

Joint Stock Company “National Company “KazMunayGas”

Interim condensed consolidated financial statements (unaudited)

For the three months ended March 31, 2023

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Report on Review of Interim Financial Information

To the Shareholders, Board of Directors and Management of JSC “National Company
“KazMunayGas”

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of JSC “National Company “KazMunayGas” and its subsidiaries, which comprise the interim consolidated statement of financial position as at 31 March 2023 and the interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the three months period then ended, and selected explanatory notes (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information of JSC "National Company "KazMunayGas" is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Ernst & Young LLP

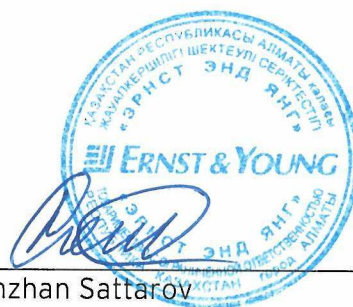


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19 May 2023



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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

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended March 31, 2023

<i>In millions of tenge</i>	Note	For the three months ended March 31,	
		2023 (unaudited)	2022 (unaudited) (restated)*
Revenue and other income			
Revenue from contracts with customers	5	1,886,921	2,181,941
Share in profit of joint ventures and associates, net	6	191,697	272,553
Finance income	12	37,552	22,538
Other operating income		5,813	7,144
Total revenue and other income		2,121,983	2,484,176
Costs and expenses			
Cost of purchased oil, gas, petroleum products and other materials	7	(1,031,722)	(1,465,682)
Production expenses	8	(260,353)	(187,450)
Taxes other than income tax	9	(141,884)	(125,893)
Depreciation, depletion and amortization		(151,868)	(142,715)
Transportation and selling expenses	10	(61,170)	(45,799)
General and administrative expenses	11	(33,174)	(33,257)
Finance costs	12	(76,607)	(85,138)
Foreign exchange (loss)/gain, net	2	(7,176)	69,197
Other expenses		(4,600)	(6,082)
Total costs and expenses		(1,768,554)	(2,022,819)
Profit before income tax		353,429	461,357
Income tax expenses	13	(65,873)	(129,167)
Net profit for the period		287,556	332,190

The accounting policies and explanatory notes on pages 9 through 45 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

		For the three months ended March 31,	
<i>In millions of tenge</i>	Note	2023 (unaudited)	2022 (unaudited) (restated)*
Other comprehensive income/(loss)			
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</i>			
Hedging effect	22	800	(8,467)
Exchange differences on translation of foreign operations		(174,984)	560,981
Tax effect		13,700	(37,818)
Net other comprehensive (loss)/income to be reclassified to profit or loss in the subsequent periods, net of tax		(160,484)	514,696
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gain on defined benefit plans of the joint ventures, net of tax		28	131
Net other comprehensive income not to be reclassified to profit or loss in the subsequent periods, net of tax		28	131
Net other comprehensive (loss)/income for the period, net of tax		(160,456)	514,827
Total comprehensive income for the period, net of tax		127,100	847,017
Net profit/(loss) for the period attributable to:			
Equity holders of the Parent Company		281,740	356,620
Non-controlling interests		5,816	(24,430)
		287,556	332,190
Total comprehensive income/(loss) attributable to:			
Equity holders of the Parent Company		121,278	871,128
Non-controlling interests		5,822	(24,111)
		127,100	847,017
Earnings per share** – tenge thousands			
Basic and diluted		0.47	0.54

* Certain numbers shown here do not correspond to the interim condensed consolidated financial statements for the three months ended March 31, 2022 and reflect adjustments made, refer to Note 4

** The number of ordinary shares as of March 31, 2023 and December 31, 2022 equaled to 610,119,493.

Deputy Chairman of the Management Board


D.A. Aryssova

Chief accountant



A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 45 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2023

<i>In millions of tenge</i>	Note	March 31, 2023 (unaudited)	December 31, 2022 (audited)
Assets			
Non-current assets			
Exploration and evaluation assets		278,063	251,280
Property, plant and equipment	14	6,867,972	6,989,837
Investment property		16,906	17,304
Intangible assets		887,276	918,253
Right-of-use assets		77,635	76,567
Investments in joint ventures and associates	16	5,011,937	4,947,403
VAT receivable		18,989	16,760
Advances for non-current assets		63,621	52,982
Other non-current non-financial assets		3,505	3,713
Loans and receivables due from related parties		130,170	129,857
Other non-current financial assets		10,220	10,672
Long-term bank deposits	15	59,251	59,229
Deferred income tax assets		39,978	41,598
		13,465,523	13,515,455
Current assets			
Inventories		331,543	309,425
Trade accounts receivable	17	545,915	519,537
VAT receivable		44,973	42,697
Income tax prepaid		47,766	36,167
Other current non-financial assets	17	127,653	109,137
Loans and receivables due from related parties		49,353	119,874
Other current financial assets	17	81,909	57,057
Short-term bank deposits	15	1,081,374	1,178,138
Cash and cash equivalents	18	970,639	762,817
		3,281,125	3,134,849
Assets classified as held for sale		384	459
		3,281,509	3,135,308
Total assets		16,747,032	16,650,763

The accounting policies and explanatory notes on pages 9 through 45 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In millions of tenge</i>	Note	March 31, 2023 (unaudited)	December 31, 2022 (audited)
Equity and liabilities			
Equity			
Share capital		916,541	916,541
Additional paid-in capital		1,142	1,142
Other equity		(959)	(1,759)
Currency translation reserve		4,048,322	4,209,612
Retained earnings		5,091,189	4,809,455
Attributable to equity holders of the Parent Company		10,056,235	9,934,991
Non-controlling interests		(55,719)	(61,541)
Total equity		10,000,516	9,873,450
Non-current liabilities			
Borrowings and bonds	19	3,562,726	3,775,891
Lease liabilities	20	66,563	65,872
Other non-current financial liabilities	22	14,956	15,080
Provisions	21	281,724	276,818
Other non-current non-financial liabilities	22	39,757	41,548
Deferred income tax liabilities		1,006,649	999,010
		4,972,375	5,174,219
Current liabilities			
Trade accounts payable	22	435,274	564,906
Borrowings and bonds	19	665,997	367,443
Lease liabilities	20	16,085	15,682
Other current financial liabilities	22	299,080	283,717
Provisions	21	61,925	63,076
Income tax payable		80,806	66,648
Other taxes payable	23	121,750	148,477
Other current non-financial liabilities	22	93,224	93,145
		1,774,141	1,603,094
Total liabilities		6,746,516	6,777,313
Total equity and liabilities		16,747,032	16,650,763
Book value per ordinary share* – tenge thousands		14.937	14.678

* The number of ordinary shares as of March 31, 2023 and December 31, 2022 equaled to 610,119,493. Presentation of Book value per ordinary share is a non-IFRS measure required by KASE.

Deputy Chairman of the Management Board



D.A. Aryssova

Chief accountant

A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 45 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended March 31, 2023

		For the three months ended March 31,	
<i>In millions of tenge</i>	Note	2023 (unaudited)	2022 (unaudited) (restated)*
Cash flows from operating activities			
Profit before income tax		353,429	461,357
Profit before income tax		353,429	461,357
Adjustments:			
Depreciation, depletion and amortization		151,868	142,715
Impairment of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale		310	47
Realized losses from derivatives on petroleum products	8	256	45,015
Finance income	12	(37,552)	(22,538)
Finance costs	12	76,607	85,138
Share in profit of joint ventures and associates, net	6	(191,697)	(272,553)
Movements in provisions		(5,592)	6,117
Net foreign exchange loss/(gain)		884	(55,256)
(Recovery)/write off of inventories to net realizable value		(11)	12
(Gain)/loss on disposal of property, plant and equipment, intangible assets, investment property and assets held for sale, net		(307)	401
Other adjustments		244	1,220
Operating profit before working capital changes		348,439	391,675
Change in VAT receivable		(5,036)	(1,552)
Change in inventory		(30,059)	(33,430)
Change in trade accounts receivable and other current assets		(55,525)	(220,255)
Change in trade and other payables and contract liabilities		(67,671)	107,595
Change in other taxes payable		(26,804)	1,287
Cash generated from operating activities		163,344	245,320
Dividends received from joint ventures and associates	16	250	52,258
Income taxes paid		(31,257)	(35,636)
Interest received		22,059	7,229
Interest paid	19, 20	(18,380)	(15,573)
Net cash flow from operating activities		136,016	253,598

The accounting policies and explanatory notes on pages 9 through 45 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

		For the three months ended March 31,	
<i>In millions of tenge</i>	Note	2023 (unaudited)	2022 (unaudited) (restated)*
Cash flows from investing activities			
Placement of bank deposits		(472,854)	(204,421)
Withdrawal of bank deposits		550,840	58,096
Purchase of property, plant and equipment, intangible assets and exploration and evaluation assets		(188,645)	(91,285)
Proceeds from sale of property, plant and equipment, exploration and evaluation assets and assets held for sale		355	550
Additional contributions to joint ventures without changes in ownership	16	(17)	(67)
Loans given to related parties		(1,140)	(470)
Proceeds from sale of notes of the National Bank of RK		108,019	-
Acquisition of notes of the National Bank of RK		(38,019)	-
Other		194	(803)
Net cash flows used in investing activities		(41,267)	(238,400)
Cash flows from financing activities			
Proceeds from borrowings	19	200,942	135,445
Repayment of borrowings	19	(64,271)	(43,785)
Distributions to Samruk-Kazyna		(108)	(485)
Dividends paid to non-controlling interests		(10)	(8)
Repayment of principal portion of lease liabilities	20	(5,478)	(5,527)
Net cash flows from financing activities		131,075	85,640
Effects of exchange rate changes on cash and cash equivalents		(18,003)	74,023
Change in allowance for expected credit losses		1	126
Net change in cash and cash equivalents		207,822	174,987
Cash and cash equivalents, at the beginning of the period		762,817	1,144,193
Cash and cash equivalents, at the end of the period		970,639	1,319,180

* Certain numbers shown here do not correspond to the interim condensed consolidated financial statements for the three months ended March 31, 2022 and reflect adjustments made, refer to Note 4.

