

**JSC “National Company “KazMunayGas”**

**Interim condensed consolidated financial statements (unaudited)**

*For the six months ended June 30, 2015*

**CONTENTS**

---

Report on review of interim condensed consolidated financial statements

**Interim condensed consolidated financial statements (unaudited)**

Interim consolidated statement of financial position.....	1-2
Interim consolidated statement of comprehensive income.....	3-4
Interim consolidated statement of cash flows .....	5-6
Interim consolidated statement of changes in equity.....	7-8
Notes to the interim condensed consolidated financial statements .....	9-37

## Report on review of interim condensed consolidated financial statements

To the Shareholder 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, comprising the interim consolidated statement of financial position as at 30 June 2015, and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of JSC "National Company "KazMunayGas" as at 30 June 2015 and for the six-month period then ended are not prepared, in all material respects, in accordance with IAS 34.

*Ernst & Young LLP*



Alexandr Nazarkulov  
Auditor / Acting General Director  
Ernst and Young LLP

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

14 August 2015



Auditor qualification certificate  
No. МФ-0000059 dated 6 January 2012

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<i>In thousands of tenge</i>	<b>Note</b>	<b>June 30, 2015 (unaudited)</b>	<b>December 31, 2014 (audited)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	2,548,611,398	4,296,118,047
Exploration and evaluation assets	6	185,634,928	277,064,868
Investment property		26,920,801	27,197,634
Intangible assets	7	179,980,669	182,966,270
Long-term bank deposits	8	97,220,736	97,524,249
Investments in joint ventures and associates	9	1,280,988,420	1,217,661,400
Deferred income tax assets		93,344,995	93,131,484
VAT receivable		87,811,543	79,168,765
Advances for non-current assets		116,486,380	100,705,148
Bonds receivable from the Parent Company	27	37,272,655	37,145,896
Receivable from a jointly controlled entity		15,439,291	13,807,568
Note receivable from associate	27	27,023,765	28,237,627
Loans due from related parties		193,016,057	101,900,198
Other non-current assets		32,370,377	34,569,632
		<b>4,922,122,015</b>	<b>6,587,198,786</b>
<b>Current assets</b>			
Inventories	10	203,918,340	194,960,759
VAT receivable		79,722,395	110,052,511
Income taxes prepaid		57,068,710	42,744,212
Trade accounts receivable	11	182,128,456	202,622,353
Short-term financial assets	12	687,256,694	728,577,074
Bonds receivable from the Parent Company	27	2,220,000	4,440,000
Receivable from a jointly controlled entity		4,756,475	4,658,127
Derivatives		938,262	6,427,473
Other current assets	11	108,624,448	98,581,850
Cash and cash equivalents	13	398,480,396	823,031,494
		<b>1,725,114,176</b>	<b>2,216,095,853</b>
<b>Assets classified as held for sale</b>		<b>2,100,861,170</b>	<b>35,546,227</b>
		<b>3,825,975,346</b>	<b>2,251,642,080</b>
<b>Total assets</b>		<b>8,748,097,361</b>	<b>8,838,840,866</b>

*The accounting policies and explanatory notes on pages 9 through 37 form an integral part of these interim condensed consolidated financial statements.*



**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

<i>In thousands of tenge</i>	<b>Note</b>	<b>June 30, 2015 (unaudited)</b>	<b>December 31, 2014 (audited)</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	14	696,363,445	557,072,340
Additional paid-in capital	14	230,280,065	226,761,347
Other components of equity		2,105,737	2,105,737
Currency translation reserve	14	460,477,085	448,739,927
Retained earnings		2,672,777,163	2,627,270,657
<b>Attributable to equity holder of the Parent Company</b>		<b>4,062,003,495</b>	<b>3,861,950,008</b>
Non-controlling interest	14	545,305,647	555,162,424
<b>Total equity</b>		<b>4,607,309,142</b>	<b>4,417,112,432</b>
<b>Non-current liabilities</b>			
Borrowings	15	2,557,542,629	2,427,190,567
Payable for the acquisition of additional interest in North Caspian Project	4, 16	—	396,345,201
Provisions	17	153,566,637	183,530,985
Deferred income tax liabilities		200,527,169	194,793,626
Financial guarantee		8,879,269	9,077,566
Other non-current liabilities		11,959,930	12,938,824
		<b>2,932,475,634</b>	<b>3,223,876,769</b>
<b>Current liabilities</b>			
Borrowings	15	225,587,092	670,529,840
Provisions	17	59,584,490	50,329,517
Income taxes payable		3,604,804	2,250,849
Trade accounts payable	18	207,377,635	233,653,734
Other taxes payable	19	57,532,938	80,534,178
Financial guarantee		770,952	755,010
Derivatives		586,778	277,887
Other current liabilities	18	154,313,404	147,781,512
		<b>709,358,093</b>	<b>1,186,112,527</b>
Liabilities directly associated with assets classified as held for sale		498,954,492	11,739,138
<b>Total liabilities</b>		<b>4,140,788,219</b>	<b>4,421,728,434</b>
<b>Total equity and liabilities</b>		<b>8,748,097,361</b>	<b>8,838,840,866</b>

Managing director for economics and finance



Kassymbek A.M.

Acting chief accountant



Yesbergenova A.S.

The accounting policies and explanatory notes on pages 9 through 37 form an integral part of these interim condensed consolidated financial statements.

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<i>In thousands of tenge</i>	<b>Note</b>	<b>For the six months ended June 30, 2015 (unaudited)</b>	<b>For the six months ended June 30, 2014 (unaudited)</b>
Revenue	20	1,388,265,177	1,602,649,036
Cost of sales	21	(1,131,855,185)	(1,106,115,786)
<b>Gross profit</b>		<b>256,409,992</b>	<b>496,533,250</b>
General and administrative expenses	22	(73,529,419)	(69,569,707)
Transportation and selling expenses	23	(114,630,796)	(185,147,511)
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets, other than goodwill	5, 6, 7	(364,248)	(24,748,671)
Loss on disposal of property, plant and equipment, intangible assets and investment property, net		(2,720,058)	(3,655,104)
Other operating income		5,128,793	10,364,356
Other operating expenses		(6,262,488)	(6,695,177)
<b>Operating profit</b>		<b>64,031,776</b>	<b>217,081,436</b>
Net foreign exchange gain		23,261,491	84,491,589
Finance income	24	37,145,859	27,763,693
Finance costs	24	(103,909,031)	(93,902,753)
Impairment of goodwill		-	(1,622,222)
Impairment of investments in joint ventures		-	(343,359)
Loss on sale of subsidiary		(400,819)	-
Share in profit of joint ventures and associates, net	25	122,250,404	222,648,167
<b>Profit before income tax</b>		<b>142,379,680</b>	<b>456,116,551</b>
Income tax expense	26	(56,323,341)	(107,165,681)
<b>Profit for the period from continuing operations</b>		<b>86,056,339</b>	<b>348,950,870</b>
<b>Discontinued operations</b>			
Loss after income tax for the period from discontinued operations		(10,298,657)	(13,409,822)
<b>Net profit for the period</b>		<b>75,757,682</b>	<b>335,541,048</b>
<b>Net profit for the period attributable to:</b>			
Equity holder of the Parent Company		70,520,942	262,578,545
Non-controlling interests		5,236,740	72,962,503
		<b>75,757,682</b>	<b>335,541,048</b>

*The accounting policies and explanatory notes on pages 9 through 37 form an integral part of these interim condensed consolidated financial statements.*

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)**

<i>In thousands of tenge</i>	<b>Note</b>	<b>For the six months ended June 30, 2015 (unaudited)</b>	<b>For the six months ended June 30, 2014 (unaudited)</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		12,705,872	207,716,051
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>12,705,872</b>	<b>207,716,051</b>
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gain/(loss) on defined benefit plans		575,199	(1,288,585)
Income tax effect		–	192,719
<b>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods</b>		<b>575,199</b>	<b>(1,095,866)</b>
Other comprehensive income for the period		13,281,071	206,620,185
<b>Total comprehensive income for the period, net of tax</b>		<b>89,038,753</b>	<b>542,161,233</b>
Total comprehensive income for the period attributable to:			
Equity holder of the Parent Company		82,832,018	448,107,654
Non-controlling interests		6,206,735	94,053,579
		<b>89,038,753</b>	<b>542,161,233</b>

Managing director for economics and finance



Kassymbek A.M.

Acting chief accountant



Yesbergenova A.S.

The accounting policies and explanatory notes on pages 9 through 37 form an integral part of these interim condensed consolidated financial statements.



**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

<i>In thousands of tenge</i>	<b>Note</b>	<b>For the six months ended June 30, 2015 (unaudited)</b>	<b>For the six months ended June 30, 2014 (unaudited)</b>
<b>Cash flows from operating activities</b>			
Profit before income tax from continued operations		142,379,680	456,116,551
Loss before income tax from discontinued operations		(10,298,657)	(13,409,822)
		132,081,023	442,706,729
<i>Adjustments for:</i>			
Depreciation, depletion and amortization		88,804,189	101,126,963
Share in profit of joint ventures and associates, net	25	(122,250,404)	(222,695,867)
Finance costs	24	103,909,031	101,820,675
Finance income	24	(37,145,859)	(28,450,653)
Unrealized loss/(gain) from derivatives on petroleum products		5,095,634	(446,173)
Realized (gain)/loss from derivatives on petroleum products		(1,186,823)	526,993
Impairment of property, plant and equipment and intangible assets other than goodwill	5,6,7	364,248	24,748,671
Impairment of goodwill		–	1,622,222
Impairment of investments in joint ventures		–	343,359
Loss on disposal of property, plant and equipment, intangible assets and investment property, net		2,720,058	3,655,104
Provisions		22,940,617	20,479,137
Allowance for impairment of trade accounts receivable and other current assets		616,490	3,157,771
Reversal of provision for obsolete and slow-moving inventories		(950,955)	(1,031,012)
Forfeiture of share based payments		–	(46,509)
Loss on sale of subsidiary		400,819	–
Unrealized foreign exchange gain		(59,062,147)	(66,513,816)
<b>Operating profit before working capital changes</b>		<b>136,335,921</b>	<b>381,003,594</b>
Change in inventory		12,270,713	(10,424,473)
Change in VAT receivable		9,888,717	4,778,748
Change in trade accounts receivable and other assets		11,053,547	50,678,634
Change in other taxes payable		(19,673,809)	17,214,319
Change in trade accounts payable		20,733,395	12,607,677
Change in other liabilities		(17,356,203)	(2,184,530)
<b>Cash generated from operations</b>		<b>153,252,281</b>	<b>453,673,969</b>
Income taxes paid		(56,893,487)	(117,271,433)
Interest received		18,001,582	22,990,715
Interest paid		(90,296,242)	(64,675,131)
Proceeds from derivatives		1,920,821	–
<b>Net cash flows from operating activities</b>		<b>25,984,955</b>	<b>294,718,120</b>

