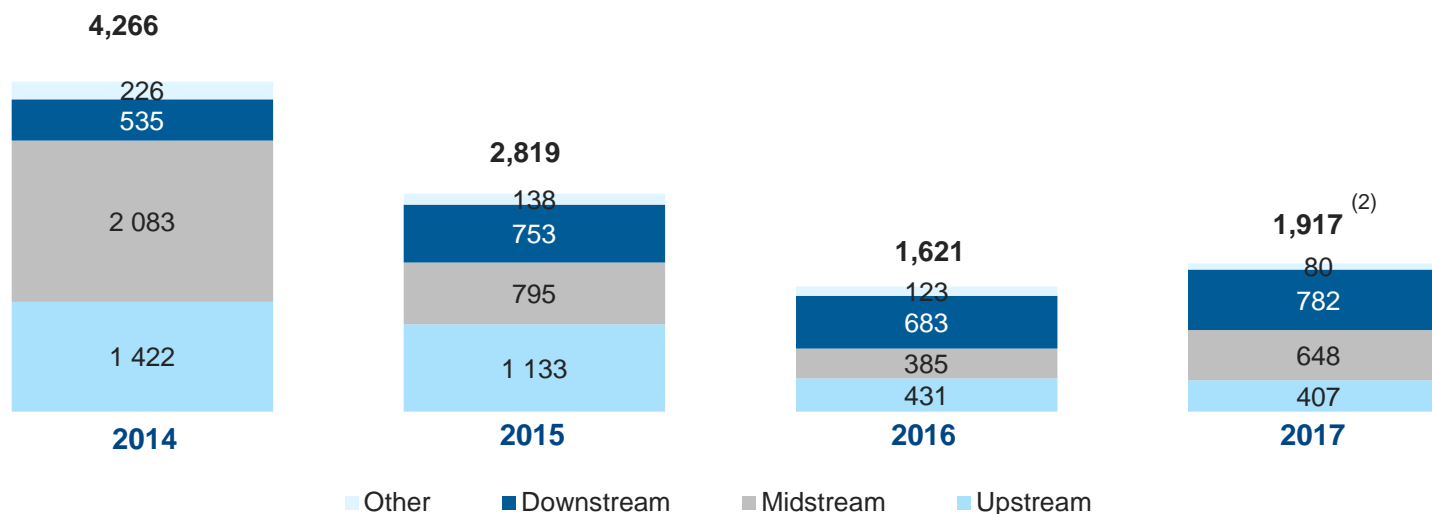
- In 2016 KMG Group entered into a long-term crude oil and LPG supply agreement. Total minimum delivery volume is c. 30.2 mt of crude oil and 1 mt of LPG in the period from the date of the contract to March 2020. As part of this transaction, the Group received US\$ 3 bln prepayment.
- In December 2017 KMG Group amended crude oil and LPG supply agreement, extending delivery period till March 2021 and upsizing the prepayment amount by US\$ 1 bln.
- During 2017 KMG partially settled the prepayments by oil supply for the total amount of US\$ 750 mln and received additional prepayment in the amount of US\$ 500 mln.
- In 3Q2017 KMG Kashagan B.V. received an additional prepayment of US\$ 600 mln (on top of US\$ 1 bln in 2016), which was used to repay the second tranche of the deferred obligation to the Partners under the 2008 PSA.

(1) At Kashagan B.V. level (50% owned by KMG).

Source: Company data

# Capex overview

## Historical capex (US\$ mln <sup>(1)</sup>)



## Key investment projects

- Modernisation works at the Atyrau and Shymkent refineries.
- Construction works at the Pavlodar refinery.
- NC KMG exploration projects.
- KMG EP production support and volume increase capex.

(1) Converted from KZT to US\$ at the following exchange rates: for 2014 – 179.1, for 2015 – 222.3, for 2016 – 341.8, for 2017 – 332.33.

(2) Cash capex outflows as per CFS are equal to US\$ 1,424 mln.