Deputy Chairman of the Management Board

Chief accountant



[Signature]
D.A. Aryssova

[Signature]
A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 45 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended March 31, 2023

<i>In millions of tenge</i>	Attributable to equity holders of the Parent Company					Total	Non-controlling interests	Total
	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings			
As at December 31, 2021 (audited)	916,541	1,142	10,113	3,738,581	5,439,811	10,106,188	(89,282)	10,016,906
Net profit/(loss) for the period (restated)*	-	-	-	-	356,620	356,620	(24,430)	332,190
Other comprehensive (loss)/income (restated)*	-	-	(8,467)	522,844	131	514,508	319	514,827
Total comprehensive (loss)/income (restated)	-	-	(8,467)	522,844	356,751	871,128	(24,111)	847,017
Distributions to Samruk-Kazyna	-	-	-	-	(487)	(487)	-	(487)
As at March 31, 2022 (unaudited) (restated)	916,541	1,142	1,646	4,261,425	5,796,075	10,976,829	(113,393)	10,863,436

* Certain numbers shown here do not correspond to the interim condensed consolidated financial statements for the three months ended March 31, 2022 and reflect adjustments made, refer to Note 4.

The accounting policies and explanatory notes on pages 9 through 45 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

<i>In millions of tenge</i>	Attributable to equity holders of the Parent Company					Total	Non-controlling interests	Total
	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings			
As at December 31, 2022 (audited)	916,541	1,142	(1,759)	4,209,612	4,809,455	9,934,991	(61,541)	9,873,450
Net profit for the period	-	-	-	-	281,740	281,740	5,816	287,556
Other comprehensive income/(loss)	-	-	800	(161,290)	28	(160,462)	6	(160,456)
Total comprehensive income/(loss)	-	-	800	(161,290)	281,768	121,278	5,822	127,100
Distributions to Samruk-Kazyna	-	-	-	-	(34)	(34)	-	(34)
As at March 31, 2023 (unaudited)	916,541	1,142	(959)	4,048,322	5,091,189	10,056,235	(55,719)	10,000,516

Deputy Chairman of the Management Board



D.A. Aryssova

Chief accountant

A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 45 form an integral part of these interim condensed consolidated financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)**

1. GENERAL

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

Starting from June 8, 2006, the sole shareholder of the Company was joint stock company “Kazakhstan Holding Company for State Assets Management “Samruk”, which in October 2008 was merged with the state-owned Sustainable Development Fund “Kazyna” and formed joint stock company “National Welfare Fund Samruk-Kazyna”, now renamed to joint stock company “Sovereign Wealth Fund Samruk-Kazyna” (further Samruk-Kazyna). The Government is the sole shareholder of Samruk-Kazyna.

On August 7, 2015, the National Bank of RK purchased 9.58% plus one share of the Company from Samruk-Kazyna. From December 8, 2022, 3.00% of shares of the Company are freely available on the Astana International Exchange (further AIX) and the Kazakhstan Stock Exchange (further KASE) stock exchanges.

As at March 31, 2023, the Company has interest in 60 operating companies (as of December 31, 2022: 59) (jointly “the Group”).

The Company has its registered office in the RK, Astana, Dinmukhamed Kunayev, 8.

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

- Participation in the development and implementation of the uniform public policy in the oil and gas sector;
- Representation of the state interests in subsoil use contracts through interest participation in those contracts; and
- Exploration, development, production, oil servicing, processing, petrochemistry, transportation and sale of hydrocarbons and the designing, construction and maintenance of oil pipeline and field infrastructure.

The interim condensed consolidated financial statements comprise the financial statements of the Company and its controlled subsidiaries.

These interim condensed consolidated financial statements of the Group were approved for issue by the Deputy Chairman of the Management Board and the Chief accountant on May 19, 2023.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three months ended March 31, 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. 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, 2022.

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 (further the functional currency). The interim condensed consolidated financial statements are presented in Kazakhstan tenge (further tenge or KZT), which is the Company’s functional and presentation currency.

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

2. BASIS OF PREPARATION (continued)

Foreign currency translation (continued)

Transactions and balances

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the 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.

Differences arising on settlement or translation of monetary items are recognized 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 a foreign operation. These are recognized 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 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 presented 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 date of the transaction); 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 (further KASE) are used as official currency exchange rates in the RK. The currency exchange rate of KASE as at March 31, 2023 and December 31, 2022 were 451.71 and 462.65 tenge to 1 United States dollar (further US dollar), respectively. These rates were used to translate monetary assets and liabilities denominated in US dollar as at March 31, 2023 and December 31, 2022. The weighted average rate for three months ended March 31, 2023 was 454.82 tenge to 1 US dollar (for the three months ended March 31, 2022: 457.41 tenge to 1 US dollar). The currency exchange rate of KASE as at May 19, 2023 was 448.31 tenge to 1 US dollar. For the three months ended March 31, 2023, the Group had net foreign exchange loss of KZT 7,176 million due to fluctuations in foreign exchange rates to tenge.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Changes in accounting policies and disclosures***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, 2022, except for the adoption of new standards and interpretations effective as of January 1, 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

The Group presented the list of standards effective and applicable for the Group.

IFRS 17 Insurance Contracts

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

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

The amendments had no impact on the Group’s interim condensed consolidated financial statements.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group’s interim condensed consolidated financial statements.

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

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments had no impact on the Group’s interim condensed consolidated financial statements, but are expected to affect the accounting policy disclosures in the Group’s annual consolidated financial statements.

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

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group’s interim condensed consolidated financial statements.

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

4. ACQUISITIONS UNDER COMMON CONTROL

Acquisition of subsidiary under common control

KMG Kashagan B.V. (further Kashagan)

On October 16, 2015, Coöperatieve KazMunaiGaz U.A. (further Cooperative), a subsidiary of the Company, sold 50% of its shares in Kashagan to Samruk-Kazyna with a right to buy back all or part of the shares (further Option) effective from January 1, 2018 to December 31, 2020 which was later extended to December 31, 2022.

In 2017, the Amsterdam Court imposed certain restrictions on 50% of shares in Kashagan owned by Samruk-Kazyna (further Restrictions). During the Restrictions period, these shares of Kashagan cannot be sold, transferred or pledged. On June 14, 2022 the Amsterdam Court lifted the Restrictions.

On September 14, 2022 the Cooperative and Samruk-Kazyna signed an Amendment to Share Option Agreement and Exercise of Option (further Amendment Agreement), which set the exercise price of the Option in the amount of 3,781.7 million US dollars (equivalent to 1,777,076 million tenge).

On September 15, 2022 the Group fulfilled conditions of the Amendment Agreement, completing the transaction, exercised the Option and 50% of Kashagan shares were re-registered in favor of Cooperative.

As a result of exercising the Option, the Group has control over Kashagan and recognized Kashagan as a subsidiary. The acquisition accounted for as an acquisition of the subsidiary from the parties under common control and accounted for under the pooling of interest method based on the carrying value of assets and liabilities of Kashagan based on Predecessor's accounting books.

In these interim condensed consolidated financial statements the comparative interim consolidated statement of comprehensive income for the three months ended March 31, 2022 and interim consolidated statement of cash flows for the three months ended March 31, 2022, as well as the related notes were restated, as if the acquisition has occurred from the beginning of the earliest period presented.

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

4. ACQUISITIONS UNDER COMMON CONTROL (continued)

Acquisition of subsidiary under common control (continued)

KMG Kashagan B.V. (further Kashagan) (continued)

Impact on comparative data due to acquisition of Kashagan is presented below:

	For the three months ended March 31, 2022
<i>In millions of tenge</i>	
Impact on the results:	
Revenue and other income	
Revenue from contracts with customers	224,788
Share in profit of a joint venture	(44,283)
Finance income	176
Total revenue and other income	180,681
Costs and expenses	
Production expenses	2,947
Taxes other than income tax	(16,218)
Depreciation, depletion and amortization	(59,465)
Transportation and selling expenses	(14,231)
General and administrative expenses	(424)
Finance costs	(1,435)
Foreign exchange loss, net	(203)
Total costs and expenses	(89,029)
Profit before income tax	91,652
Income tax expenses	(46,524)
Profit for the period	45,128
Other comprehensive income	
Other comprehensive income to be reclassified to profit or loss in subsequent periods	
<i>Exchange differences on translation of foreign operations</i>	147,629
Net other comprehensive income to be reclassified to profit or loss in the subsequent periods, net of tax	147,629
Total comprehensive income for the period, net of tax	192,757
Net profit for the period attributable to:	
Equity holders of the Parent Company	45,128
	45,128
Total comprehensive income attributable to:	
Equity holders of the Parent Company	192,757
	192,757

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

4. ACQUISITIONS UNDER COMMON CONTROL (continued)**Acquisition of subsidiary under common control (continued)**

The net cash flows effect for the three months ended March 31, 2022 were as follows:

<i>In millions of tenge</i>	For the three months ended March 31, 2022
Operating	218,008
Investing	(134,967)
Financing	(1,729)
Net increase in cash and cash equivalents	96,058

The business of Kashagan represented in the Group’s *Exploration and production of oil and gas* segment in these interim condensed consolidated financial statements.