*The accounting policies and explanatory notes on pages 9 through 37 form an integral part of these interim condensed consolidated financial statements.*

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

<i>In thousands of tenge</i>	<b>Note</b>	<b>For the six months ended June 30, 2015 (unaudited)</b>	<b>For the six months ended June 30, 2014 (unaudited)</b>
<b>Cash flows from investing activities</b>			
Withdrawal of bank deposits, net		<b>88,523,657</b>	144,088,075
Purchase of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets		<b>(218,049,517)</b>	(237,915,149)
Proceeds from sale of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets		<b>1,056,013</b>	409,408
Dividends received from joint ventures and associates	9	<b>46,441,921</b>	114,319,195
Contribution to joint ventures	9	<b>(925,098)</b>	(2,200,000)
Acquisition of a subsidiary		<b>–</b>	(1,201,299)
Repayment of loan provided to related parties		<b>14,671,707</b>	–
Proceeds from sale of subsidiary		<b>313,396</b>	–
Loans provided to related parties		<b>(30,356,879)</b>	(21,451,668)
Cash and cash equivalents of assets classified as held for sale		<b>(29,106,190)</b>	–
<b>Net cash flows used in investing activities</b>		<b>(127,430,990)</b>	(3,951,438)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		<b>182,901,409</b>	146,107,230
Repayment of borrowings		<b>(519,715,673)</b>	(194,837,477)
Dividends paid to the Shareholder	14	<b>(6,768,531)</b>	–
Dividends paid to non-controlling interests	14	<b>(5,870,468)</b>	(43,253,070)
Issue of shares	14	<b>12,700,436</b>	–
<b>Net cash flows used in financing activities</b>		<b>(336,752,827)</b>	(91,983,317)
Effects of exchange rate changes on cash and cash equivalents		<b>13,647,764</b>	39,895,015
<b>Net change in cash and cash equivalents</b>		<b>(424,551,098)</b>	238,678,380
<b>Cash and cash equivalents, at the beginning of the period</b>		<b>823,031,494</b>	407,326,766
<b>Cash and cash equivalents, at the end of the period</b>		<b>398,480,396</b>	646,005,146

**NON-CASH TRANSACTIONS: SUPPLEMENTAL DISCLOSURE**

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

For the six months ended June 30, 2015 the Group's accounts payable for purchases of property, plant and equipment decreased by 22,135,056 thousand tenge (for the six months, ended June 30, 2014: increased by 25,222,081 thousand tenge).

During the six months ended 30 June 2015, the loan of "VTB Bank" group was repaid with the use of the loan from a banking syndicate of Natixis, ING Bank, a branch of ING-DiBa AG, Citibank N.A., London branch. The debt in the amount of 46,337,500 thousand tenge was repaid by the syndicate directly to "VTB Bank" group (30 June 2014: nil tenge) (Note 15).

For the six months ended June 30, 2015, the Company received the right to claim payments under the "Kazakhstan Note" as consideration for increase in share capital of the Company. The difference of 3,518,718 thousand tenge between the fair value of the loan as at acquisition date and nominal amount was recognized as an additional paid-in capital (Note 16).

Managing director for economics and finance



Kassymbek A.M.

Acting chief accountant

Yesbergenova A.S.

*The accounting policies and explanatory notes on pages 9 through 37 form an integral part of these interim condensed consolidated financial statements.*

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of tenge	Attributable to equity holder of the Parent Company					
	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings	Non-controlling interest
Total						
As at December 31, 2013 (audited)	546,485,470	19,645,866	2,185,813	269,950,758	2,611,367,993	586,555,014
Net profit for the period	-	-	-	-	262,578,545	72,962,503
Other comprehensive income	-	-	-	186,547,887	(1,018,778)	21,091,076
Total comprehensive income for the period	-	-	-	186,547,887	261,559,767	94,053,579
Issue of share capital	3,823,503	-	-	-	-	-
Transactions with the Parent Company	-	6,791,631	-	-	-	-
Dividends	-	-	-	-	-	-
Distributions to the Parent Company	-	-	-	-	(2,144,887)	(53,859,310)
Exercise of employee options	-	-	149	-	2,757	1,691
Forfeiture of share based payments	-	-	(29,401)	-	-	(17,108)
Acquisition of non-controlling interest	-	-	-	-	2,005	(2,005)
As at June 30, 2014 (unaudited)	550,308,973	26,437,497	2,156,561	456,498,645	2,870,787,635	626,731,861
					3,906,189,311	4,532,921,172

The accounting policies and explanatory notes on pages 9 through 37 form an integral part of these interim condensed consolidated financial statements.

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

In thousands of tenge	Attributable to equity holder of the Parent Company					Non-controlling interest	Total
	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings		
As at December 31, 2014 (audited)	557,072,340	226,761,347	2,105,737	448,739,927	2,627,270,657	555,162,424	4,417,112,432
Net profit for the period	-	-	-	-	70,520,942	5,236,740	75,757,682
Other comprehensive income	-	-	-	11,737,158	573,918	969,995	13,281,071
Total comprehensive income for the period	-	-	-	11,737,158	71,094,860	6,206,735	89,038,753
Issue of share capital (Note 14)	139,291,105	3,518,718	-	-	-	-	142,809,823
Dividends (Note 14)	-	-	-	-	(24,335,911)	(15,776,982)	(40,112,893)
Other transactions with the Parent Company	-	-	-	-	(1,252,443)	-	(1,252,443)
Sale of subsidiary	-	-	-	-	-	(286,530)	(286,530)
As at June 30, 2015 (unaudited)	696,363,445	230,280,065	2,105,737	460,477,085	2,672,777,163	545,305,647	4,607,309,142

Managing director for economics and finance


  
Kassymbek A. M.


Acting chief accountant


  
Yesbergenova A.S.

The accounting policies and explanatory notes on pages 9 through 37 form an integral part of these interim condensed consolidated financial statements.



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****For the six months ended June 30, 2015**

---

**1. GENERAL**

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

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

As at June 30, 2015, the Company has a direct interest in 39 operating companies (as of December 31, 2014: 39) (jointly the "Group").

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

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

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

These interim condensed consolidated financial statement of the Group was approved by the Managing director for economics and finance and the Acting chief accountant on August 14, 2015.

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

The interim condensed consolidated financial statements for the six months ended June 30, 2015 have been prepared in accordance with IAS 34 *Interim Financial Reporting* (IAS 34). These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2014.

**Foreign currency translation***Functional and presentation currency*

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

*Transactions and balances*

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

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



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

---

**2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES  
(continued)****Foreign currency translation (continued)***Transactions and balances (continued)*

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

*Group Companies*

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

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

*Exchange rates*

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

The currency exchange rates of KASE as at June 30, 2015 and December 31, 2014 were 186.20 and 182.35 tenge to 1 US dollar accordingly. These rates were used for translation of monetary assets and liabilities denominated in US dollars at June 30, 2015 and December 31, 2014. The currency exchange rate of KASE as at August 14, 2015 was 188.05 tenge to 1 US dollar.

**New and amended standards and interpretations**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2014, except for the adoption of new standards and interpretations effective as of January 1, 2015. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The nature and the impact of each new standard or amendment is described below:

*Amendments to IAS 19 Defined Benefit Plans: Employee Contributions*

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

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

---

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

#### New and amended standards and interpretations (continued)

##### *Annual improvements 2010-2012 Cycle*

These improvements are effective from July 1, 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

##### *IFRS 2 Share-based Payment*

This improvement is applied retrospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- A performance condition may be a market or non-market condition;
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

The above definitions are consistent with how the Group identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group's interim condensed consolidated financial statement.

##### *IFRS 3 Business Combinations*

The amendment is applied retrospectively and clarifies that all consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's interim condensed consolidated financial statement.

##### *IFRS 8 Operating Segments*

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar';
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group has not applied the aggregation criteria in IFRS 8.12. The Group has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in *Note 1* in these financial statements as the reconciliation is reported to the management for the purpose of their decision making.

##### *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets*

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

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

---

**2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES  
(continued)****New and amended standards and interpretations (continued)***Annual improvements 2010-2012 Cycle (continued)**IAS 24 Related Party Disclosers*

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

*Annual improvements 2011-2013 Cycle*

These improvements are effective from July 1, 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

*IFRS 3 Business Combinations*

The amendment is applied retrospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3;
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

Company is not a joint arrangement, and thus this amendment is not relevant for the Group.

*IFRS 13 Fair Value Measurement*

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IFRS 39, as applicable). The Group does not apply the portfolio exception IFRS 13.

*IAS 40 Investment Property*

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is issued to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the interim condensed consolidated financial statement of the Group.

**3. SEASONALITY OF OPERATIONS**

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

**4. DISCONTINUED OPERATIONS****KMG Kashagan B.V.**

In June 2015, the Company and Samruk-Kazyna reached an agreement whereby the Group will issue additional shares of KMG Kashagan B.V., which will be acquired by Samruk-Kazyna. As a result of this transaction Samruk-Kazyna will own 50% of shares of KMG Kashagan B.V. (the "Kashagan shares"). The Group shall hold Kashagan shares in trust management for Samruk-Kazyna; accordingly, although the Group will relinquish legal title to, and the economic risks and benefits of, the Kashagan shares, including the right to receive distributions and the obligation to make capital contributions with respect to such shares, the Group will retain the rights and responsibilities with respect to the day-to-day operational and administrative management of KMG Kashagan B.V.

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

### 4. DISCONTINUED OPERATIONS (continued)

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

Samruk-Kazyna shall grant a call option to the Group entitling it to purchase all or part of the Kashagan Shares on any date between January 1, 2018 and December 31, 2020. The closing of this transaction is expected before the end of 2015.

On June 30, 2015, KMG Kashagan B.V. was classified as a disposal group.