Source: Company data

# Appendix



# Consolidated balance sheet

	(000s of KZT)	
	as at 31 December 2017	as at 31 December 2016
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,359,094,790	2,953,135,665
Exploration and evaluation assets	253,326,100	231,553,168
Investment property	27,423,225	29,480,044
Intangible assets	115,431,414	116,488,612
Long-term bank deposits	48,523,034	50,027,102
Investments in joint ventures and associates	3,810,351,341	3,706,276,810
Deferred income tax assets	65,135,777	71,909,033
VAT receivable	96,666,045	71,918,992
Advances for non-current assets	124,906,942	139,185,121
Loans and receivables due from related parties	672,448,689	565,994,497
Other financial assets	4,161,312	-
Other non-current assets	14,027,609	20,687,850
<b>Total non-current assets</b>	<b>8,591,496,278</b>	<b>7,956,656,894</b>
<b>Current assets</b>		
Inventory	108,897,355	98,776,900
VAT receivable	68,245,090	68,719,671
Income tax prepaid	35,586,296	74,457,414
Trade accounts receivable	306,324,631	279,811,631
Short-term bank deposits	1,638,940,642	1,182,669,493
Loans receivable due from related parties	169,501,500	135,673,233
Other current assets	167,916,249	149,079,608
Cash and cash equivalents	1,190,156,359	878,438,350
<b>Total current assets</b>	<b>3,685,568,122</b>	<b>2,867,626,300</b>
Assets classified as held for sale	1,111,688,937	1,058,794,076
	<b>4,797,257,059</b>	<b>3,926,420,376</b>
<b>Total assets</b>	<b>13,888,753,337</b>	<b>11,883,077,270</b>

# Consolidated balance sheet (cont'd)

	(000s of KZT)	
	as at 31 December 2017	as at 31 December 2016
<b>Equity</b>		
Share capital	709,344,505	696,376,625
Additional paid-in capital	243,876,410	243,655,405
Other equity	83,185	222,074
Currency translation reserve	1,298,442,284	1,372,771,521
Retained earnings	3,500,635,709	3,163,685,193
<b>Attributable to equity holder of the Parent Company</b>	<b>5,752,382,093</b>	<b>5,476,710,818</b>
Non-controlling interest	870,017,901	801,560,097
<b>Total equity</b>	<b>6,622,399,994</b>	<b>6,278,270,915</b>
<b>Non-current liabilities</b>		
Borrowings	3,399,487,735	2,706,101,321
Provisions	150,638,244	139,371,823
Deferred income tax liabilities	312,013,046	264,599,978
Financial guarantee	10,767,166	12,259,980
Prepayment on oil supply agreements	581,577,501	738,572,306
Other non-current liabilities	46,270,628	52,509,205
<b>Total non-current liabilities</b>	<b>4,500,754,320</b>	<b>3,913,414,613</b>
<b>Current liabilities</b>		
Borrowings	763,955,792	366,438,649
Provisions	78,812,199	94,394,277
Income tax payable	7,705,079	2,301,839
Trade accounts payable	325,120,176	260,137,009
Other taxes payable	79,168,191	34,014,457
Financial guarantee	1,170,697	1,211,481
Prepayment on oil supply agreements	332,330,000	249,967,500
Other current liabilities	144,405,371	119,042,249
<b>Total current liabilities</b>	<b>1,732,667,505</b>	<b>1,127,507,461</b>
Liabilities directly associated with assets classified as held for sale	532,931,518	563,884,281
<b>Total liabilities</b>	<b>6,766,353,343</b>	<b>5,604,806,355</b>
<b>Total equity and liabilities</b>	<b>13,388,753,337</b>	<b>11,883,077,270</b>