Detailed information on acquisition of Kashagan is presented in the Group’s annual consolidated financial statements for the year ended December 31, 2022.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****4. ACQUISITIONS UNDER COMMON CONTROL (continued)****Acquisition of subsidiary under common control (continued)****KLPE LLP (further - KLPE)**

On December 1, 2022, the Company acquired 100% interest in charter capital of KLPE (renamed to KMG Petrochem LLP in March, 2023) for 2 tenge from Samruk-Kazyna Odeu LLP and Polimer Production LLP, subsidiaries of Samruk-Kazyna. Primary activity of KLPE is the construction of the first integrated gas and chemical complex in Kazakhstan.

As a result of acquisition, the Group has control over KLPE and recognized KLPE as a subsidiary. The acquisition accounted for as an acquisition of the subsidiary from the parties under common control and accounted for under the pooling of interest method based on the carrying value of assets and liabilities of KLPE based on Predecessor's accounting books.

In these interim condensed consolidated financial statements the comparative interim consolidated statement of comprehensive income for the three months ended March 31, 2022 and interim consolidated statement of cash flows for the three months ended March 31, 2022, as well as the related notes were restated, as if the acquisition has occurred from the beginning of the earliest period presented.

Impact on comparative data due to acquisition of KLPE is presented below:

<i>In millions of tenge</i>	For the three months ended March 31, 2022
Impact on the results:	
Revenue and other income	
Finance income	43
Total revenue and other income	43
Costs and expenses	
Depreciation, depletion and amortization	(16)
General and administrative expenses	(219)
Foreign exchange loss, net	(174)
Other expenses	(3)
Total costs and expenses	(412)
Loss before income tax	(369)
Loss for the period	(369)
Net loss for the period attributable to:	
Equity holders of the Parent Company	(369)
	(369)

The net cash flows effect for the three months ended March 31, 2022 were as follows:

<i>In millions of tenge</i>	For the three months ended March 31, 2022
Operating	(540)
Investing	(1,209)
Net increase in cash and cash equivalents	(1,820)

The business of KLPE represented in the Group's *Other* segment in these interim condensed consolidated financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

	For the three months ended March 31,	
	2023 (unaudited)	2022 (unaudited) (restated)
<i>In millions of tenge</i>		
Type of goods and services		
Sales of crude oil and gas	997,421	1,424,649
Sales of refined products	695,629	596,446
Refining of oil and oil products	63,185	51,246
Oil transportation services	51,890	40,301
Other revenue	78,796	69,299
	1,886,921	2,181,941
Geographical markets		
Kazakhstan	334,394	236,324
Other countries	1,552,527	1,945,617
	1,886,921	2,181,941
Timing of revenue recognition		
At a point in time	1,844,910	2,140,484
Over time	42,011	41,457
	1,886,921	2,181,941

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

6. SHARE IN PROFIT OF JOINT VENTURES AND ASSOCIATES, NET

	For the three months ended March 31,	
	2023 (unaudited)	2022 (unaudited) (restated)
<i>In millions of tenge</i>		
Joint ventures		
Tengizchevroil LLP	128,997	199,878
Mangistau Investments B.V. Group	10,658	34,537
PETROSUN LLP	9,555	–
Valsera Holdings B.V. Group	6,805	(1,446)
Kazakhstan – China Pipeline LLP	5,167	2,682
KazGerMunay LLP	5,063	4,698
Kazakhoil-Aktobe LLP	2,227	2,407
Ural Group Limited	(2,796)	(2,269)
KazRosGas LLP	(4,069)	2,514
Other	658	1,378
Associates		
Caspian Pipeline Consortium	26,653	22,604
PetroKazakhstan Inc.	1,770	3,626
Other	1,009	1,944
	191,697	272,553

7. COST OF PURCHASED OIL, GAS, PETROLEUM PRODUCTS AND OTHER MATERIALS

	For the three months ended March 31,	
	2023 (unaudited)	2022 (unaudited) (restated)
<i>In millions of tenge</i>		
Purchased oil for resale	728,439	1,108,783
Cost of oil for refining	168,988	238,765
Materials and supplies	99,568	75,549
Purchased petroleum products for resale	24,098	21,191
Purchased gas for resale	10,629	21,394
	1,031,722	1,465,682

8. PRODUCTION EXPENSES

	For the three months ended March 31,	
	2023 (unaudited)	2022 (unaudited) (restated)
<i>In millions of tenge</i>		
Payroll	118,633	78,068
Repair and maintenance	41,013	25,132
Short-term lease expenses	35,684	12,392
Energy	35,291	31,568
Transportation costs	21,724	14,882
Environmental protection	4,911	4,664
Reversal of write off of inventories to net realizable value	(54)	(155)
Realized losses from derivatives on petroleum products	256	45,015
Others	2,895	(24,116)
	260,353	187,450

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

9. TAXES OTHER THAN INCOME TAX

	For the three months ended March 31,	
	2023 (unaudited)	2022 (unaudited) (restated)
<i>In millions of tenge</i>		
Rent tax on crude oil export	34,201	36,531
Mineral extraction tax	33,947	44,817
Excise	27,654	6,447
Export customs duty	25,750	21,276
Property tax	7,281	6,734
Other taxes	13,051	10,088
	141,884	125,893

10. TRANSPORTATION AND SELLING EXPENSES

	For the three months ended March 31,	
	2023 (unaudited)	2022 (unaudited) (restated)
<i>In millions of tenge</i>		
Transportation	47,740	33,590
Payroll	4,193	3,662
Other	9,237	8,547
	61,170	45,799

11. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three months ended March 31,	
	2023 (unaudited)	2022 (unaudited) (restated)
<i>In millions of tenge</i>		
Payroll	17,511	16,449
Consulting services	2,668	2,639
Maintenance	1,615	1,454
Social payments	999	976
Communication	554	334
VAT that could not be offset	453	668
Accrual of impairment of VAT receivable	18	25
Allowance for fines, penalties and tax provisions	12	90
(Reversal)/accrual of expected credit losses for trade receivables and other current financial assets	(45)	282
(Reversal)/accrual of impairment of other current non-financial assets	(182)	184
Other	9,571	10,156
	33,174	33,257

For the three months ended March 31, 2023, the total payroll amounted to 140,337 million tenge (for the three months ended March 31, 2022: 98,179 million tenge) and was included in production expenses, transportation and selling expenses and general and administrative expenses in these interim condensed consolidated financial statements.

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

12. FINANCE INCOME / FINANCE COSTS

Finance income

<i>In millions of tenge</i>	For the three months ended March 31,	
	2023 (unaudited)	2022 (unaudited) (restated)
Interest income on bank deposits, financial assets, loans and bonds	32,746	20,199
Amortization of issued financial guarantees	–	122
Total interest income	32,746	20,321
Derecognition of loan (Note 19)	4,133	–
Revaluation of financial assets at fair value through profit or loss	243	816
Other	430	1,401
	37,552	22,538

Finance costs

<i>In millions of tenge</i>	For the three months ended March 31,	
	2023 (unaudited)	2022 (unaudited) (restated)
Interest expense on loans and bonds	66,320	59,037
Interest expense on lease liabilities (Note 20)	1,170	1,032
Unwinding of discount on payables to Samruk-Kazyna for exercising the Option (Notes 4 and 22)	1,606	–
Commission for early redemption of the loan (Note 19)	–	4,498
Total interest expense	69,096	64,567
Unwinding of discount on asset retirement obligations, for environmental obligation and other provisions (Note 21)	3,116	2,915
Unwinding of discount on employee benefits obligations (Note 21)	1,059	902
Write-off of transaction costs due to early redemption of the loan (Note 19)	–	13,035
Other	3,336	3,719
	76,607	85,138

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

13. INCOME TAX EXPENSES

	For the three months ended March 31,	
	2023 (unaudited)	2022 (unaudited) (restated)
<i>In millions of tenge</i>		
Current income tax		
Corporate income tax	34,915	39,022
Withholding tax on dividends and interest income	486	548
Excess profit tax	(119)	–
Deferred income tax		
Withholding tax on dividends	19,350	44,982
Corporate income tax	11,241	44,376
Excess profit tax	–	239
Income tax expenses	65,873	129,167

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**14. PROPERTY, PLANT AND EQUIPMENT**