The results of KMG Kashagan B.V. for the six months ended June 30, 2015 and 2014 are presented below:

<i>In thousands of tenge</i>	For the six months ended June 30, 2015 (unaudited)	For the six months ended June 30, 2014 (unaudited)
General and administrative expenses	(675,977)	(766,682)
Other operating income	185	114
Other operating losses	(1,667)	(1,632,890)
<b>Operating loss</b>	<b>(677,459)</b>	<b>(2,399,458)</b>
Net foreign exchange loss, net	(255,275)	(3,746,734)
Finance income	645,596	565,454
Finance costs	(8,914,230)	(7,917,922)
<b>Loss before income tax for the period from discontinued operation</b>	<b>(9,201,368)</b>	<b>(13,498,660)</b>
Income tax benefit/(expense)	8,151	(17,949)
<b>Loss after income tax for the period from discontinued operation</b>	<b>(9,193,217)</b>	<b>(13,516,609)</b>

The major classes of assets and liabilities of KMG Kashagan B.V., classified as held for sale as at June 30, 2015 and December 31, 2014 are as follows:

<i>In thousands of tenge</i>	As at June 30, 2015 (unaudited)	As at December 31, 2014 (audited)
<b>Assets</b>		
Property, plant and equipment	1,885,757,072	1,806,468,875
Exploration and evaluation assets	105,690,285	103,651,022
Intangible assets	86,583	67,470
Other non-current assets	19,748,558	8,570
Inventories	6,331	6,200
Trade accounts receivable	6,190,964	5,867,841
Bank deposits	396,792	5,918,534
VAT receivable	12,553,976	27,482,698
Other current assets	307,231	186,910
Cash and cash equivalents	26,061,855	15,813,755
<b>Assets classified as held for sale</b>	<b>2,056,799,647</b>	<b>1,965,471,875</b>
<b>Liabilities</b>		
Provisions	39,464,531	33,123,330
Payable for the acquisition of additional interest in North Caspian Project	412,003,436	396,345,201
Trade accounts payable	31,221,085	24,375,818
Other taxes payable	4,019,499	3,913,413
Other current liabilities	232,379	1,663,763
<b>Liabilities directly associated with the assets classified as held for sale</b>	<b>486,940,930</b>	<b>459,421,525</b>
<b>Net assets directly associated with the disposal group</b>	<b>1,569,858,717</b>	<b>1,506,050,350</b>

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

### 4. DISCONTINUED OPERATIONS (continued)

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

The net cash flows incurred by KMG Kashagan B.V. are as follows:

<i>In thousands of tenge</i>	For the six months ended June 30, 2015 (unaudited)	For the six months ended June 30, 2014 (unaudited)
Operating	19,337,204	20,672,906
Investing	(49,214,441)	(79,458,043)
Financing	40,125,337	60,864,931
<b>Net cash inflows</b>	<b>10,248,100</b>	<b>2,079,794</b>

As of June 30, 2015, translation gain of 106,930,994 thousand tenge related to Kashagan B.V. is included within Currency translation reserve in equity.

As at June 30, 2015, items of property, plant and equipment with the net book value of 928,530,429 thousand tenge (as at December 31, 2014: 897,425,131 thousand tenge) were pledged as collateral to secure payables of the Group (Note 16).

As at June 30, 2015, certain exploration and evaluation assets with the carrying amount of 52,845,236 thousand tenge were pledged as collateral to secure payables of the Group (as at December 31, 2014: 51,825,511 thousand tenge) (Note 16).

#### Other discontinued operations

In 2014 and during six months ended June 30, 2015, the Group decided to sell its 100% interest in EurasiaAir, 75% in Aysir Turizm ve Inshaat A.S and 100% in Kazakhstan oil and gas institute JSC. The disposal of these subsidiaries is in accordance with the Governmental plan on the privatization of state owned companies in 2014-2016 and due to be disposed in 2015, therefore, the Group considers it as the discontinued operation.



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

## 5. PROPERTY, PLANT AND EQUIPMENT

<i>In thousands of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improve- ments	Machinery and equipment	Vehicles	Other	Capital work in progress	Total
<b>Net book value as at December 31, 2014 (audited)</b>	2,330,978,251	538,898,415	464,213,942	239,104,698	274,772,593	72,283,827	28,031,700	347,834,621	4,296,118,047
Foreign currency translation	46,093,364	526,212	6,645,937	875,410	387,542	510,302	(79,037)	282,296	55,242,026
Change in estimate	-	(1,454,840)	-	(32,136)	-	-	-	-	(1,486,976)
Additions	62,668,451	175,517	50,605	242,059	1,924,910	2,255,406	1,453,783	125,230,228	194,000,959
Disposals	(2,309,944)	(2,377,894)	(1,310,911)	(835,772)	(577,024)	(707,864)	(1,042,250)	(612,232)	(9,773,891)
Depreciation charge	(19,309,707)	(10,743,606)	(22,865,226)	(7,988,855)	(14,459,273)	(4,805,986)	(4,208,651)	-	(84,381,304)
Accumulated depreciation and impairment on disposals	1,007,167	1,071,240	898,678	706,559	520,678	649,971	925,588	284,445	6,064,326
(Impairment)/reversal of impairment	854,024	-	-	7,297	(3,520)	(255,118)	(3,890)	(574,121)	(75,328)
Transfers of discontinued operations (Note 4)	(1,885,719,632)	-	-	(130,839)	(190,671)	(209,290)	(318,468)	(870,871)	(1,887,439,771)
Transfers from exploration and evaluation assets (Note 6)	148,385	-	-	-	-	-	-	-	148,385
Transfers from/(to) inventory, net	(19,639,835)	(3,424)	17,427	344	13,321	-	3,091	1,366,948	(18,242,128)
Transfers to intangible assets (Note 7)	(6,342)	-	-	-	(330)	-	(14,118)	(205,743)	(226,533)
Transfers to assets classified as held for sale	(6,030)	-	(13,645)	(1,253,683)	(21,894)	-	(40,933)	(154)	(1,336,339)
Transfers to investment property	-	-	-	-	-	-	(75)	-	(75)
Transfers and reclassifications	36,984,289	7,681,583	3,568,841	6,722,918	17,022,069	1,120,181	2,447,089	(75,546,970)	-
<b>Net book value as at June 30, 2015 (unaudited)</b>	551,742,441	533,773,203	451,205,648	237,418,000	279,388,401	70,841,429	27,153,829	397,088,447	2,548,611,398
<b>At cost</b>	1,312,167,132	627,270,186	789,440,507	370,153,605	460,342,750	147,054,426	68,591,944	416,374,509	4,191,395,059
Accumulated depreciation and impairment	(760,424,691)	(93,496,983)	(338,234,859)	(132,735,605)	(180,954,349)	(76,212,997)	(41,438,115)	(19,286,062)	(1,642,783,651)
<b>Net book value as at June 30, 2015 (unaudited)</b>	551,742,441	533,773,203	451,205,648	237,418,000	279,388,401	70,841,429	27,153,829	397,088,447	2,548,611,398
<b>At cost</b>	3,066,391,626	622,855,659	773,643,803	364,916,584	444,314,021	144,461,202	66,895,486	373,483,103	5,856,961,484
Accumulated depreciation and impairment	(735,413,375)	(83,957,244)	(309,429,861)	(125,811,886)	(169,541,428)	(72,177,375)	(38,863,786)	(25,648,482)	(1,560,843,437)
<b>Net book value as at December 31, 2014 (audited)</b>	2,330,978,251	538,898,415	464,213,942	239,104,698	274,772,593	72,283,827	28,031,700	347,834,621	4,296,118,047

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

### 5. PROPERTY, PLANT AND EQUIPMENT (continued)

For the six months ended June 30, 2015, the Group capitalized in the carrying amount of property, plant and equipment borrowing costs at the average interest rate of 4.95% in the amount of 9,119,456 thousand tenge which are related to the construction of new assets (for the six months ended June 30, 2014: 8,304,961 thousand tenge at the average interest rate of 5.96%).

As at June 30, 2015, items of property, plant and equipment with the net book value of 653,147,707 thousand tenge (as at December 31, 2014: 1,584,722,107 thousand tenge) were pledged as collateral to secure borrowings and payables of the Group (Notes 15 and 16).

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

As at the date of issuance of these interim condensed consolidated financial statements, the participants of the North Caspian Project disassembled the onshore part of pipelines but no decision was made on further use or liquidation of these pipelines. As a result, the Group's management made a decision to recognize these pipelines within other long-term inventories in the amount of 19,639,835 thousand tenge.

### 6. EXPLORATION AND EVALUATION ASSETS

<i>In thousands of tenge</i>	<b>Tangible</b>	<b>Intangible</b>	<b>Total</b>
<b>Net book value as at December 31, 2014 (audited)</b>	230,762,313	46,302,555	277,064,868
Foreign currency translation	2,557,436	105,284	2,662,720
Additions	11,877,698	184,681	12,062,379
Transfers to discontinued operations (Note 4)	(105,690,285)	–	(105,690,285)
Transfer to property, plant and equipment (Note 5)	(148,385)	–	(148,385)
Impairment	–	(250,758)	(250,758)
Disposals	(65,611)	–	(65,611)
<b>Net book value as at June 30, 2015 (unaudited)</b>	<b>139,293,166</b>	<b>46,341,762</b>	<b>185,634,928</b>

As at December 31, 2014 and June 30, 2015 the exploration and evaluation assets are represented by the following projects:

<i>In thousands of tenge</i>	<b>June 30, 2015 (unaudited)</b>	<b>December 31, 2014 (audited)</b>
North Caspian PSA (Kashagan, Aktoty, Kayran, Kalamkas)	–	103,651,022
Pearls	32,720,711	32,039,193
Project N	56,640,481	52,837,668
Urikhtau	37,117,424	34,190,377
Zhambyl	26,146,278	25,734,420
Other	33,010,034	28,612,188
	<b>185,634,928</b>	<b>277,064,868</b>

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

### 7. INTANGIBLE ASSETS

<i>In thousands of tenge</i>	Goodwill	Marketing related intangible assets	Software	Other	Total
<b>Net book value as at December 31, 2014 (audited)</b>	111,526,414	32,223,795	19,613,047	19,603,014	182,966,270
Foreign currency translation	202,699	665,639	(9,081)	(300,298)	558,959
Additions	–	–	605,044	151,936	756,980
Disposals	–	–	(282,714)	(6,921)	(289,635)
Amortization charge	–	–	(3,040,018)	(1,085,861)	(4,125,879)
Accumulated amortization and impairment on disposals	–	–	282,507	6,233	288,740
Impairment	–	–	(38,162)	–	(38,162)
Transfer from property, plant and equipment (Note 5)	–	–	206,507	20,026	226,533
Transfers to discontinued operations (Note 4)	–	–	(332,292)	(30,845)	(363,137)
Transfers	–	–	66,491	(66,491)	–
<b>Net book value as at June 30, 2015 (unaudited)</b>	111,729,113	32,889,434	17,071,329	18,290,793	179,980,669
At cost	177,097,255	34,440,663	45,809,764	39,811,067	297,158,749
Accumulated amortization and impairment	(65,368,142)	(1,551,229)	(28,738,435)	(21,520,274)	(117,178,080)
<b>Net book value as at June 30, 2015 (unaudited)</b>	111,729,113	32,889,434	17,071,329	18,290,793	179,980,669
At cost	172,992,901	33,802,060	46,192,792	40,311,371	293,299,124
Accumulated amortization and impairment	(61,466,487)	(1,578,265)	(26,579,745)	(20,708,357)	(110,332,854)
<b>Net book value as at December 31, 2014 (audited)</b>	111,526,414	32,223,795	19,613,047	19,603,014	182,966,270

Carrying amount of goodwill is allocated to each of the group of cash-generating units as follows:

<b>Cash-generating unit</b>	<b>June 30, 2015 (unaudited)</b>	<b>December 31, 2014 (audited)</b>
Refining	–	–
Dyneff	–	–
Downstream Romania	6,785,858	6,774,389
Other	3,017,425	2,826,195
<b>Cash generating units of KMG International N.V.</b>	<b>9,803,283</b>	<b>9,600,584</b>
Cash-generating units of PNHZ	88,553,296	88,553,296
Other	13,372,534	13,372,534
<b>Total goodwill</b>	<b>111,729,113</b>	<b>111,526,414</b>

The Group performs its annual impairment test in December and when circumstances indicate the carrying value may be impaired. The methods and the key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended December 31, 2014.