# Consolidated income statement

	(000s of KZT)	
	12M 2017	12M 2016
Revenue	2,458,835,090	1,857,435,356
Cost of sales	(2,379,902,871)	(1,561,746,019)
Gross profit	78,932,219	295,689,337
General and administrative expenses	(152,011,319)	(117,675,164)
Transportation and selling expenses	(288,527,270)	(198,473,083)
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets, other than goodwill	(25,641,552)	(3,282,679)
Loss on disposal of property, plant and equipment, intangible assets and investment property, net	(3,814,867)	(5,620,831)
Other operating income	20,164,501	19,429,680
Other operating expenses	(30,093,073)	(14,821,567)
Operating profit/(loss)	(400,991,361)	(24,754,307)
Net foreign exchange gain/(loss)	67,182,980	(12,894,441)
Finance income	121,735,274	167,891,688
Finance cost	(294,897,464)	(230,383,354)
Reversal/ (impairment) of investments in joint ventures	14,845,359	(5,503,379)
Impairment of assets classified as held for sale	(67,594)	(92,601)
Impairment of loan given	-	(1,346,447)
Share in profit of joint ventures and associates, net	414,565,236	270,190,990
(Loss)/ Profit before income tax	(77,627,570)	163,108,149
Income tax expense	(192,029,803)	(163,791,137)
Loss for the year from continuing operations	(269,657,373)	(682,988)
Profit after income tax for the period from discontinued operations	789,183,404	360,854,031
Net profit for the period attributable to:	519,526,031	360,171,043
Equity holders of the Parent Company	437,485,878	305,849,105
Non-controlling interests	82,040,153	54,321,938
	519,526,031	360,171,043



# Consolidated income statement (cont'd)

	(000s of KZT)	
	12M 2017	12M 2016
<b>Other comprehensive loss</b>		
<b>Other comprehensive loss to be reclassified to profit or loss in subsequent periods</b>		
Exchange differences on translation of foreign operations	(74,167,162)	(38,081,340)
Accumulated differences on translation of disposal group	(423,776)	-
<b>Other comprehensive loss to be reclassified to profit or loss in subsequent periods</b>	<b>(74,590,938)</b>	<b>(38,081,340)</b>
<b>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods</b>		
Actuarial (loss)/gain on defined benefit plans of the Group	(1,148,036)	3,775,606
Actuarial loss on defined benefit plans of joint ventures	(173,333)	(127,142)
Write-off of deferred tax assets	(150,746)	-
Tax effect	8,642	(807,240)
<b>Other comprehensive (loss)/ income not to be reclassified to profit or loss in subsequent periods</b>	<b>(1,463,473)</b>	<b>2,841,224</b>
<b>Other comprehensive loss for the year</b>	<b>(76,054,411)</b>	<b>(35,240,116)</b>
<b>Total comprehensive income for the year, net of tax</b>	<b>443,471,620</b>	<b>324,930,927</b>
<b>Total comprehensive income for the period attributable to:</b>		
Equity holders of the Parent Company	361,870,465	275,618,617
Non-controlling interests	81,601,155	49,312,310
	<b>443,471,620</b>	<b>324,930,927</b>

# Consolidated statement of cash flows

	(000s of KZT)	
	12M 2017	12M 2016 (restated) <sup>(1)</sup>
<b>Cash flows from operating activities</b>		
Receipts from customers	5,634,357,593	5,210,416,312
Payments to suppliers	(3,715,959,005)	(2,572,353,624)
Other taxes and payments	(914,413,795)	(781,008,413)
Income taxes paid	(112,604,740)	(106,406,440)
Interest received	104,803,503	61,212,114
Interest paid	(216,639,835)	(197,781,984)
Payments to employees	(369,717,122)	(336,491,364)
Taxes received from Tax authorities	79,392,887	31,066,631
Other payments	(89,330,944)	(32,472,306)
<b>Net cash flow from operating activities</b>	<b>399,888,542</b>	<b>1,276,180,926</b>
<b>Cash flow from investing activities</b>		
Placement of bank deposits, net	(457,272,356)	(269,568,073)
Purchase of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets	(464,352,881)	(464,811,894)
Proceeds from sale of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets	1,408,198	1,379,771
Proceeds from sale of subsidiaries	9,151,261	-
Cash acquired with subsidiaries	180,678	-
Dividends received from joint ventures and associates	271,782,500	118,607,550
Acquisition of and contribution to joint ventures	(2,625)	(160,057,189)
Refund of contribution to joint ventures	1,714,856	1,672,268
Repayment of loan due from related parties	336,957	125,002,452
Acquisition of debt securities	(332,401)	-
Note receivable from associate	118,367	6,889,431
Loans given to related parties	(184,707,890)	(222,725,040)
<b>Net cash flow used in investing activities</b>	<b>(821,975,336)</b>	<b>(863,610,724)</b>