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improve- ments	Machinery and equipment	Vehicles	Other	Construc- tion in progress	Total
Net book value as at December 31, 2021 (audited)	4,428,347	262,717	1,121,420	211,823	239,191	75,225	109,168	278,019	6,725,910
Foreign currency translation	307,787	2,112	23,574	7,211	3,938	2,370	6,158	10,564	363,714
Change in estimate	(24,173)	(2,779)	–	–	–	–	–	–	(26,952)
Additions	788	–	84	291	1,013	95	93	67,559	69,923
Disposals	(5,721)	(124)	(168)	(211)	(428)	(908)	(188)	(175)	(7,923)
Depreciation charge	(78,610)	(3,637)	(27,616)	(4,001)	(7,224)	(2,333)	(2,737)	–	(126,158)
Accumulated depreciation and impairment on disposals	5,131	124	168	152	403	864	181	131	7,154
Impairment	–	–	–	–	–	–	–	(47)	(47)
Transfers from/(to) assets classified as held for sale	–	–	–	422	(25)	(38)	27	–	386
Transfers from investment property	–	–	–	1,537	–	–	–	–	1,537
Other changes	(580)	(54)	–	–	2	–	23	(87)	(696)
Transfers	32,563	170	4,047	4,338	1,435	75	1,017	(43,645)	–
Net book value as at March 31, 2022 (unaudited) (restated)	4,665,532	258,529	1,121,509	221,562	238,305	75,350	113,742	312,319	7,006,848
At cost	6,847,674	397,121	2,737,646	535,498	604,145	218,934	257,892	362,703	11,961,613
Accumulated depreciation and impairment	(2,182,142)	(138,592)	(1,616,137)	(313,936)	(365,840)	(143,584)	(144,150)	(50,384)	(4,954,765)
Net book value as at March 31, 2022 (unaudited) (restated)	4,665,532	258,529	1,121,509	221,562	238,305	75,350	113,742	312,319	7,006,848

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**14. PROPERTY, PLANT AND EQUIPMENT (continued)**

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improve- ments	Machinery and equip- ment	Vehicles	Other	Construc- tion in progress	Total
Net book value as at December 31, 2022 (audited)	4,598,235	266,566	1,075,385	233,627	265,730	74,540	115,086	360,668	6,989,837
Foreign currency translation	(92,833)	(1,010)	(6,974)	(2,397)	(756)	(600)	(1,890)	(4,286)	(110,746)
Change in estimate	3,892	881	–	399	–	–	–	–	5,172
Additions	1,668	23	49	689	1,003	1,392	364	113,134	118,322
Disposals	(4,348)	(109)	(211)	(262)	(272)	(306)	(686)	(669)	(6,863)
Depreciation charge	(88,657)	(2,713)	(26,480)	(3,857)	(7,108)	(2,655)	(2,490)	–	(133,960)
Accumulated depreciation and impairment on disposals	4,038	109	206	233	257	293	538	547	6,221
(Impairment)/reversal of impairment	–	–	–	–	132	(500)	91	–	(277)
Transfers from investment property	–	–	–	323	–	–	–	–	323
Other changes	(60)	–	–	–	–	(2)	–	5	(57)
Transfers	54,270	81	8,925	5,357	1,525	506	859	(71,523)	–
Net book value as at March 31, 2023 (unaudited)	4,476,205	263,828	1,050,900	234,112	260,511	72,668	111,872	397,876	6,867,972
At cost	6,842,788	412,108	2,739,490	559,914	644,864	222,237	254,712	447,991	12,124,104
Accumulated depreciation and impairment	(2,366,583)	(148,280)	(1,688,590)	(325,802)	(384,353)	(149,569)	(142,840)	(50,115)	(5,256,132)
Net book value as at March 31, 2023 (unaudited)	4,476,205	263,828	1,050,900	234,112	260,511	72,668	111,872	397,876	6,867,972

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

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Additions

For the three months ended March 31, 2023 additions to construction in progress are mainly attributable to development drilling at Ozenmunaigas JSC, Embamunaigas JSC, subsidiaries of KazMunaiGas Exploration Production JSC, and KMG Karachaganak LLP for the total of 50,514 million tenge and replacement of «Uzen-Atyray-Samara» and «Astrakhan-Mangyshlak» pipelines for the total amount of 39,943 million tenge at KazTransOil JSC.

Other

For the three months ended March 31, 2023, the Group capitalized to the carrying amount of property, plant and equipment borrowing costs in the amount of 1,780 million tenge related to the construction of those property, plant and equipment at the average interest rate of 3.04% (for the three months ended March 31, 2022: 99 million tenge at the average interest rate of 3.22%).

As at March 31, 2023, the cost of fully depreciated but still in use property, plant and equipment was 384,153 million tenge (December 31, 2022: 384,815 million tenge).

As at March 31, 2023, property, plant and equipment with the net book value of 822,852 million tenge (December 31, 2022: 778,757 million tenge) were pledged as collateral to secure borrowings of the Group.

Capital commitments are disclosed in Note 26.

15. BANK DEPOSITS

<i>In millions of tenge</i>	March 31, 2023 (unaudited)	December 31, 2022 (audited)
Denominated in US dollar	1,134,120	1,230,928
Denominated in tenge	6,675	6,616
Less: allowance for expected credit losses	(170)	(177)
	1,140,625	1,237,367

As at March 31, 2023, the weighted average interest rate for long-term bank deposits was 0.92% in US dollars and 0.70% in tenge (December 31, 2022: 0.94% in US dollars and 0.74% in tenge).

As at March 31, 2023, the weighted average interest rate for short-term bank deposits was 2.99% in US dollars and 1.28% in tenge (December 31, 2022: 2.64% in US dollars and 1.24% in tenge).

Bank deposits have maturities as detailed below:

<i>In millions of tenge</i>	March 31, 2023 (unaudited)	December 31, 2022 (audited)
Maturities under 1 year	1,081,374	1,178,138
Maturities between 1 and 2 years	125	94
Maturities over 2 years	59,126	59,135
	1,140,625	1,237,367

As at March 31, 2023 bank deposits include those pledged as collateral of 59,251 million tenge (December 31, 2022: 59,229 million tenge), which are represented mainly by 55,473 million tenge at restricted bank accounts designated as a liquidation fund per requirements of subsoil use contracts (December 31, 2022: 55,517 million tenge).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**16. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

			March 31, 2023 (unaudited)		December 31, 2022 (audited)	
<i>In millions of tenge</i>	Main activity	Place of business	Carrying value	Percentage ownership	Carrying value	Percentage ownership
Joint ventures						
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	3,862,720	20.00%	3,825,053	20.00%
Mangistau Investments B.V. Group	Oil and gas development and production	Kazakhstan	175,402	50.00%	164,716	50.00%
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	53,380	50.00%	58,812	50.00%
Kazakhstan-China Pipeline LLP	Oil transportation	Kazakhstan	42,304	50.00%	37,138	50.00%
Petrosun LLP	Sale of liquid gas and oil products	Kazakhstan	33,928	49.00%	24,373	49.00%
Valsera Holdings B.V. Group	Oil refining	Kazakhstan	33,156	50.00%	26,351	50.00%
Kazakhoil-Aktobe LLP	Production and sale of crude oil	Kazakhstan	29,138	50.00%	26,911	50.00%
Ural Group Limited	Oil and gas exploration and production	Kazakhstan	27,412	50.00%	31,490	50.00%
KazGerMunay LLP	Oil and gas exploration and production	Kazakhstan	20,530	50.00%	32,070	50.00%
Other			51,395		52,410	
Associates						
Caspian Pipeline Consortium	Transportation of liquid hydrocarbons	Kazakhstan/Russia	536,012	20.75%	521,882	20.75%
PetroKazakhstan Inc.	Exploration, production and processing of oil and gas	Kazakhstan	95,060	33.00%	94,635	33.00%
Other			51,500		51,562	
			5,011,937		4,947,403	

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

16. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

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

As at March 31, 2023, the Group’s share in unrecognized losses of joint ventures and associates was equal to 5,199 million tenge (December 31, 2022: 19,950 million tenge).

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

<i>In millions of tenge</i>	2023 (unaudited)	2022 (unaudited) (restated)
On January 1 (audited)	4,947,403	4,145,646
Share in profits of joint ventures and associates, net (Note 6)	191,697	272,553
Dividends received	(250)	(52,258)
Change in dividends receivable	(16,757)	(11,661)
Other changes in the equity of the joint venture	341	326
Additional contributions without change in ownership	17	67
Eliminations and adjustments*	–	(402)
Foreign currency translation	(110,514)	310,807
On March 31 (unaudited)	5,011,937	4,665,078

* Equity method eliminations and adjustments represent capitalized borrowing costs on the loans provided by the Company and subsidiaries to joint ventures.

17. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS

<i>In millions of tenge</i>	March 31, 2023 (unaudited)	December 31, 2022 (audited)
Trade accounts receivable		
Trade accounts receivable	574,947	549,163
Less: allowance for expected credit losses	(29,032)	(29,626)
Total trade accounts receivable	545,915	519,537
Other current financial assets		
Other receivables	106,527	98,485
Dividends receivable	17,206	320
Less: allowance for expected credit losses	(41,824)	(41,748)
	81,909	57,057
Other current non-financial assets		
Advances paid and prepaid expenses	72,105	60,198
Taxes receivable, other than VAT	49,805	43,030
Other	5,871	6,040
Less: impairment allowance	(128)	(131)
	127,653	109,137
Total other current assets	209,562	166,194

As at March 31, 2023 and December 31, 2022 the above assets were non-interest bearing.

As at March 31, 2023 trade accounts receivable of 197,983 million tenge are pledged as collateral (December 31, 2022: 167,255 million tenge).