With regard to the assessment of the recoverable value, there are no significant changes in the assumptions and the sensitivity information disclosed in the annual consolidated financial statements for the year ended December 31, 2014.

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

### 8. LONG-TERM BANK DEPOSITS

<i>In thousands of tenge</i>	June 30, 2015 (unaudited)	December 31, 2014 (audited)
Denominated in US dollar	83,229,195	80,337,198
Denominated in KZT	13,991,541	17,187,051
	<b>97,220,736</b>	<b>97,524,249</b>

As at June 30, 2015, the weighted average interest rate for long-term bank deposits was 4.52% in US dollars and 2.37% in tenge, respectively (as at December 31, 2014: 4.52% in US dollars and 3.31% in tenge, respectively).

<i>In thousands of tenge</i>	June 30, 2015 (unaudited)	December 31, 2014 (audited)
Maturities between 1 and 2 years	66,024,512	36,400,455
Maturities over 2 years	31,196,224	61,123,794
	<b>97,220,736</b>	<b>97,524,249</b>

As at June 30, 2015, long-term bank deposits include cash pledged as collateral in the amount of 63,654,513 thousand tenge (as at December 31, 2014: 44,344,744 thousand tenge).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)****9. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

In thousands of tenge	Main activity	Place of business	June 30, 2015 (unaudited)		December 31, 2014 (audited)	
			Carrying amount	Percentage ownership	Carrying amount	Percentage ownership
<b>Joint ventures</b>						
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	523,456,498	20.00%	501,119,245	20.00%
Mangistau Investments B.V.	Oil and gas development and production	Kazakhstan	201,616,362	50.00%	196,194,403	50.00%
KazakhOil-Aktobe LLP	Production of crude oil	Kazakhstan	82,578,669	50.00%	85,877,971	50.00%
Beineu-Shymkent Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	63,180,519	50.00%	66,885,166	50.00%
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	80,642,259	50.00%	62,333,974	50.00%
KazGerMunay LLP	Exploration and production of oil and gas	Kazakhstan	71,830,747	50.00%	67,662,371	50.00%
Other			110,179,842		89,121,304	
<b>Associates</b>						
PetroKazakhstan Inc. ("PKI")	Exploration, production and processing of oil and gas	Kazakhstan	114,911,208	33.00%	117,103,135	33.00%
Other			32,592,316		31,363,831	
			1,280,988,420		1,217,661,400	

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

As at June, 30 2015, the Group's share in unrecognized losses of joint ventures and associates was equal to 13,424,138 thousand tenge (as at December 31, 2014: 37,025,273 thousand tenge).

During the six month ended June 30, 2015, the Group provided interest-free loans to its associates and joint ventures. The difference of 15,335,934 thousand tenge between the fair value and nominal value was recorded as the finance costs in the interim consolidated statement of comprehensive income of the Group.



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

### 9. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following table summarizes the movements in equity investments in joint ventures and associates during the six months ended June 30, 2015:

*In thousands of tenge*

At January 1, 2015 (audited)	1,217,661,400
Contribution to joint venture	925,098
Share in profits of joint ventures and associates, net (Note 25)	122,254,154
Dividends received	(46,441,921)
Change in dividends receivable	(29,236,443)
Transfers to discontinued operations	(90,794)
Foreign currency translation	15,916,926
<b>At June 30, 2015 (unaudited)</b>	<b>1,280,988,420</b>

### 10. INVENTORIES

	June 30, 2015 (unaudited)	December 31, 2014 (audited)
<i>In thousands of tenge</i>		
Materials and supplies	83,579,513	88,623,744
Refined products	73,115,159	75,457,717
Crude oil	42,872,821	29,445,423
Gas products	15,668,241	13,853,302
Less: provision for obsolete inventory	(11,317,394)	(12,419,427)
	<b>203,918,340</b>	<b>194,960,759</b>

### 11. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

	June 30, 2015 (unaudited)	December 31, 2014 (audited)
<i>In thousands of tenge</i>		
Prepaid and deferred expenses	46,315,838	45,047,301
Taxes receivable	11,987,484	31,057,762
Dividends receivable	22,461,560	—
Other current assets	43,748,524	38,329,752
Less: allowance for impairment	(15,888,958)	(15,852,965)
<b>Total other current assets</b>	<b>108,624,448</b>	<b>98,581,850</b>
Trade accounts receivable	209,156,050	230,383,348
Less: allowance for impairment	(27,027,594)	(27,760,995)
<b>Trade accounts receivable</b>	<b>182,128,456</b>	<b>202,622,353</b>

As at June 30, 2015 and at December 31, 2014 the above assets were non-interest bearing.

As at June 30, 2015 the Group has trade accounts receivable in the amount of 44,045,982 thousand tenge pledged as loan collateral (as at December 31, 2014: 32,332,843 thousand tenge).

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

### 11. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS (continued)

Movements in the allowance for impairment of trade accounts receivable and other current assets were as follows:

<i>In thousands of tenge</i>	June 30, 2015 (unaudited)	June 30, 2014 (unaudited)
As at January 1 (audited)	43,613,960	40,892,478
Charge for the period	2,448,479	3,376,011
Write-off	(300,119)	(2,159,853)
Foreign currency translation	(965,306)	8,017,501
Discontinued operations	(67,698)	–
Recovered	(1,812,764)	(218,240)
<b>As at June 30 (unaudited)</b>	<b>42,916,552</b>	<b>49,907,897</b>

### 12. SHORT-TERM FINANCIAL ASSETS

<i>In thousands of tenge</i>	June 30, 2015 (unaudited)	December 31, 2014 (audited)
Short-term bank deposits	604,811,793	693,879,434
Loans due from related parties	82,525,887	34,769,019
Less: allowance for impairment of loans to related parties	(80,986)	(71,379)
	<b>687,256,694</b>	<b>728,577,074</b>

<i>In thousands of tenge</i>	June 30, 2015 (unaudited)	December 31, 2014 (audited)
Short-term financial assets in US dollars	592,557,348	632,022,609
Short-term financial assets in tenge	92,568,038	94,765,444
Short-term financial assets in other foreign currencies	2,131,308	1,789,021
	<b>687,256,694</b>	<b>728,577,074</b>

As at June 30, 2015, the weighted average interest rate for short-term bank deposits was 1.68% in US dollars, 9.03% in tenge and 1.32% in other foreign currencies, respectively (as at December 31, 2014: 1.82% in US dollars, 7.60% in tenge and 1.08% in other foreign currencies, respectively).

### 13. CASH AND CASH EQUIVALENTS

<i>In thousands of tenge</i>	June 30, 2015 (unaudited)	December 31, 2014 (audited)
Term deposits with banks – US dollars	105,866,228	549,569,558
Term deposits with banks – tenge	111,294,694	125,409,276
Current accounts with banks – US dollars	151,392,551	110,485,878
Current accounts with banks – tenge	18,434,899	19,530,382
Current accounts with banks – other currencies	6,397,354	10,058,713
Term deposits with banks – other currencies	3,772,933	4,620,202
Cash-on-hand	1,321,737	3,357,485
	<b>398,480,396</b>	<b>823,031,494</b>

Term deposits with banks are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. As at June 30, 2015, the weighted average interest rate for time deposits with banks was 1.16% in US dollars and 5.94% in tenge, respectively (as at December 31, 2014: 0.73% in US dollars and 11.35% in tenge, respectively).

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

### 13. CASH AND CASH EQUIVALENTS (continued)

As at June 30, 2015 cash and cash equivalents in the amount of 931,372 thousand tenge were pledged as collateral (as at December 31, 2014: 1,007,301 thousand tenge).

### 14. EQUITY

#### Share capital

For the six months ended June 30, 2015 the Group has issued 55,716,442 common shares at par value of 2,500 tenge each. As consideration for these common shares of the Parent Company, the Group received cash amounting 12,700,436 thousand tenge and the right to claim payments under "Kazakhstan note".

The rights to claim under the "Kazakhstan note" are in accordance with the loan agreement dated May 16, 1997 between the Government and Caspian Pipeline Consortium – K JSC. The nominal value as of transfer date amounted 126,590,669 thousand tenge.

#### Additional paid-in capital

The excess of the fair value of the "Kazakhstan note" over its nominal value as at the transfer date amounted 3,518,718 thousand tenge, which was recognised as an additional paid-in capital.

#### Dividends

During the six months ended June 30, 2015, according to the decision of the Shareholder, the Company declared dividends for 2014 at 53.24 tenge per common share in the total amount of 31,104,442 thousand. Also, during the six months ended June 30, 2015, in accordance with the decision of the Shareholder, the Company decreased the amount of dividends declared for 2013 by 6,768,531 thousand tenge.

As at June 30, 2015 dividends payable to the Shareholder amounted 31,104,442 thousand tenge (December 31, 2014: 13,537,062 thousand tenge). For the six months ended June 30, 2015 the Group declared dividends of 15,776,982 thousand tenge to the holders of non-controlling interest (for the six months ended June 30, 2014: 53,859,310 thousand tenge). During the six months ended June 30, 2015 the Group paid dividends of 5,870,468 thousand tenge to the holders of non-controlling interest (for the six months ended June 30, 2014: 43,253,070).

#### Currency translation reserves

The currency translation reserve is used to record exchange differences arising from the translation of financial statements of subsidiaries, joint ventures and associates whose functional currency is not kazakhstani tenge and whose financial results are included in these interim condensed consolidated financial statements. For the six months ended June 30, 2015 the Group utilized hedging of net investments in certain subsidiaries with US dollars as functional currency of their financial statements against selected borrowings in US dollars.