# Consolidated statement of cash flows

	(000s of KZT)	
	12M 2017	12M 2016 (restated) <sup>(1)</sup>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,508,170,132	316,799,290
Repayment of borrowings	(689,074,491)	(530,514,370)
Distributions to Samruk-Kazyna	-	(2,202,898)
Dividends paid to Samruk-Kazyna and national Bank of RK	(45,877,517)	(90,853,335)
Dividends paid to non-controlling interests	(12,415,761)	(5,248,975)
Issue of shares	1	1
<b>Net cash flow from/ (used in) financing activities</b>	<b>760,802,364</b>	<b>(312,020,287)</b>
Effects of exchange rate changes on cash and cash equivalents	22,436,734	(3,531,543)
<b>Net change in cash and cash equivalents</b>	<b>361,152,304</b>	<b>97,018,372</b>
Cash and cash equivalents, at the beginning of the period	905,452,511	808,434,139
<b>Cash and cash equivalents, at the end of the period</b>	<b>1,266,604,815</b>	<b>905,452,511</b>

(1) The Group changed method of presentation of consolidated cash flow statement  
Source: Consolidated financial statements for the six months ended 30 September 2017

# Consolidated statement of cash flows (indirect) (not part of financial statements)

	(000s of KZT)	
	12M 2017	12M 2016 (restated) <sup>(1)</sup>
<b>Cash flows from operating activities</b>		
Profit before income tax from continuing operations	(77,627,570)	163,108,149
Profit before income tax from discontinued operations	787,700,098	357,713,189
<b>Profit before income tax</b>	<b>710,072,528</b>	<b>520,821,338</b>
Adjustments for:		
Depreciation, depletion and amortization	181,909,141	181,273,147
Depreciation, depletion and amortization from discontinued operation	57,080,131	38,939,596
Share in profit of joint ventures and associates, net	(414,565,236)	(270,190,990)
Share in profit of joint ventures and associates from discontinued operation, net	(384,575)	(1,175,613)
Finance costs	294,897,464	230,383,354
Finance costs from discontinued operation	11,589,148	10,613,369
Finance income	(121,735,274)	(167,891,688)
Finance income from discontinued operation	(1,266,011)	(1,249,393)
Unrealized gain/(losses) from derivatives on petroleum products	247,552	341,709
Realized gain from derivatives on petroleum products	3,601,071	728,846
Loss on disposal of property, plant and equipment, intangible assets and investment property, net	3,814,867	5,620,831
Impairment of property, plant and equipment, intangible assets	25,641,552	3,282,679
Impairment of property, plant and equipment, intangible assets from discontinued operation	(981,997)	3,982,106
Adjustment on the re-measurement to fair value less costs to sell	6,633,358	16,337,163
Impairment of investments in joint ventures	(14,845,359)	5,503,379
Impairment of VAT recoverable	(24,157,581)	(3,417,616)
Impairment of loans given	-	1,346,447
Withdrawal of equity instruments	(12,678)	-
Change in share of ownership in subsidiaries	-	(9,550)
Impairment of assets classified as held for sale	-	92,601
Adjustment for unrealized profit of JV-s	20,722,047	-
Provisions	8,856,949	13,106,165
Allowance for impairment of trade accounts receivable and other current and non-current assets	2,480,868	7,482,029