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

17. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS (continued)

As of March 31, 2023 and December 31, 2022 trade accounts receivable is denominated in the following currencies:

<i>In millions of tenge</i>	March 31, 2023 (unaudited)	December 31, 2022 (audited)
US dollars	317,882	325,296
Tenge	140,505	114,303
Romanian Leu	80,006	73,508
Euro	5,522	3,871
Other currency	2,000	2,559
	545,915	519,537

Set out below is the information about credit risk exposure on the Group's trade receivables using a provision matrix:

<i>In millions of tenge</i>	Days past due					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
March 31, 2023 (unaudited)						
Expected credit loss rate	0.21%	1.86%	1.91%	15.83%	92.69%	
Trade accounts receivable	476,036	53,381	15,686	1,177	28,667	574,947
Expected credit loss	(979)	(994)	(300)	(186)	(26,573)	(29,032)
December 31, 2022 (audited)						
Expected credit loss rate	0.23%	3.80%	9.83%	41.72%	95.84%	
Trade accounts receivable	484,411	32,690	3,489	857	27,716	549,163
Expected credit loss	(1,120)	(1,242)	(343)	(358)	(26,563)	(29,626)

18. CASH AND CASH EQUIVALENTS

<i>In millions of tenge</i>	March 31, 2023 (unaudited)	December 31, 2022 (audited)
Term deposits with banks – US dollar	379,346	228,818
Term deposits with banks – tenge	179,121	231,543
Term deposits with banks – other currencies	85,614	17,550
Current accounts with banks – US dollar	211,407	200,478
Current accounts with banks – tenge	8,467	20,877
Current accounts with banks – other currencies	15,211	15,699
The contracts of reverse repo with original maturities of three months or less	55,437	27,499
Cash in transit	34,218	17,449
Cash-on-hand and cheques	1,874	2,961
Less: allowance for expected credit losses	(56)	(57)
	970,639	762,817

Term deposits with banks are made for various periods of between one day and three months, depending on the immediate cash requirements of the Group.

As at March 31, 2023, the weighted average interest rate for term deposits with banks was 3.47% in US dollars, 14.88% in tenge and 5.11% in other currencies (December 31, 2022: 1.12% in US dollars, 13.01% in tenge and 4.84% in other currencies).

As at March 31, 2023 and December 31, 2022 cash and cash equivalents of the Group were not pledged as collateral for obligations of the Group.

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

19. BORROWINGS AND BONDS

<i>In millions of tenge</i>	March 31, 2023 (unaudited)	December 31, 2022 (audited)
Fixed interest rate borrowings and bonds	3,532,304	3,584,422
Weighted average interest rates	6.39%	6.43%
Floating interest rate borrowings and bonds	696,419	558,912
Weighted average interest rates	8.69%	8.61%
	4,228,723	4,143,334

As at March 31, 2023 and December 31, 2022, borrowings and bonds are denominated in the following currencies:

<i>In millions of tenge</i>	March 31, 2023 (unaudited)	December 31, 2022 (audited)
US dollar	3,269,892	3,152,169
Tenge	694,752	704,752
Russian ruble	222,194	245,349
Euro	28,273	23,069
Other currencies	13,612	17,995
	4,228,723	4,143,334

<i>In millions of tenge</i>	March 31, 2023 (unaudited)	December 31, 2022 (audited)
Current portion	665,997	367,443
Non-current portion	3,562,726	3,775,891
	4,228,723	4,143,334

As at March 31, 2023 and December 31, 2022 the bonds comprised:

<i>In millions of tenge</i>	Issuance amount	Redemption date	Interest	March 31, 2023 (unaudited)	December 31, 2022 (audited)
Bonds					
KASE 2022	751.6 billion KZT	2035	3.00% (14.5% effective interest rate)	387,998	379,306
Bonds LSE 2020	750 million USD	2033	3.50%	343,781	349,059
AIX 2019	56 billion KZT	2024	5.00%	26,300	34,385
Bonds LSE 2018	1.5 billion USD	2048	6.375%	679,896	685,181
Bonds LSE 2018	1.25 billion USD	2030	5.375%	573,435	579,391
Bonds LSE 2018	0.5 billion USD	2025	4.75%	229,851	232,586
Bonds LSE 2017	1.25 billion USD	2047	5.75%	556,246	561,160
Bonds LSE 2017	1 billion USD	2027	4.75%	455,489	460,655
Total				3,252,996	3,281,723

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**19. BORROWINGS AND BONDS (continued)**

As at March 31, 2023 and December 31, 2022, the borrowings comprised:

<i>In millions of tenge</i>	Issuance amount	Redemption date	Interest	March 31, 2023 (unaudited)	December 31, 2022 (audited)
Loans					
VTB Bank (PJSC)	38 billion RUB	2027	Key Rate of Central Bank of Russia Federation + 2.25%	222,194	245,349
The Syndicate of banks (Unicredit Tiriac Bank, ING Bank, BCR, Raiffeisen Bank)	405 million USD ¹	2023	1M LIBOR + 2.75%		
			1M LIBOR + 2.50%		
			ON LIBOR + 2.50%	134,252	26,270
Halyk bank JSC (Halyk bank)	151 billion KZT	2024-2025	11.00%	117,834	135,062
Development bank of Kazakhstan JSC (DBK)	157 billion KZT	2023-2026	7.00%-9.00%	102,036	100,694
Cargill	150 million USD	2023-2024	3M SOFR + 2.61%		
			3M LIBOR + 2.50%		
			3M SOFR + 2.98%	68,570	70,165
Halyk bank	100 million USD ²	2023	5.00% (USD),		
Bank of Tokyo-Mitsubishi UFJ, Ltd (London Branch)	150 million USD	2023	16.00%-18.75% (KZT)	46,168	46,460
BCP	250 million USD	2023	COF ³ (4.81%) + 1.70%	41,230	17,415
Halyk bank JSC		2032	COF (5.6591%) + 1.50%	35,269	–
	66.7 billion KZT		Key Rate of National		
Credit Agricole	250 million USD	2023	Bank of RK + 2.50%	30,842	29,761
NATIXIS	250 million USD	2024	COF (5.04%) + 2.00%	26,083	30,934
The Syndicate of banks (BCR, Raiffeisen Bank, OTP, Alpha, Garanti)		2029	COF (5.15%) + 2.00%	22,743	18,165
Banca Transilvania	83 million EUR		6M EURIBOR + 3.00%	21,599	21,411
DBK	57.96 million EUR	2023	1M LIBOR + 2.50%	16,358	16,739
OTP Bank	843.6 million USD	2023	10.99%	13,270	20,483
ING Bank NV	119 million RON	2030	3M ROBOR + 1.10%	11,738	11,801
Other	250 million USD	2024	COF (5.30%) + 2.00%	8,643	31,871
	–	–	–	56,898	39,031
Total				975,727	861,611

¹ 75 million USD with revolving credit facility² Revolving credit facility.³ Cost of funding

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

19. BORROWINGS AND BONDS (continued)

The decrease in carrying value of the loan from VTB Bank (PJSC) denominated in Russian ruble during the three months ended March 31, 2023, is due to the effect of the foreign currency exchange rate for 21,195 million tenge.

During the three months ended March 31, 2023, KMG International N.V. (further – KMGI) received Syndicated loan used to finance its working capital for the total amount of 240 million US dollars (equivalent to 109,296 million tenge).

During the three months ended March 31, 2023, KMGI received a loan from Bank of Tokyo-Mitsubishi UFJ. Ltd to finance working capital for 53.6 million USD (equivalent to 24,393 million tenge) at the rate of COF (4.81%) + 1.70% per annum and maturity in 2023.

During the three months ended March 31, 2023, KMGI received a loan from BCP to finance working capital for 78 million USD (equivalent to 35,512 million tenge) at the rate of COF (5.66%) + 1.50% per annum and maturity in 2023.

During the three months ended March 31, 2023, based on the notification of the Ministry of Energy of RK on the termination of the subsoil use contract, the Company wrote off the loan of Eni Isatai B.V. for the Isatai project in the amount of 4,133 million tenge (*Note 12*).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**19. BORROWINGS AND BONDS (continued)**

Changes in liabilities arising from financing activities for the three months ended March 31:

<i>In millions of tenge</i>	2023 (unaudited)				2022 (unaudited)			
	Short-term loans	Long-term loans	Bonds	Total	Short-term loans	Long-term loans	Bonds	Total
On January 1 (audited)	173,053	688,559	3,281,722	4,143,334	162,772	877,356	2,706,199	3,746,327
Received in cash	154,030	46,912	–	200,942	112,066	23,379	–	135,445
Repayment of principal in cash	(31,217)	(26,120)	(6,934)	(64,271)	(33,799)	(9,466)	(520)	(43,785)
Repayment of principal and interest by reserved cash	–	–	–	–	–	(259,459)	–	(259,459)
Interest accrued	4,028	14,710	47,582	66,320	2,407	17,531	38,997	58,935
Commission for the early redemption of the loan (Note 12)	–	–	–	–	–	4,498	–	4,498
Write-off of transactions costs due to early redemption of the loan (Note 12)	–	–	–	–	–	13,035	–	13,035
Interest paid*	(3,748)	(13,312)	(839)	(17,899)	(2,392)	(11,914)	(813)	(15,119)
Transfers and reclassifications	117,834	(117,834)	–	–	(22,871)	22,871	–	–
Foreign currency translation	(3,642)	(3,245)	(66,572)	(73,459)	10,309	9,398	210,587	230,294
Foreign exchange (gain)/loss	(359)	(21,392)	(1,964)	(23,715)	3,694	(2,085)	6,740	8,349
Derecognition of loan (Note 12)	–	4,133	–	4,133	–	–	–	–
Other	–	(6,662)	–	(6,662)	–	(395)	–	(395)
On March 31 (unaudited)	409,979	565,749	3,252,995	4,228,723	232,186	684,749	2,961,190	3,878,125
Current portion	409,979	152,865	103,153	665,997	232,186	55,582	76,560	364,328
Non-current portion	–	412,884	3,149,842	3,562,726	–	629,167	2,884,630	3,513,797

* The repayment of the interest is classified in the interim consolidated statement of cash flows as operating cash flows.