#### Non-controlling interest

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

	Country of incorporation and operation	June 30, 2015 (unaudited)		December 31, 2014 (audited)	
		Share	Carrying value	Share	Carrying value
KazMunayGas Exploration					
Production JSC	Kazakhstan	36.79%	483,135,232	36.79%	492,633,617
KazTransOil JSC	Kazakhstan	10.00%	35,876,911	10.00%	36,194,881
Rompetrol Rafinare S.A.	Romania	45.37%	712,226	45.37%	140,399
Rompetrol Downstream S.R.L.	Romania	45.37%	25,141,534	45.37%	24,793,352
Rompetrol Petrochemicals S.R.L.	Romania	45.37%	6,939,417	45.37%	7,382,722
Rompetrol Vega	Romania	45.37%	(12,664,694)	45.37%	(12,400,519)
Other			6,165,021		6,417,972
			545,305,647		555,162,424

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

### 15. BORROWINGS

<i>In thousands of tenge</i>	June 30, 2015 (unaudited)	December 31, 2014 (audited)
Fixed interest rate borrowings	1,984,991,975	2,284,707,172
Weighted average interest rates	7.41%	7.12%
Variable interest rate borrowings	798,137,746	813,013,235
Weighted average interest rates	4.43%	9.00%
	<b>2,783,129,721</b>	<b>3,097,720,407</b>
<i>In thousands of tenge</i>	June 30, 2015 (unaudited)	December 31, 2014 (audited)
US dollar – denominated borrowings	2,464,906,491	2,744,878,020
Tenge – denominated borrowings	279,244,867	310,855,387
Euro – denominated borrowings	21,378,553	29,588,111
Other currency – denominated borrowings	17,599,810	12,398,889
	<b>2,783,129,721</b>	<b>3,097,720,407</b>
<i>In thousands of tenge</i>	June 30, 2015 (unaudited)	December 31, 2014 (audited)
Current portion	225,587,092	670,529,840
Non-current portion	2,557,542,629	2,427,190,567
	<b>2,783,129,721</b>	<b>3,097,720,407</b>

As at June 30, 2015 the Group's property, plant and equipment with carrying value of 653,147,707 thousand tenge (December 31, 2014: 666,834,753 thousand tenge) (Note 5), inventories of 51,500,127 thousand tenge (as at December 31, 2014: 53,784,680 thousand tenge) and trade accounts receivable of 44,045,982 thousand tenge (as at December 31, 2014: 32,332,843 thousand tenge) (Note 11) were pledged as loan collateral.

For the six months ended June 30, 2015 the Group issued and received borrowings in the total amount of 182,901,409 thousand tenge. Particularly, KTG obtained a borrowing from the following syndicate of banks Citibank N.A., Natixis, ING Bank in the total amount of 74,480,000 thousand tenge with interest rate of Libor 3m + 1.5% with maturity of February 26, 2018 for the purpose of refinancing of the current borrowings. The remaining borrowings mainly represent short-term loans, obtained for working capital purposes.

For the six months ended June 30, 2015 the Group settled borrowings in the amount of 519,715,673 thousand tenge. Particularly, the Group settled its bonds, quoted at LSE in the amount of 1,500 million US dollars (276,150,000 thousand tenge as of settlement date), additionally borrowings from ING Bank and VTB Bank in the amounts of 200 million US dollars (equivalent to 37,050,000 thousand tenge as of settlement date) and 250 million US dollars (equivalent to 46,337,500 thousand tenge as of settlement date), correspondingly. Other settlements in the amount of 96,246,733 thousand tenge represent redemption of trade credits obtained for working capital purposes within the framework of credit lines from various of the second banks.

#### *Hedge of net investment in the foreign operations*

As at June 30, 2015 certain borrowings denominated in foreign currency were designated as hedge instrument for the net investment in the foreign operations. For the six months ended June 30, 2015, losses of 48,165,854 thousand tenge (for the six months ended June 30, 2014, losses of 322,933,870 thousand tenge) on the translation of these borrowings were transferred to other comprehensive income and offset the gains on translation of foreign operations.

### 16. PAYABLE FOR THE ACQUISITION OF ADDITIONAL INTEREST IN NORTH CASPIAN PROJECT ("NCP")

On October 31, 2008, all participants of the NCP signed an agreement according to which all project participants except for KMG Kashagan B.V., 100% subsidiary of the Group, agreed to partially sell their interest in this project on a proportional basis to increase the interest of KMG Kashagan B.V. in the NCP from 8.33% to 16.81% retrospectively from January 1, 2008. The acquisition cost was equal to 1.78 billion US dollars plus annual compound interest at LIBOR + 3%. Interest acquired of 8.48% was pledged as collateral for this liability.

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

### 16. PAYABLE FOR THE ACQUISITION OF ADDITIONAL INTEREST IN NORTH CASPIAN PROJECT ("NCP") (continued)

As at June 30, 2015, the amortized cost of this payable was 412,003,436 thousand tenge (December 31, 2014: 396,345,201 thousand tenge) and was classified within the liabilities directly associated with the assets classified as held for sale (Note 4).

### 17. PROVISIONS

<i>In thousands of tenge</i>	Asset retirement obligations	Provision for environmental obligation	Provision for taxes	Provision for gas transportation	Employee benefit obligations	Other	Total
<b>As at December 31, 2014 (audited)</b>	114,024,291	39,623,445	15,717,351	13,328,668	27,590,340	23,576,407	233,860,502
Foreign currency translation	651,833	1,271,131	230,601	–	(118,416)	82,518	2,117,667
Change in estimate	(11,307,710)	(179,038)	(2,056,428)	–	–	1,654,970	(11,888,206)
Unwinding of discount	2,726,228	–	–	–	–	–	2,726,228
Provision for the period	10,109,535	90,674	16,211,217	281,412	6,574,162	2,928,178	36,195,178
Transfers to discontinued operations	(29,197,836)	–	(8,507,292)	–	–	(1,759,404)	(39,464,532)
Recovered	(8,800)	(5,016)	(2,321,183)	–	–	(2,759)	(2,337,758)
Unused amounts reversed	–	(1,900,643)	–	–	–	(1,815,928)	(3,716,571)
Use of provision	(106,472)	(1,308,145)	(103,770)	–	(593,663)	(2,229,331)	(4,341,381)
<b>As at June 30, 2015 (unaudited)</b>	<b>86,891,069</b>	<b>37,592,408</b>	<b>19,170,496</b>	<b>13,610,080</b>	<b>33,452,423</b>	<b>22,434,651</b>	<b>213,151,127</b>

As at June 30, 2015 other provisions include provision for reconstruction of the trade and exhibition center in the amount of 6,085,181 thousand tenge (as at December 31, 2014: 6,134,052 thousand tenge) and provision for construction of golf club in the amount of 13,320,988 thousand tenge (as at December 31, 2014: 13,320,988 thousand tenge).

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

<i>In thousands of tenge</i>	Asset retirement obligations	Provision for environmental obligation	Provision for taxes	Provision for gas transportation	Employee benefit obligations	Other	Total
<b>As at June 30, 2015 (unaudited)</b>							
Current portion	711,640	5,918,143	19,157,648	13,610,080	1,889,803	18,297,176	59,584,490
Long-term portion	86,179,429	31,674,265	12,848	–	31,562,620	4,137,475	153,566,637
<b>Provision as at June 30, 2015 (unaudited)</b>	<b>86,891,069</b>	<b>37,592,408</b>	<b>19,170,496</b>	<b>13,610,080</b>	<b>33,452,423</b>	<b>22,434,651</b>	<b>213,151,127</b>
<b>As at December 31, 2014 (audited)</b>							
Current portion	963,674	9,147,849	5,879,568	13,328,668	1,745,170	19,264,588	50,329,517
Long-term portion	113,060,617	30,475,596	9,837,783	–	25,845,170	4,311,819	183,530,985
<b>As at December 31, 2014 (audited)</b>	<b>114,024,291</b>	<b>39,623,445</b>	<b>15,717,351</b>	<b>13,328,668</b>	<b>27,590,340</b>	<b>23,576,407</b>	<b>233,860,502</b>



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

### 18. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

<i>In thousands of tenge</i>	June 30, 2015 (unaudited)	December 31, 2014 (audited)
Advances received	36,466,007	28,636,744
Dividends payable	43,015,711	15,541,817
Due to employees	28,519,644	34,067,977
Other	46,312,042	69,534,974
<b>Total other current liabilities</b>	<b>154,313,404</b>	<b>147,781,512</b>
<b>Trade accounts payable</b>	<b>207,377,635</b>	<b>233,653,734</b>

Trade accounts payable are denominated in the following currencies as at June 30, 2015 and as at December 31, 2014:

<i>In thousands of tenge</i>	June 30, 2015 (unaudited)	December 31, 2014 (audited)
US dollars	102,789,793	93,136,154
Tenge	72,649,672	99,551,276
Euro	18,305,059	14,452,671
Other currency	13,633,111	26,513,633
<b>Total</b>	<b>207,377,635</b>	<b>233,653,734</b>

As at June 30, 2015 and December 31, 2014, trade accounts payable and other current liabilities were not interest bearing.

### 19. OTHER TAXES PAYABLE

<i>In thousands of tenge</i>	June 30, 2015 (unaudited)	December 31, 2014 (audited)
VAT	13,199,439	13,545,045
Excise tax	12,429,192	13,306,668
Mineral extraction tax	11,866,004	15,873,564
Rent tax on crude oil export	9,459,370	18,621,215
Special fund on petroleum products	903,070	1,363,249
Other	9,675,863	17,824,437
	<b>57,532,938</b>	<b>80,534,178</b>

### 20. REVENUE

<i>In thousands of tenge</i>	For the six months ended June 30, 2015 (unaudited)	For the six months ended June 30, 2014 (unaudited)
Sales of refined products	743,234,209	1,010,531,077
Sales of crude oil	438,030,816	363,541,497
Transportation fee	141,918,027	143,614,178
Sales of gas and gas products	116,371,732	140,911,374
Other revenue	104,324,839	124,330,436
<b>Less: sales taxes and commercial discounts</b>	<b>(155,614,446)</b>	<b>(180,279,526)</b>
	<b>1,388,265,177</b>	<b>1,602,649,036</b>

Revenues are generated from the Group's principal operations, which essentially represent upstream production of hydrocarbons and transportation of oil and gas within Kazakhstan, and marketing and sales of oil, gas and oil products in Kazakhstan, Europe and Far East.