(1) The Group changed method of presentation of consolidated cash flow statement

# Consolidated statement of cash flows (indirect) (not part of financial statements)

	(000s of KZT)	
	12M 2017	12M 2016 (restated) <sup>(1)</sup>
Allowance for impairment of trade accounts receivable and other current assets from discontinued operation	(1,233,639)	9,999,997
(Reversal)/ Provision for obsolete and slow-moving inventories	1,498,700	1,058,595
Provision for obsolete and slow-moving inventories from discontinued operation	2,531,608	4,259,577
Recognition of share based payments	-	1,347,558
Revenue under oil supply agreement (settlement of advances)	(245,447,608)	-
Unrealized foreign exchange gain	(74,664,799)	(18,888,571)
<b>Operating profit before working capital changes</b>	<b>432,282,227</b>	<b>593,697,065</b>
Change in inventory	(25,219,023)	23,309,510
Change in VAT receivable	(131,181)	(6,666,694)
Change in trade accounts receivable and other assets	(289,349,958)	(199,108,793)
Change in other taxes payable	45,229,702	(39,469,136)
Change in trade accounts payable	(43,902,350)	132,824,726
Change in advances under oil supply agreement	167,152,608	1,012,020,000
Change in other liabilities	(9,361,611)	2,220,436
<b>Cash generated from operations</b>	<b>602,865,639</b>	<b>1,518,827,114</b>
Cash received from derivatives, net	62,577	330,120
Income taxes paid	(91,203,343)	(106,406,440)
Interest received	104,803,503	61,212,115
Interest paid	(216,639,835)	(197,781,983)
<b>Net cash flow from operating activities</b>	<b>399,888,541</b>	<b>1,276,180,926</b>

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Cash and cash equivalents at the beginning of the year	905,452,511	808,434,139
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(1) The Group changed method of presentation of consolidated cash flow statement



# Abbreviations list

AG – Amangeldy gas	KTM - Kazakhturkmunai LLP
AGP – Asia gas pipeline	KTO – JSC KazTransOil
bbl – barrel	KZT –Tenge (national currency)
bcm – billion cubic meters	LPG – liquefied petroleum gas
bln – billion	mcm – million cubic meters
BSGP – Beineu-Shymkent gas pipeline	MET - mineral extraction tax
Caspi – JSC “Caspi Bitum JV”	mln - million
CCEL – CITIC Canada Energy Limited (JSC Karazhanbasmunai)	MMG – JSC Mangystaumunaigaz
CEFC - China Energy Company Limited	mt – million tonnes
CIS - Commonwealth of Independent States	MunayTas – JSC MunayTas North-West Pipeline Company
CPC - Caspian pipeline consortium	NC KMG – JSC National Company KazMunaiGas
DD&A - Depretiation, depletion and amortisation	NCOC – North Caspian Operating Company N.V.
EMG – JSC EmbaMunaiGas	OMG – JSC OzenMunaiGas
ICA – JSC Intergas Central Asia	PKKR – JSC PetroKazakhstan Kumkol Resources
JV - Joint Venture	PKOP – PetroKazakhstan Oil Products LLP
KazGPZ – Kazakhstan gas production plant	PSA - Purchase-sale agreement
KCP – Kazakhstan-China pipeline	TCO – Tengizchevroil LLP
KCP - Kazakhstan-China Pipeline LLP	TP - JSC Turgai Petroleum
KGM – JV Kazgermunai LLP	US\$ - US dollars
KMG EP - JSC KazMunayGas Exploration Production	
KMG I – KMG International	
KMG RM - JSC KazMunayGas Refinery and Marketing	
KOA - Kazakhoil Aktobe LLP	
KPO - Karachaganak Petroleum Operating B.V.	
kt – thousand tonnes	
KTG – JSC KazTransGas	