In January 2022, Atyrau Refinery LLP made early full repayment of the loan from Eximbank for 604 million US dollars (equivalent to 259,459 million tenge), including accrued interest. For the repayment the cash reserved in November 2021 was used.

Covenants

The Group is required to comply with the financial and non-financial covenants under the terms of loan agreements. As of March 31, 2023 and December 31, 2022 the Group complied with all financial and non-financial covenants.

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

19. BORROWINGS AND BONDS (continued)

Hedge of net investment in the foreign operations

As at March 31, 2023, certain bonds denominated in foreign currency were designated as hedge instruments for the net investment in foreign operations. These bonds are being used to hedge the Group's exposure to the US dollar foreign exchange risk on these investments. For the three months ended March 31, 2023, a loss of 66,572 million tenge (for the three months ended, March 31, 2022: a loss of 210,587 million tenge) on the translation of these bonds was transferred to other comprehensive income and offset against translation gains of the net investments in foreign operations.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the US Dollars bonds. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the fixed rate bonds. As at March 31, 2023 and December 31, 2022 there was no ineffective portion of the hedge.

20. LEASE LIABILITIES

Future minimum lease payments under leases together with the present value of the net minimum lease payments comprised the following:

	Minimum lease payments		Present value of minimum lease payments	
	March 31, 2023 (unaudited)	December 31, 2022 (audited)	March 31, 2023 (unaudited)	December 31, 2022 (audited)
<i>In millions of tenge</i>				
Within one year	16,650	16,629	16,085	15,682
Two to five years inclusive	29,709	23,368	20,295	16,770
After five years	57,502	61,176	46,268	49,102
	103,861	101,173	82,648	81,554
Less: amounts representing finance costs	(21,213)	(19,619)	—	—
Present value of minimum lease payments	82,648	81,554	82,648	81,554
Less: amounts due for settlement within 12 months	(16,650)	(16,629)	(16,085)	(15,682)
Amounts due for settlement after 12 months	87,211	84,544	66,563	65,872

As at March 31, 2023 interest calculation was based on effective interest rates ranging from 2.95% to 19.00% (December 31, 2022: from 2.95% to 19.00%).

The table below shows the changes in lease liabilities for the three months ended March 31:

	2023 (unaudited)	2022 (unaudited) (restated)
<i>In millions of tenge</i>		
On January 1 (audited)	81,554	74,421
Additions of leases	6,827	3,858
Interest accrued (Note 12)	1,170	1,032
Repayment of principal	(5,478)	(5,527)
Interest paid	(481)	(454)
Foreign exchange loss/(gain)	404	(701)
Foreign currency translation	(1,802)	5,157
Other	454	802
On March 31 (unaudited)	82,648	78,588

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

21. PROVISIONS

<i>In millions of tenge</i>	Asset retirement obligations	Provision for environ- mental obligation	Provision for taxes	Employee benefit obligations	Other	Total
As at January 1, 2022 (audited)	209,460	63,186	10,362	65,426	6,736	355,170
Foreign currency translation	10,282	3,626	186	696	251	15,041
Change in estimate	(27,216)	2,866	–	–	–	(24,350)
Unwinding of discount (Note 12)	2,485	430	–	902	–	3,817
Provision for the period	177	–	213	424	928	1,742
Recovered	(4)	–	–	–	(106)	(110)
Use of provision	–	(188)	(60)	(3,157)	(709)	(4,114)
As at March 31, 2022 (unaudited) (restated)	195,184	69,920	10,701	64,291	7,100	347,196
As at January 1, 2023 (audited)	128,828	81,353	10,923	71,065	47,725	339,894
Foreign currency translation	(1,168)	(1,429)	22	(205)	(402)	(3,182)
Change in estimate	5,264	(295)	–	–	–	4,969
Unwinding of discount (Note 12)	2,583	533	–	1,059	–	4,175
Provision for the period	106	–	–	344	403	853
Recovered	(6)	–	–	–	(133)	(139)
Use of provision	–	(251)	–	(1,708)	(962)	(2,921)
As at March 31, 2023 (unaudited)	135,607	79,911	10,945	70,555	46,631	343,649

Current portion and long-term portion are segregated as follows:

<i>In millions of tenge</i>	Asset retirement obligations	Provision for environ- mental obligation	Provision for taxes	Employee benefit obligations	Other	Total
Current portion	1,740	6,042	10,945	4,714	38,484	61,925
Long-term portion	133,867	73,869	–	65,841	8,147	281,724
As at March 31, 2023 (unaudited)	135,607	79,911	10,945	70,555	46,631	343,649
Current portion	677	3,594	10,701	3,183	4,959	23,114
Long-term portion	194,507	66,326	–	61,108	2,141	324,082
As at March 31, 2022 (unaudited) (restated)	195,184	69,920	10,701	64,291	7,100	347,196

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

22. TRADE ACCOUNTS PAYABLE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES

<i>In millions of tenge</i>	March 31, 2023 (unaudited)	December 31, 2022 (audited)
Trade accounts payable	435,274	564,906
Other financial liabilities		
Payables to Samruk-Kazyna for exercising the Option (Note 4)	162,632	164,937
Due to employees	77,412	67,073
Other trade payables	30,557	32,048
Derivative financial instruments	90	1,598
Other	43,345	33,141
	314,036	298,797
Current portion	299,080	283,717
Non-current portion	14,956	15,080
	314,036	298,797
Other non-financial liabilities		
Contract liabilities	114,758	117,817
Other	18,223	16,876
	132,981	134,693
Current portion	93,224	93,145
Non-current portion	39,757	41,548
	132,981	134,693

As at March 31, 2023 and December 31, 2022 trade accounts payable were denominated in the following currencies:

<i>In millions of tenge</i>	March 31, 2023 (unaudited)	December 31, 2022 (audited)
US dollars	264,703	322,797
Tenge	91,383	127,663
Romanian leu	67,906	72,676
Euro	6,018	34,638
Other currency	5,264	7,132
Total	435,274	564,906

As at March 31, 2023 and December 31, 2022 trade accounts payable and other financial liabilities were not interest bearing.

Derivative financial instruments

The Group uses different commodity derivatives as a part of price risk management in trading of crude oil and petroleum products.

Statement of financial position:

	March 31, 2023 (unaudited)	December 31, 2022 (audited)
Derivative financial asset (in other financial assets)	122	681
Derivative financial liability	(90)	(1,598)
Derivative financial asset/(liability), net	32	(917)

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

22. TRADE ACCOUNTS PAYABLE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES (continued)

Derivative financial instruments (continued)

Statement of comprehensive income:

	For the three months ended March 31,	
	2023 (unaudited)	2022 (unaudited)
Realized losses from derivatives on petroleum products in production expenses (Note 8)	256	45,015

A movement in derivatives assets/ (liabilities) is shown below:

	For the three months ended March 31,	
	2023 (unaudited)	2022 (unaudited)
On January 1 (audited)	(917)	8,838
Certificates EUA	–	(15,018)
Hedge Reserve	800	(8,467)
Inventory	132	2,150
Translation difference	17	304
On March 31 (unaudited)	32	(12,193)

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.

The Group has the following hedge transactions that qualify for fair value hedge:

Transaction	Hedged item	Risk hedged	Hedging instrument
Commodity purchase / sell at fixed price	Base operating stock (BOS) – meaning crude oil, feedstock, diesel, gasoline and jet Priced operational stock above or below BOS	Commodity price risk	Swap, Future, Purchase put / call option
Foreign exchange risk related to monetary item	Monetary item not in the functional currency of the Group	Change in foreign exchange rate	Swap, currency forward
Foreign exchange risk related to a firm commitment	Firm commitment not denominated in the functional currency of the Group	Change in foreign exchange rate	Swap, currency forward
Fair value risk related to fixed interest rates	Receivable or liability at fixed interest rate	Interest related fair value risk	Swap

The Group has the following hedge transactions that could qualify for cash flow hedge:

Transaction	Hedged item	Risk hedged	Hedging instrument
Forecasted commodity purchase / sell	Forecasted refinery margin basket and forecasted Dated Brent differential	Commodity price risk	Swap, Future, Purchased put / call option
EUA certificates	Forecasted EUA certificates purchase	EUA certificate price risk	Futures

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

23. OTHER TAXES PAYABLE

<i>In millions of tenge</i>	March 31, 2023 (unaudited)	December 31, 2022 (audited)
VAT	36,057	49,969
Rent tax on crude oil export	31,783	38,445
Mineral Extraction Tax	29,208	35,277
Individual income tax	7,725	7,991
Social tax	5,904	7,085
Excise tax	3,186	2,175
Withholding tax from non-residents	1,476	1,875
Other	6,411	5,660
	121,750	148,477

24. RELATED PARTY DISCLOSURES

Terms and conditions of transactions with related parties

Related party transactions were made on terms agreed 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. Outstanding balances are mainly unsecured and interest free and settlement occurs in cash. The Group recognizes allowances for expected credit losses on amounts owed by related parties.