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

### 21. COST OF SALES

	For the six months ended June 30, 2015 (unaudited)	For the six months ended June 30, 2014 (unaudited)
<i>In thousands of tenge</i>		
Materials and supplies	770,094,990	734,914,029
Payroll	131,168,462	122,827,715
Depreciation, depletion and amortization	74,748,717	86,604,321
Mineral extraction tax	26,075,636	48,512,252
Electricity	23,934,632	24,061,653
Other taxes	21,726,798	10,548,285
Repair and maintenance	10,271,467	16,547,302
Realized (gain)/loss from derivatives on petroleum products	(1,186,823)	526,993
Unrealized loss/(gain) from derivatives on petroleum products	5,095,634	(446,173)
Other	69,925,672	62,019,409
	<b>1,131,855,185</b>	<b>1,106,115,786</b>

### 22. GENERAL AND ADMINISTRATIVE EXPENSES

	For the six months ended June 30, 2015 (unaudited)	For the six months ended June 30, 2014 (unaudited)
<i>In thousands of tenge</i>		
Payroll	27,191,159	29,624,071
Fines and penalties	8,735,250	2,575,136
Depreciation and amortization	7,260,010	7,883,202
Charitable donations and sponsorship	6,434,249	5,365,717
Consulting services	3,462,284	3,803,139
Social payments	3,434,024	1,496,652
Other taxes	1,918,236	2,712,943
VAT not set-off (proportional method)	720,866	677,461
Allowance for impairment of trade accounts receivable (Note 11)	512,237	2,698,218
Allowance for impairment of other current assets (Note 11)	123,478	443,804
Allowance for impairment of short-term financial assets (Note 12)	8,093	2,086,257
Reversal of provision for obsolete and slow-moving inventories	(950,955)	(1,031,012)
Other	14,680,488	11,234,119
	<b>73,529,419</b>	<b>69,569,707</b>

### 23. TRANSPORTATION AND SELLING EXPENSES

	For the six months ended June 30, 2015 (unaudited)	For the six months ended June 30, 2014 (unaudited)
<i>In thousands of tenge</i>		
Customs duty	39,802,143	41,954,354
Transportation	26,742,057	26,905,786
Rent tax on crude oil export	22,782,032	88,637,624
Payroll	8,143,883	10,134,588
Depreciation and amortization	6,340,812	6,005,058
Other	10,819,869	11,510,101
	<b>114,630,796</b>	<b>185,147,511</b>

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

### 24. FINANCE INCOME/FINANCE COSTS

#### Finance income

<i>In thousands of tenge</i>	For the six months ended June 30, 2015 (unaudited)	For the six months ended June 30, 2014 (unaudited)
Interest income on bank deposits, loans and bonds	22,089,850	22,663,599
Derecognition of liabilities	7,082,293	-
Other	7,973,716	5,100,094
	<b>37,145,859</b>	<b>27,763,693</b>

#### Finance costs

<i>In thousands of tenge</i>	For the six months ended June 30, 2015 (unaudited)	For the six months ended June 30, 2014 (unaudited)
Interest on loans and debt securities issued	72,240,654	78,213,894
Discount on assets with non-market interest rate	17,274,758	470,771
Unwinding of discount on asset retirement obligations	3,782,084	2,052,899
Amortization of discount on loans and debt securities issued	3,532,470	2,904,497
Other	7,079,065	10,260,692
	<b>103,909,031</b>	<b>93,902,753</b>

### 25. SHARE IN PROFIT OF JOINT VENTURES AND ASSOCIATES, NET

<i>In thousands of tenge</i>	For the six months ended June 30, 2015 (unaudited)	For the six months ended June 30, 2014 (unaudited)
Tengizchevroil LLP	80,410,664	173,855,578
KazRosGas LLP	16,902,713	14,607,969
KazGerMunay LLP	7,707,416	15,420,401
Mangistau Investments B.V.	5,421,959	44,080,694
PetroKazakhstan Inc.	(4,574,343)	17,970,922
Kazakhoil-Aktobe LLP	(3,299,302)	4,406,095
Asian Gas Pipeline LLP	-	(24,438,856)
Share in profit/(loss) of other joint ventures and associates	19,681,297	(23,254,636)
	<b>122,250,404</b>	<b>222,648,167</b>

### 26. INCOME TAX EXPENSE

<i>In thousands of tenge</i>	For the six months ended June 30, 2015 (unaudited)	For the six months ended June 30, 2014 (unaudited)
<b>Current income tax</b>		
Corporate income tax	38,561,884	87,470,085
Excess profit tax	5,438,947	8,815,513
Withholding tax on dividends and interest income	7,896,587	14,251,792
<b>Deferred income tax</b>		
Corporate income tax	880,258	(18,651,271)
Excess profit tax	195,077	(5,757,843)
Withholding tax on dividends and interest income	3,350,588	21,037,405
<b>Income tax expense</b>	<b>56,323,341</b>	<b>107,165,681</b>

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

### 26. INCOME TAX EXPENSE (continued)

According to the 2006 amendments to the tax legislation, which were effective starting from January 1, 2007, dividends received from Kazakhstan taxpayers were exempt from income tax withheld at the source of payment. Therefore, in 2006 the Group reversed the deferred tax liability on undistributed profits of subsidiaries, joint ventures and associates registered in the Republic of Kazakhstan, which was recognized in prior years. However, during 2007-2015 the Group was receiving dividends from Tengizchevroil LLP (20% joint venture of the Group, a Kazakhstan taxpayer) net of withholding tax since there is uncertainty whether the withholding tax exemption is applicable for the stable tax regime of Tengizchevroil LLP. The Group was challenging withholding of the tax on those dividends, but has not managed to convince Tengizchevroil LLP and the tax authorities that withholding tax should not be applied. Therefore, Management of the Group recognizes the deferred income tax withholding on its interest in undistributed retained earnings of Tengizchevroil LLP as its current best estimate is that the Group will continue to receive dividends net of withholding tax in future years.

### 27. RELATED PARTY DISCLOSURES

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

The following table provides the balances of transactions with related parties as at June 30, 2015 and December 31, 2014:

<i>In thousands of tenge</i>		Due from related parties	Due to related parties	Cash and deposits placed with related parties	Borrowings payable to related parties
Samruk-Kazyna entities	June 30, 2015	49,623,036	32,426,376	127,684	7,355,190
	December 31, 2014	50,917,876	14,463,719	42,440	7,192,220
Associates	June 30, 2015	149,290,694	938,040	—	—
	December 31, 2014	32,518,279	959,303	—	—
Other related parties	June 30, 2015	422,879	—	—	365,237,103
	December 31, 2014	222,000	7,043,212	2,900,878	376,939,528
Joint ventures in which the Group is a venturer	June 30, 2015	224,268,055	37,538,491	—	—
	December 31, 2014	177,799,485	37,412,654	—	—

#### *Due from related parties*

As at June 30, 2015, due from related parties included bonds receivable from the Parent Company with the carrying amount of 39,492,655 thousand tenge (as at December 31, 2014: 41,585,896 thousand tenge). These bonds are maturing in 2044 and coupon rate is 4% per annum.

As at June 30, 2015 due from associates mainly included notes receivable from Caspian Pipeline Consortium in the amount of 146,496,905 thousand tenge (as at December 31, 2014: 28,237,627 thousand tenge).

As at June 30, 2015 due from joint ventures mainly include loans receivable, which are presented within long-term and short-term loans receivable from related parties in the interim condensed consolidated financial statement and trade accounts receivable originated in the normal course of business in the amount of 150,926,803 thousand tenge (as at December 31, 2014: 134,019,135 thousand tenge) and 32,237,384 thousand tenge (as at December 31, 2014: 43,780,350 thousand tenge), respectively.

#### *Due to related parties*

As at June 30, 2015 due to Samruk-Kazyna entities mainly include Company's dividends payable to the Parent Company in the amount of 31,104,442 thousand tenge (as at December 31, 2014: 13,537,062 thousand tenge).

As at June 30, 2015 due to joint ventures mainly include trade payable to Kazakhoil Aktobe LLP, KazRosGas LLP, Asia Gas Pipeline LLP, Mangistaumunaigas JSC and BeineuShymkent Pipeines LLP in the amount of 2,976,631 thousand tenge, 3,766,530 thousand tenge, 8,232,568 thousand tenge and 6,896,229 thousand tenge and 6,450,513 thousand tenge, respectively (as at December 31, 2014: 3,063,775 thousand tenge, 2,352,209 thousand tenge, 14,005,552 thousand tenge and 5,719,794 thousand tenge and 7,290,612 thousand tenge, respectively).

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

### 27. RELATED PARTY DISCLOSURES (continued)

#### *Borrowings payable to related parties*

As at June 30, 2015, borrowings payable to Samruk-Kazyna entities mainly included loans payable to the Parent Company with the carrying amount of 7,355,190 thousand tenge and interest rate of 7.99% per annum (as at December 31, 2014: 7,094,210 thousand tenge).

As at June 30, 2015, borrowings payable to other related parties mainly included bonds and loans payable to DBK with the total carrying amount of 360,415,130 thousand tenge (as at December 31, 2014: 372,031,313 thousand tenge).

The following table provides the total amount of transactions, which have been entered into with related parties during six months ended June 30, 2015 and 2014:

<i>In thousands of tenge</i>		<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Interest earned from related parties</b>	<b>Interest incurred to related parties</b>
Samruk-Kazyna entities	<b>June 30, 2015</b>	<b>25,994,749</b>	<b>12,528,967</b>	<b>2,346,759</b>	<b>276,058</b>
	June 30, 2014	25,623,110	15,781,837	2,987,565	289,280
Associates	<b>June 30, 2015</b>	<b>7,076,821</b>	<b>9,067,751</b>	<b>1,413,121</b>	<b>236,599</b>
	June 30, 2014	754,138	1,485,361	—	—
Other related parties	<b>June 30, 2015</b>	<b>29,643</b>	<b>1,768,832</b>	<b>168,366</b>	<b>2,936,065</b>
	June 30, 2014	—	—	—	462,833
Joint ventures in which the Group is a venturer	<b>June 30, 2015</b>	<b>103,702,803</b>	<b>54,536,301</b>	<b>6,504,902</b>	<b>—</b>
	June 30, 2014	98,002,248	64,497,161	3,186,103	—

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

#### *Key management employee compensation*

Total compensation to key management personnel included in general and administrative expenses in the accompanying interim consolidated statement of comprehensive income was equal to 4,168,954 thousand tenge and 3,099,846 thousand tenge for the six months ended June 30, 2015 and June 30, 2014, respectively. Compensation to key management personnel consists of contractual salary and performance bonus based on operating results.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****28. FINANCIAL INSTRUMENTS****Fair values of financial instruments**

The carrying amount of the Group financial instruments as at June 30, 2015 and December 31, 2014 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

	Carrying amount	Fair value	Fair value by level of assessment		
			Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
<i>In thousands of tenge</i>					
<b>As at June 30, 2015</b>					
Bonds receivable from the Parent Company	39,492,655	72,934,195	–	72,934,195	–
Fixed interest rate borrowings	1,984,991,975	1,863,980,540	1,604,840,577	259,139,963	–
Financial guarantee	9,650,221	9,650,221	–	9,650,221	–
Derivatives, net	351,484	351,484	–	351,484	–
Investment property	26,920,801	31,972,501	–	31,972,501	–

	Carrying amount	Fair value	Fair value by level of assessment		
			Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
<i>In thousands of tenge</i>					
<b>As at December 31, 2014</b>					
Bonds receivable from the Parent Company	41,585,896	74,754,137	–	74,754,137	–
Fixed interest rate borrowings	2,284,707,172	2,306,596,659	1,937,379,432	369,217,227	–
Financial guarantee	9,832,576	9,832,576	–	9,832,576	–
Derivatives, net	6,149,586	6,149,586	–	6,149,586	–
Investment property	27,197,634	31,972,501	–	31,972,501	–

The fair value of bonds receivable from the Parent Company and fixed-rate borrowings have been calculated by discounting the expected future cash flows at market interest rates. During the reporting period no transfers between Level 1 and Level 2 of the fair value assessment were made.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)****29. CONTINGENT LIABILITIES AND COMMITMENTS**

In addition to the contingent liabilities and commitments disclosed in the Group annual consolidated financial statements of the Group for the year ended December 31, 2014, the following changes have taken place during the six months ended June 30, 2015:

**Tax Assessments received by Rompetrol Rafinare S.A. (KMG I)**

Rompetrol Rafinare SA received the results of the tax inspection covering the period 2007-2010 with the total amount of additional tax claims and late payment interest of 15 million US dollars (2,793,000 thousand tenge).

Following the legal case initiated by Rompetrol Rafinare SA against the fiscal authorities, on merits, Constanta Court of Appeal held liable the National Agency for Tax Administration for paying back Rompetrol Rafinare approximately 21mRON (equivalent 6.2mUSD) out of which 19mRON (equivalent of 5mUSD) have been compensated with VAT Payable during the normal course of business, to pursue to audit again for approximately 9.8mRON (equivalent of 2.9mUSD). For an amount of 18.5mRON (equivalent of 5mUSD) the Court dismissed the Rompetrol Rafinare SA appeal. Consequently an expense was booked by Rompetrol Rafinare. Based on the Constanta Court of Appeal, Rompetrol Rafinare has no current liability towards fiscal authorities.

Both Rompetrol Rafinare and the Romanian tax authorities filed appeals to the Romanian Supreme Court of Justice. These appeals are still with the Romanian Supreme Court of justice. The Group considers the risk of losses as being low after the Constanta Court of Appeal decision and no provisions relating to this tax assessment were accrued as of June 30, 2015.

**Cost recovery audits**

Under the base principles of the production sharing agreements, the Government transferred to contractors the exclusive rights to conduct activities in the subsurface use area, but did not transfer rights to this subsurface use area either to ownership or lease. Thus, all extracted and processed oil (i.e. the hydrocarbons produced) are the property of the Government. Works are carried out on the basis of compensation and the Government pays the contractors not in cash but in the form of the portion of oil production, thereby allowing the contractors to recover their costs and earn profit.

In accordance with the production sharing agreements not all costs incurred by the contractors could be reimbursed. Certain expenditures need to be approved by the authorized bodies. The authorized bodies conduct the cost recovery audits. In accordance with the costs recovery audits completed prior to December 31, 2014 certain amounts of the costs incurred by contractors were assessed as non-recoverable. The parties to the production sharing agreements are in negotiations with respect to the recoverability of those costs.

As of June 30, 2015 the Group's share in the total disputed amounts of the non-recoverable costs is 132,562 million tenge (as of December 31, 2014: 64,286 million tenge). The Group and its partners under the production sharing agreements are in negotiation with the Government with respect to the recoverability of these costs.

**Convertible debt instrument and related litigations (KMG I)**

As at December 31, 2009 the Group had an outstanding balance of 3,353,168 thousand tenge of a convertible debt instrument issued by a significant subsidiary of KMG I – Rompetrol Rafinare S.A. to the Romanian State. The nominal value of liabilities equaled to 570.3 million Euros. The instrument had seven years maturity and expired on September 30, 2010. Fair value of the debt component at the initial recognition was determined as the discounted future contractual cash payments under the instrument. Under the share ownership as at December 31, 2009 the Group would have lost control over Rompetrol Rafinare S.A., if the entire debt instrument was settled at September 30, 2010 by issuance of new shares to the Romanian State, without any further action by KMG I and/or Rompetrol Rafinare S.A.

During the first half of 2010 in order to increase its interest in Rompetrol Rafinare S.A. the Group was required to make a public offer to all shareholders. In August 2010 Rompetrol Rafinare S.A. increased its share capital by issuance of new shares amounting to RON 329.4 million (78 million Euros at the date of subscription), all of which were subscribed and fully paid for by KMG I, further increasing the Group's interest in Rompetrol Rafinare S.A. of these proceeds from the share issuance, during the same month, Rompetrol Rafinare S.A. repaid 54 million Euros (10,463,778 thousand tenge) out of the total debt of 570.3 million Euros in relation to the convertible debt instrument to the Romanian State. In September 2010, Rompetrol Rafinare S.A. paid the last coupon, amounting to 17 million Euros (3,314,915 thousand tenge), leading to a nil balance of the liability component of the convertible debt instrument.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)****29. CONTINGENT LIABILITIES AND COMMITMENTS (continued)****Convertible debt instrument and related litigations (KMG I) (continued)**

On September 30, 2010 the Extraordinary General Meeting (GMS) of the shareholders of Rompetrol Rafinare S.A. approved the conversion of the unredeemed convertible debt instrument into shares, the corresponding share capital increase and the exact numbers of shares to be received by the Romanian State for the convertible debt it held, calculated based on the exchange rate in force on such date, together with a share premium calculated as a difference of the exchange rate valid on September 30, 2010 and issuance date on September 30, 2003. This resulted in a non-controlling position of the Romanian State in Rompetrol Rafinare S.A. of 44.6959%. These transactions resulted in a decrease of retained earnings by 113,467,108 thousand tenge and increase of non-controlling interest by 103,003,330 thousand tenge in 2010. In 2010, the Romanian State, represented by the Ministry of public finance of the Romanian State (MFP), initiated a legal action against the decision of Rompetrol Rafinare S.A. to increase the share capital and convert the convertible debt instrument partially in cash and partially by issuance of shares.

Constanta Tribunal dismissed the Romanian State request: (a) for some of the annulment reasons considering that the Romanian State lacks the capacity to stand trial, arguing that it did not have the capacity of shareholder when such acts were adopted, (b) for some of the annulment reasons considering that they were not grounded.

Furthermore, on November 17, 2010 the Ministry of public finance of the Romanian State issued a Summons and Forced Execution Title for the amount of RON 2,205,592,436 (for presentation purposes 516.3 million Euros and, at the exchange rate as at December 31, 2010 is 100,797,249 thousand tenge) as a result of the Romanian Authorities disagreement with the decision of the Group to partially settle the instrument by issuance of shares. Rompetrol Rafinare S.A. filed a claim against a forced execution requesting cancelation of the Summons and Forced Execution Title. The hearing of the case had been suspended in June 2012 and could be resumed during one year period, until June 6, 2013.

In addition, on September 10, 2010 the Romanian authorities, represented by The National Agency for Fiscal Administration (ANAF), issued a decision for a precautionary seizure on all the participations held by Rompetrol Rafinare S.A. in its affiliates as well as on all movable and immovable assets of Rompetrol Rafinare S.A. except for inventories. This measure is still in force and being challenged by the Group. As of the reporting date this seizure has not been enforced as the Romanian authorities did not initiate forced execution procedures. Management believes that the enforcement of the seizure by the authorities would not be practicable.

On February 15, 2013, Rompetrol Rafinare S.A. and the Office of State Ownership and Privatisation in Industry (OPSPI), representing the Romanian State, signed a memorandum of understanding whereby they agreed the amiable settlement of the dispute over the conversion of the convertible debt instrument.

On January 22, 2014, the Memorandum of Understanding was approved by the Romanian Government's Decision pursuant to which the Ministry of public finance of Romania was authorized and mandated to pursue all procedural actions required for the withdrawal of the claims and the termination of all litigations. The Memorandum of Understanding includes the following key aspects:

- OPSPI will sell and the Group will acquire shares owned by OPSPI and representing 26.6959% of RRC's share capital for a cash consideration of 200 million US dollars (36,240 million tenge). On July 28, 2015 the Government approved the schedule of the selling of the stake of 26.69% of RRC's share capital. The Governmental decision should be issued in the Official Gazette soon. After the issuance, the Government shall establish an implementation plan.
- The Group will consider investment in energy projects related to its core activities in the amount estimated at 1 billion US dollars (186.2 billion tenge) over 7 (seven) years;
- The Ministry of public finance will drop all cases against the GMS decisions related to the conversion and will cancel the forced execution title.

This court case was closed following the last hearing in March 2014 and the renouncement by the Ministry of finance of Romania. KMG I submitted to the Romanian authorities a request for the annulment of the seizure. As such the Group's management believes that the seizure of the assets will be removed.



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

---

**29. CONTINGENT LIABILITIES AND COMMITMENTS (continued)****KazMunayGas Trading AG (former – Vector Energy AG) litigations with SC Bioromoil SRL (KMGI)**

As of June 30, 2015 KazMunayGas Trading AG is engaged in litigations with SC Bioromoil SRL. SC Bioromoil SRL was seeking to recover the costs related to the Romanian customs duties in relation to the sale of biodiesel in 2009 and 2010 and compensation for lost profits. The total amount of claims amounted to 19.3 billion tenge as of June 30, 2015 (December 31, 2014: 19.1 billion tenge).

As of June 30, 2015 no provision was recorded for this claim as the Group considers the risk as possible.

**Legal proceedings with Romanian Competition Council (KMG International N.V.)**

Based on its Decision No. 97/21 December 2011, the Romanian Competition Council (RCC) ruled that an alleged breach of the Romanian Competition Law and of Treaty for the Functioning of the European Union took place on the Romanian market (the allegations concerned an alleged mutual understanding of all major oil players to jointly withdraw from the market a type of fuel ECO Premium in 2008, during the Romanian Petroleum Association – RPA – meetings held in 2007-2008). As a result, RCC imposed fines to all major players on the Romanian oil market. Rompetrol Downstream was charged for 46.83 million US dollars. As at December 31, 2014 22.3 million US dollars (4,066 million tenge) was paid by Rompetrol Downstream. The payment of the remaining part is rescheduled by the Romanian tax authorities for 60 months.

On July 9, 2015 the Supreme Court of Romania state made decision against Rompetrol Downstream to pay the US 20 million US dollars. The decision handed down by the Supreme Court is final and can be appealed only in exceptional circumstances. The Group intends to appeal against the decision of the court after the receipt of the rationale for the judgment. The Group assesses risk as possible thus no provisions relating to the remaining part of this litigation has been accrued as of June 30, 2014.