Transactions balances

The following table provides the balances of transactions with related parties as at March 31, 2023 and December 31, 2022:

<i>In millions of tenge</i>	As at	Due from related parties	Due to related parties	Borrowings payable to related parties
Samruk-Kazyna entities	March 31, 2023 (unaudited)	65,046	166,724	414,298
	December 31, 2022 (audited)	38,476	168,368	413,691
Associates	March 31, 2023 (unaudited)	12,282	2,156	–
	December 31, 2022 (audited)	16,348	3,431	–
Other state-controlled parties	March 31, 2023 (unaudited)	1,870	511	115,306
	December 31, 2022 (audited)	72,003	666	121,177
Joint ventures	March 31, 2023 (unaudited)	180,134	184,289	–
	December 31, 2022 (audited)	167,284	187,172	–

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

24. RELATED PARTY DISCLOSURES (continued)

Transactions turnover

The following table provides the total amount of transactions, which have been entered into with related parties during the three months ended March 31, 2023 and 2022:

<i>In millions of tenge</i>	During the three months ended March 31,	Sales to related parties	Purchases from related parties	Interest earned from related parties	Interest incurred to related parties
Samruk-Kazyna entities	2023 (unaudited)	40,495	4,291	686	10,646
	2022 (unaudited)				
	(restated)	2,133	3,174	10,390	400
Associates	2023 (unaudited)	2,916	19,961	52	–
	2022 (unaudited)				
	(restated)	2,509	5,521	–	–
Other state-controlled parties	2023 (unaudited)	4	4,619	1,194	3,319
	2022 (unaudited)				
	(restated)	6,940	4,555	79	4,000
Joint ventures	2023 (unaudited)	91,714	432,331	4,465	–
	2022 (unaudited)				
	(restated)	48,076	591,220	3,128	1

Key management employee compensation

For the three months ended March 31, 2023 and 2022, total compensation to key management personnel (members of the Boards of directors and Management boards of the Group) included in general and administrative expenses was equal to 1,335 million tenge and 1,367 million tenge, respectively. Compensation to key management personnel mainly consists of contractual salary and performance bonus based on operating results.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**25. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES****Fair values of financial instruments**

The carrying amount of the Group financial instruments as at March 31, 2023 and December 31, 2022 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

<i>In millions of tenge</i>	March 31, 2023 (unaudited)					December 31, 2022 (audited)				
	Carrying amount	Fair value	Fair value by level of assessment			Carrying amount	Fair value	Fair value by level of assessment		
			Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Bonds receivable from Samruk-Kazyna	19,497	18,529	–	18,529	–	19,595	20,138	–	20,138	–
National Bank of RK notes	–	–	–	–	–	70,192	70,192	–	70,192	–
Loans given to related parties at amortized cost	30,129	30,188	–	–	30,188	29,254	29,242	–	–	29,242
Fixed interest rate borrowings	3,532,304	3,134,455	2,470,630	663,825	–	3,584,422	3,156,446	2,476,894	679,552	–
Floating interest rate borrowings	696,419	696,419	–	696,419	–	558,912	558,912	–	558,912	–

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

25. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Fair values of financial instruments (continued)

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

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There were no transfers between Level 1 and Level 2 during the reporting period, and no transfers into or out of Level 3 category.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the three months ended March 31, 2023.

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy are shown below:

	Valuation technique	Significant unobservable inputs	Range	
			as of March 31, 2023 (unaudited)	as of December 31, 2022 (audited)
Loans given to related parties at amortized cost	Discounted cash flow method	Interest/discount rate	7.1%-19.01%	6.4%-18.9%

26. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to the contingent liabilities and commitments disclosed in the consolidated financial statements of the Group for the year ended December 31, 2022, the following changes have taken place during the three months ended March 31, 2023:

Cost recovery audits

Kashagan has a share of 16.88% in the North Caspian Production Sharing Agreement dated November 18, 1997, as amended (further - PSA).

KMG Karachaganak LLP has a share of 10% in the Final Production Sharing Agreement in respect of the contract area of the Karachaganak oil and gas condensate field dated January 27, 1997, as amended (further - FPSA).

Under the base principles of the PSA and FPSA, the RK transferred to the participants of these agreements (further – Contractors) the exclusive rights to conduct activities in the subsurface areas, but did not transfer neither ownership rights, nor lease rights to these areas. Thus, all extracted and processed oil (i.e. the hydrocarbons produced) are the property of the RK.

Subsoil use operations are carried out on the basis of reimbursement of certain expenditures and the RK reimburses such expenditures to Contractors not in cash but in the form of the portion of oil production, thereby allowing Contractors to recover their expenditures (further - Recoverable Costs) and earn profit.

PSA and FPSA provides for a procedure of expense reimbursement and determine the list of expenses that are not Recoverable Costs.

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

26. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Cost recovery audits (continued)

PSA LLP conducts audits of Recoverable Costs as an organization authorized to act on behalf of the RK within the framework of the PSA and FPSA (further - the Authorized Body).

As of March 31, 2023, the Group's share in the total amounts of claims of the audit results of Recoverable Costs of PSA and FPSA is 2,595 million US dollars (equivalent to 1,171,978 million tenge as at reporting date) (as of December 31, 2022: 2,595 million US dollars, equivalent to 1,200,386 million tenge).

Contractors negotiate with the Authorized Body to take all reasonable steps to resolve the audit claims.

In March 2023, the Ministry of Energy of the RK appointed its arbitrator in arbitration proceedings to challenge the recoverability of costs incurred by Contractors under the PSA for the period from 2010 to 2017, for the FPSA from 2010 to 2019. Kashagan and KMG Karachaganak LLP are not the defendants in the above disputes and do not take part in the discussions of the Contractors due to a conflict of interest.

Environmental audits

The Department of Ecology for the Atyrau Region of the Committee for Environmental Regulation and Control of the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan (further - Department of Ecology) conducted an inspection of onshore facilities of North Caspian Operating Company N.V., which is the operator of the North Caspian Production Sharing Agreement (further - Operator). Based on the results of the inspection, the Operator was issued an order to eliminate violations.

The Operator did not agree with the results of the inspection and filed an administrative claim to challenge the said order in March 2023.

Kazakhstan local market obligation

The Government requires oil companies in the RK to supply a portion of the products to meet the Kazakhstan domestic energy requirement on an annual basis, mainly to maintain oil products supply balance on the local market and to support agricultural producers during the spring and autumn sowing and harvest campaigns.

Kazakhstan local market oil prices are significantly lower than export prices and even lower than the normal domestic market prices determined in an arm-length transaction. If the Government does require additional crude oil to be delivered over and above the quantities currently supplied by the Group, such supplies will take precedence over market sales and will generate substantially less revenue than crude oil sold on the export market, which may materially and adversely affect the Group's business, prospects, consolidated financial position and performance.

During the three months ended March 31, 2023 in accordance with its obligations, the Group delivered 2,490 thousand tons of crude oil (2022: 7,951 thousand tons), including its share in the joint ventures and associates, to the Kazakhstan market.

Commitments under subsoil use contracts

As at March 31, 2023, the Group had the following commitments (net of VAT) related to a minimal working program in accordance with terms of licenses, production sharing agreements and subsoil use contracts, signed with the Government, including its share in joint ventures and associate:

<i>In millions of tenge</i>	Capital expenditures	Operational expenditures
Year		
2023	285,810	44,918
2024	235,634	15,258
2025	328,042	15,734
2026	280,397	15,058
2027-2049	287,777	40,045
Total	1,417,660	131,013

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

26. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Commitments under subsoil use contracts (continued)

As at December 31, 2022 commitments (net of VAT) under subsoil use contracts included:

<i>In millions of tenge</i>	Capital expenditures	Operational expenditures
Year		
2023	314,158	80,598
2024	223,085	14,328
2025	306,900	14,803
2026	339,652	14,927
2027-2049	230,333	31,573
Total	1,414,128	156,229

Oil supply commitments

As of March 31, 2023, Kashagan had commitments under the oil supply agreements in the total amount of 5.8 million tons. (December 31, 2022: 6.6 million tons).

Other contractual commitments

As of March 31, 2023, the Group, including its share in joint ventures commitments, had other capital commitments of approximately 220,106 million tenge, net of VAT (as at December 31, 2022: 240,794 million tenge, net of VAT), related to acquisition and construction of non-current assets.

As of March 31, 2023, the Group had commitments of 135,357 million tenge (as at December 31, 2022: 152,824 million tenge) under the investment programs approved by the joint order of Ministry of Energy of RK and Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of RK to facilitate production units.

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

27. SEGMENT REPORTING

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 services in different markets. The functions have been defined as the operating segments of the Group because they are segments a) that engage in business activities from which revenues are generated and expenses incurred; b) whose operating results are regularly reviewed by the Group's chief operating decision makers to make decisions.

The Group's activity consists of three main operating segments: exploration and production of oil and gas, oil transportation, refining and trading of crude oil and refined products. The Group presents the Company's activities separately in Corporate segment, since the Company performs not only the functions of the parent company, but also carries out operational activities. The remaining operating segments have been aggregated and presented as other operating segment due to their insignificance.

Disaggregation of revenue by types of goods and services is presented in *Note 5* to these interim condensed consolidated financial statements.