**Civil litigation (KMGI)**

On October 7, 2014 the Romanian court of appeal partially granted a civil action filed by the Romanian state for the amount of 58.5 million US dollars (10,893 million tenge) representing damages to be paid to the Ministry of Finance of Romania, plus related legal interest from 5 January 2001 to the actual payment date. Under this civil action Rompetrol SA and individuals are severally held liable.

The decision of this court of appeal may be challenged by way of extraordinary judicial remedies: the appeal for annulment, the revision and the appeal for cassation (the latter even more limited, solely to points of law). The actual manner in which the enforcement of the decision takes place may also be challenged.

The Group already submitted the two extraordinary appeals against the decision of the Romanian court of appeal. One of the extraordinary appeals was rejected by the Supreme Court on April 9, 2015. The hearing for the second appeal is scheduled on September 1, 2015.

The Group considers that the important legal steps have been initiated to challenge the decision of the Romanian court of appeal. Management assessed the risk of losses as possible and no provisions relating to this court decision has been accrued as of June 30, 2015.

**Litigation with business-partner BOT**

On February 26, 2015 the Group received a notification from the Tbilisi city court on the seizure of 100% shares of LLC Batumi Oil Terminal, the exclusive management right over 100% shares of LLC Batumi Sea Port and the immovable property of LLC Batumi Oil Terminal. This is as a result of a court application by certain customers of LLC Batumi Sea Port, who has filed a commercial dispute against LLC Batumi Oil Terminal related to uncompetitive behaviour. The total amount claimed is 62 million US dollars (11,544 million tenge).

Management assessed the risk of losses as possible and no provisions relating to this litigation has been accrued as of June 30, 2015.

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

### 29. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

#### Kazakhstan local market obligation

The Government requires oil companies in the Republic of Kazakhstan 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 results of operations.

In six months ended June 30, 2015, in accordance with its obligations, the Group delivered 2,922,004 tons of crude oil (six months ended June 30, 2014: 934.422 tons), including joint ventures, to the Kazakhstan market.

#### Commitments under subsoil use contracts

As at June 30, 2015 the Group had the following commitments related to minimal working program in accordance with terms of licenses, production sharing agreements and subsoil use contracts, signed with the Government:

Year	Capital expenditures	Operational expenditures
2015	59,209,433	7,927,683
2016	77,659,290	4,164,559
2017	3,124,256	4,161,554
2018	924,476	4,222,342
2019-2025	693,374	12,308,870
<b>Total</b>	<b>141,610,829</b>	<b>32,785,008</b>

#### Other contractual commitments

As at June 30, 2015, the Group had other capital commitments of approximately 656 billion tenge (as at December 31, 2014: 832 billion tenge), including joint ventures, related to acquisition and construction of property, plant and equipment.

### 30. SEGMENT REPORTING

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

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

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

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

### 30. SEGMENT REPORTING (continued)

The following represents information about operating segments of the Group as at June 30, 2015 and for the six months then ended:

<i>In thousands of tenge</i>	Exploration and production of oil and gas	Oil transport-tation	Gas transport-tation	Refining and trading of crude oil and refined products	Other	Elimination	Total
Revenues from sales to external customers	10,505,370	95,891,626	157,607,990	1,084,389,804	39,870,387	–	1,388,265,177
Revenues from sales to other segments	273,830,509	21,594,145	762,033	2,631,842	9,826,412	(308,644,941)	–
<b>Total revenue</b>	<b>284,335,879</b>	<b>117,485,771</b>	<b>158,370,023</b>	<b>1,087,021,646</b>	<b>49,696,799</b>	<b>(308,644,941)</b>	<b>1,388,265,177</b>
Gross profit	111,317,199	59,504,938	30,435,538	77,594,498	(4,240,976)	(18,201,205)	256,409,992
Finance income	21,453,778	2,494,314	5,577,443	3,108,443	15,724,981	(11,213,100)	37,145,859
Finance costs	(20,431,255)	(1,406,969)	(11,037,376)	(9,486,553)	(72,909,710)	11,362,832	(103,909,031)
Depreciation, depletion and amortization	(22,751,686)	(13,021,598)	(15,707,256)	(31,298,470)	(5,719,674)	–	(88,498,684)
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets other than goodwill	(302,958)	(38,162)	(5,278)	1,636	(19,486)	–	(364,248)
Share in profit of joint ventures and associates, net	100,111,003	3,460,155	13,048,292	5,980,227	(349,273)	–	122,250,404
Income tax expenses	(27,694,505)	(11,163,457)	(6,044,918)	(3,738,315)	(7,682,146)	–	(56,323,341)
<b>Net profit for the period</b>	<b>11,442,417</b>	<b>47,666,188</b>	<b>21,625,632</b>	<b>10,466,276</b>	<b>(13,805,732)</b>	<b>(1,637,099)</b>	<b>75,757,682</b>
<b>Other segment information</b>							
Investments in joint ventures and associates	1,030,188,768	55,723,755	107,227,459	40,900,830	46,947,608	–	1,280,988,420
Capital expenditures	123,419,832	31,681,225	20,000,215	21,493,126	14,142,499	(3,896,481)	206,840,416
Allowances for obsolete inventories, doubtful accounts receivable, advances paid, and other assets	(3,946,329)	(739,032)	(3,017,136)	(45,083,389)	(1,529,046)	–	(54,314,932)
<b>Assets of the segment</b>	<b>4,985,123,558</b>	<b>578,936,528</b>	<b>1,048,752,327</b>	<b>2,171,580,855</b>	<b>410,321,010</b>	<b>(446,616,917)</b>	<b>8,748,097,361</b>
<b>Liabilities of the segment</b>	<b>904,752,756</b>	<b>124,079,629</b>	<b>398,654,325</b>	<b>854,007,009</b>	<b>2,274,300,798</b>	<b>(415,006,298)</b>	<b>4,140,788,219</b>

Eliminations represent the exclusion of intra-group turnovers.

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

### 30. SEGMENT REPORTING (continued)

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

The following represents information about operating segments of the Group as at December 31, 2014 and for the six months ended June 30, 2014:

<i>In thousands of tenge</i>	Exploration and production of oil and gas	Oil transportation	Gas transportation	Refining and trading of crude oil and refined products	Other	Elimination	Total
Revenues from sales to external customers	5,317,772	89,857,531	172,435,446	1,294,087,802	40,950,485	–	1,602,649,036
Revenues from sales to other segments	521,830,448	19,056,247	627,243	2,966,468	10,328,454	(554,480,406)	–
<b>Total revenue</b>	<b>527,148,220</b>	<b>108,913,778</b>	<b>173,062,689</b>	<b>1,297,054,270</b>	<b>51,278,939</b>	<b>(554,488,406)</b>	<b>1,602,649,036</b>
<b>Gross profit</b>	<b>345,731,143</b>	<b>54,740,495</b>	<b>34,506,603</b>	<b>88,789,486</b>	<b>(1,058,813)</b>	<b>(26,175,664)</b>	<b>496,533,250</b>
Finance income	13,963,517	3,766,610	954,081	1,632,231	18,079,800	(10,632,546)	27,763,693
Finance costs	(2,262,932)	(1,212,131)	(9,960,367)	(8,422,126)	(81,147,351)	9,102,154	(93,902,753)
Depreciation, depletion and amortization	(36,401,175)	(11,214,211)	(13,628,866)	(33,644,955)	(6,872,138)	–	(101,761,345)
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets other than goodwill	(27,498,025)	(49,263)	(182,532)	2,981,149	–	–	(24,748,671)
Share in profit of joint ventures and associates, net	256,140,061	(8,741,775)	(24,781,065)	(371,761)	402,707	–	222,648,167
Income tax expenses	(82,685,956)	(11,165,378)	(7,237,516)	508,123	(6,584,954)	–	(107,165,681)
<b>Net profit for the period</b>	<b>285,166,610</b>	<b>36,033,007</b>	<b>(30,747,610)</b>	<b>(15,264,114)</b>	<b>56,389,689</b>	<b>3,963,466</b>	<b>335,541,048</b>
<b>Other segment information</b>							
Investments in joint ventures and associates	979,237,624	22,833,273	123,453,073	35,339,132	56,798,298	–	1,217,661,400
Capital expenditures	49,736,293	23,551,154	32,462,037	37,946,812	9,301,812	(1,569,718)	151,428,390
Allowances for obsolete inventories, doubtful accounts receivable, advances paid, and other assets	(3,584,219)	(717,630)	(3,737,312)	(53,821,939)	(7,359,949)	–	(69,221,049)
<b>Assets of the segment</b>	<b>4,891,145,676</b>	<b>582,719,545</b>	<b>1,016,388,070</b>	<b>2,148,431,600</b>	<b>672,208,052</b>	<b>(472,052,077)</b>	<b>8,838,840,866</b>
<b>Liabilities of the segment</b>	<b>859,017,443</b>	<b>135,506,786</b>	<b>383,061,495</b>	<b>833,462,861</b>	<b>2,652,790,651</b>	<b>(442,110,802)</b>	<b>4,421,728,434</b>

### 31. SUBSEQUENT EVENTS

On July 2, 2015 and July 31, 2015 Tengizchevroil LLP paid dividends to the Group in the amount of 18,675,860 thousand tenge and 13,001,532 thousand tenge, correspondingly.

On July 5 2015, KMG EP received scheduled payment amounting 13.4 million US dollars (equivalent of 2.5 billion tenge) as part of guaranteed annual payment of 26.87 million US dollars in accordance with terms and conditions of CCEL purchase agreement.

On July 17, 2015 the Group made a partial repayment of issued bonds held by Development Bank of Kazakhstan JSC in the amount of 13,884,441 thousand tenge, including accrued interest of 3,957,414 thousand tenge.

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

---

**31. SUBSEQUENT EVENTS (continued)**

On 22 July 2015 the court has removed arrest from BTL's shares in Batumi Oil Terminal, Batumi Oil Terminal's property and exclusive rights to control 100% share in Batumi Sea Port (*Note 29*).

On July 31, 2015 the Group received consent from the holders of Eurobonds on sale of 50% share in KMG Kashagan B.V. to Samruk-Kazyna and to change the terms of calculation of financial covenants under terms and conditions of these Eurobonds.

On 6 August 2015 there was held a trade of shares of the Company at the KASE based on the resolution of the Government to dispose of 10% interest + 1 common share of Samruk-Kazyna in the Company to the National Bank of the Republic of Kazakhstan. The transaction value amounted to 750 billion tenge.

On 13 August 2015 KTG obtained a borrowing from the Citibank N.A., Nassau, Bahamas Branch in the amount of 27 million US Dollars (5.1 billion tenge) with the maturity of 364 days and interest rate of 3m LIBOR + 2%. As of settlement date the annual interest rate of the borrowing was 2.19%, annual effective interest rate 2.30% with the date of repayment 11 August 2016.