For the three months ended March 31, 2023 and 2022 disaggregated revenue mainly represents sales and services made to the external parties by the following operating segments:

For the three months ended March 31, 2023 (unaudited)						
	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Total
<i>In millions of tenge</i>						
Sales of crude oil and gas	207,852	–	789,569	–	–	997,421
Sales of refined products	1,299	–	485,979	205,501	2,850	695,629
Refining of oil and oil products	–	–	63,185	–	–	63,185
Oil transportation services	–	49,997	400	1,452	41	51,890
Other revenue	4,900	13,722	30,273	409	29,492	78,796
Total	214,051	63,719	1,369,406	207,362	32,383	1,886,921

For the three months ended March 31, 2022 (unaudited) (restated)						
	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Total
<i>In millions of tenge</i>						
Sales of crude oil and gas	217,015	–	1,207,634	–	–	1,424,649
Sales of refined products	1,239	–	434,966	157,778	2,463	596,446
Refining of oil and oil products	–	–	51,246	–	–	51,246
Oil transportation services	–	39,858	384	15	44	40,301
Other revenue	8,573	9,705	26,357	59	24,605	69,299
Total	226,827	49,563	1,720,587	157,852	27,112	2,181,941

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

27. SEGMENT REPORTING (continued)

Segment performance is evaluated based on revenues, net profit and EBITDA, which are measured on the same basis as in the consolidated financial statements.

EBITDA is a supplemental non-IFRS financial measure used by management to evaluate segments performance, and is defined as earnings before depreciation, depletion and amortization, impairment of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale, exploration expenses, impairments of joint ventures and associates, finance income and expense, income tax expenses.

EBITDA, % is calculated as EBITDA of each reporting segment divided by the total EBITDA.

Geographic information

The Group's property, plant and equipment are located in the following countries:

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2022 (audited)
Kazakhstan	6,005,302	6,316,404
Other countries	862,670	673,433
	6,867,972	6,989,837

Eliminations and adjustments in the tables below represent the exclusion of intra-group turnovers. Inter-segment transactions were made on terms agreed to between the segments that may not necessarily comply with market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**27. SEGMENT REPORTING (continued)**

The following represents information about profit and loss for the three months ended March 31, 2023 and assets and liabilities as at March 31, 2023 of operating segments of the Group:

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	214,051	63,719	1,369,406	207,362	32,383	–	1,886,921
Revenues from sales to other segments	330,335	49,631	48,727	21,604	29,274	(479,571)	–
Total revenue	544,386	113,350	1,418,133	228,966	61,657	(479,571)	1,886,921
Cost of purchased oil, gas, petroleum products and other materials	(10,903)	(4,317)	(1,197,173)	(147,579)	(6,324)	334,574	(1,031,722)
Production expenses	(123,620)	(71,440)	(64,222)	(55,465)	(54,445)	108,839	(260,353)
Taxes other than income tax	(99,686)	(4,807)	(3,676)	(31,397)	(2,318)	–	(141,884)
Transportation and selling expenses	(51,135)	(2,050)	(21,394)	(2,888)	(8)	16,305	(61,170)
General and administrative expenses	(8,805)	(3,407)	(10,808)	(6,067)	(4,876)	789	(33,174)
Share in profit of joint ventures and associates, net	145,785	32,803	17,436	–	(4,327)	–	191,697
EBITDA	396,022	60,132	138,296	(14,430)	(10,641)	(19,064)	550,315
EBITDA, %	72%	11%	25%	(3%)	(2%)	(3%)	
Depreciation, depletion and amortization	(104,180)	(10,060)	(34,305)	(912)	(2,411)	–	(151,868)
Finance income	2,183	2,567	10,029	30,448	3,704	(11,379)	37,552
Finance costs	(6,315)	(1,541)	(25,516)	(48,018)	(1,154)	5,937	(76,607)
Impairment/(reversal of impairment) of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale	–	(500)	–	(32)	222	–	(310)
Income tax expenses	(33,297)	(4,262)	(27,608)	(437)	(269)	–	(65,873)
Profit/(loss) for the period	231,959	46,348	80,974	(39,018)	(8,198)	(24,509)	287,556
Other segment information							
Investments in joint ventures and associates	4,214,790	603,137	118,933	–	75,077	–	5,011,937
Capital expenditures	55,481	41,853	19,714	30,803	2,986	–	150,837
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(5,318)	(10,820)	(47,618)	(28,576)	(9,116)	–	(101,448)
Assets of the segment	11,645,855	1,394,030	3,087,354	1,511,760	377,897	(1,269,864)	16,747,032
Liabilities of the segment	1,442,403	298,894	2,008,627	4,563,792	120,634	(1,687,834)	6,746,516

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**27. SEGMENT REPORTING (continued)**

The following represents information about profit and loss for the three months ended March 31, 2022 and assets and liabilities as at December 31, 2022 of operating segments of the Group:

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	226,827	49,563	1,720,587	157,852	27,112	–	2,181,941
Revenues from sales to other segments	324,790	24,061	38,144	17,269	21,085	(425,349)	–
Total revenue	551,617	73,624	1,758,731	175,121	48,197	(425,349)	2,181,941
Cost of purchased oil, gas, petroleum products and other materials	(7,035)	(3,607)	(1,635,002)	(83,737)	(5,815)	269,514	(1,465,682)
Production expenses	(77,200)	(39,178)	(79,763)	(39,517)	(45,178)	93,386	(187,450)
Taxes other than income tax	(106,637)	(3,937)	(3,564)	(9,711)	(2,044)	–	(125,893)
Transportation and selling expenses	(37,391)	(1,136)	(17,285)	(2,313)	(7)	12,333	(45,799)
General and administrative expenses	(8,257)	(3,511)	(11,605)	(5,810)	(5,536)	1,462	(33,257)
Share in profit of joint ventures and associates, net	242,831	26,009	528	–	3,185	–	272,553
EBITDA	557,928	48,264	12,040	34,033	(7,198)	(48,654)	596,413
EBITDA, %	94%	8%	2%	6%	(2%)	(8%)	
Depreciation, depletion and amortization	(92,976)	(11,030)	(35,708)	(785)	(2,216)	–	(142,715)
Finance income	18,489	499	2,359	24,842	3,301	(26,952)	22,538
Finance costs	(6,333)	(1,194)	(43,372)	(55,941)	(1,225)	22,927	(85,138)
Impairment of property, plant and equipment, exploration and evaluation assets and assets classified as held for sale	(14)	–	(34)	–	1	–	(47)
Income tax expenses	(105,878)	(17,893)	(3,973)	(723)	(700)	–	(129,167)
Net profit for the period	418,956	21,249	(68,481)	66,368	(9,729)	(96,173)	332,190
Other segment information							
Investments in joint ventures and associates	4,179,880	582,862	102,569	–	82,092	–	4,947,403
Capital expenditures	38,898	9,113	19,847	1,190	4,485	–	73,533
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(6,197)	(10,966)	(47,786)	(28,912)	(9,066)	–	(102,927)
Assets of the segment	11,637,703	1,373,621	2,998,805	1,445,989	386,151	(1,191,506)	16,650,763
Liabilities of the segment	1,427,150	311,632	1,976,159	4,584,712	120,799	(1,643,139)	6,777,313

* Certain numbers shown here do not correspond to the interim condensed consolidated financial statements for the three months ended March 31, 2022 and reflect adjustments made, refer to Note 4.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)**

28. SUBSEQUENT EVENTS**Dividends received**

Between April and May, the Company received dividends from PETROSUN LLP, KazGerMunay LLP, KazakhOil-Aktobe LLP, PetroKazakhstan Inc. and Tengizchevroil LLP, the joint ventures and associates, of 19,600 million tenge, 4,563 million tenge, 3,500 million tenge and 3,135 thousand US dollars (equivalent to 1,392 million tenge) and 204 million US dollars (equivalent to 91,737 million tenge), respectively.

Early repayment of bonds

On April 26, 2023, the Company made an early repayment of Eurobonds in the amount of 501 million US dollars (equivalent to 227,520 million tenge) with an interest rate of 4.75% and maturity in 2025, including premium for early repayment and coupon payment.

Purchasing of short-term notes

In April 19, 2023, May 3, 2023 and May 17, 2023 the Company purchased short-term notes of the National Bank of RK in the total amount of 80,000 million tenge, 66,000 million tenge and 81,028 million tenge, respectively.

Obligations issuance

On April 18, 2023, Main Waterline LLP, subsidiary of KazTransOil JSC, issued coupon bonds in the amount of 50,000 million tenge, maturing in 2033 at a rate of 0.5% to finance the project “Reconstruction and expansion of the main water pipeline” Astrakhan-Mangyshlak “1st stage”.

Re-registration of the shares

In 2021, Atyrau Oil Refinery LLP, in accordance with the Sale and Purchase Agreement, sold a 50% shares in Liquefied Petroleum Gas’s Storing Park LLP to the ownership of Joint Technologies LLP.

On May 3, 2023, the Specialized Interdistrict Administrative Court of Atyrau Region satisfied the claim of the AZRK and canceled the order of NJSC “SC “Government for Citizens” No. 1117 dated May 13, 2021 “On state re-registration of a 50% shares in LPG Storage Park LLP in Joint Technologies LLP. The decision rendered by the court is for immediate execution. Thus, as of May 4, 2023, according to information placed on the egov.kz portal, Atyrau Oil Refinery LLP is included in the list of participants in Liquefied Petroleum Gas’s Storing Park LLP with 50% shares.

Contributions to share capital

In May 2023, KazMorTransFlot LLP, subsidiary of the Company, made a contribution in cash to the share capital of its joint venture CASPIAN INTEGRATED MARITIME SOLUTIONS LTD in the amount of 15.971 thousand US dollars (equivalent to 7,072 million tenge).

Investigation of Ozenmunaigas JSC activities

In April 2023, the state bodies of the RK began investigation of Ozenmunaigas JSC activities.