

JSC “National Company “KazMunayGas”

Interim condensed consolidated financial statements (unaudited)

For the three months ended March 31, 2018

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

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

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

Report on Review of Interim Financial Information

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of "National Company "KazMunayGas" JSC and its subsidiaries (further "the Group"), which comprise the interim condensed consolidated statement of financial position as at 31 March 2018 and the interim condensed consolidated statement of comprehensive income, changes in equity and cash flows for the three months then ended and selected explanatory notes (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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



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Conclusion

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

Ernst & Young LLP



Gulmira Turmagambetova
Auditor / General Director
Ernst and Young LLP

Auditor qualification certificate
No. 0000374 dated 21 February 1998

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 July 15, 2005

050060, Republic of Kazakhstan, Almaty
Al-Farabi ave., 77/7, Esentai Tower

18 May 2018

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In thousands of tenge</i>	Note	March 31, 2018 (unaudited)	December 31, 2017 (audited)
Assets			
Non-current assets			
Property, plant and equipment		3,355,925,052	3,359,094,790
Exploration and evaluation assets		254,001,798	253,326,100
Investment property		27,249,763	27,423,225
Intangible assets		114,232,674	115,431,414
Long-term bank deposits	5	48,250,265	48,523,034
Investments in joint ventures and associates	6	3,822,510,154	3,810,351,341
Deferred income tax asset		51,435,630	65,135,777
VAT receivable		102,056,208	96,666,045
Advances for non-current assets		157,560,802	124,906,942
Loans and receivables due from related parties		659,659,504	672,448,689
Other financial assets		4,416,255	4,161,312
Other non-current assets		13,368,596	14,027,609
		8,610,666,701	8,591,496,278
Current assets			
Inventories		113,556,413	108,897,355
VAT receivable		54,593,329	68,245,090
Income tax prepaid		42,880,007	35,586,296
Trade accounts receivable	7	289,853,934	306,324,631
Short-term bank deposits	5	1,068,087,947	1,638,940,642
Loans and receivables due from related parties		159,964,952	169,501,500
Other current assets	7	124,598,328	167,916,249
Cash and cash equivalents	8	1,126,674,164	1,190,156,359
		2,980,209,074	3,685,568,122
Assets classified as held for sale	4	1,097,236,689	1,111,688,937
		4,077,445,763	4,797,257,059
Total assets		12,688,112,464	13,388,753,337

The accompanying notes on pages 8 to 33 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(continued)

<i>In thousands of tenge</i>	Note	March 31, 2018 (unaudited)	December 31, 2017 (audited)
Equity and liabilities			
Equity			
Share capital		709,344,505	709,344,505
Additional paid-in capital		247,855,174	243,876,410
Other equity		83,185	83,185
Currency translation reserve		1,196,371,717	1,298,442,284
Retained earnings		3,769,055,412	3,500,635,709
Attributable to equity holders of the Parent Company		5,922,709,993	5,752,382,093
Non-controlling interest	9	171,385,082	870,017,901
Total equity		6,094,095,075	6,622,399,994
Non-current liabilities			
Borrowings	10	3,249,486,582	3,399,487,735
Provisions		152,423,910	150,638,244
Deferred income tax liabilities		312,831,545	312,013,046
Financial guarantee		11,204,645	10,767,166
Prepayment on oil supply agreements	11	557,042,501	581,577,501
Other non-current liabilities		49,129,693	46,270,628
		4,332,118,876	4,500,754,320
Current liabilities			
Borrowings	10	781,829,072	763,955,792
Provisions		80,963,393	78,812,199
Income tax payable		7,363,950	7,705,079
Trade accounts payable		310,605,936	325,120,176
Other taxes payable		72,899,374	79,168,191
Financial guarantee		1,486,307	1,170,697
Prepayment on oil supply agreements	11	318,310,000	332,330,000
Other current liabilities		146,347,204	144,405,371
		1,719,805,236	1,732,667,505
Liabilities directly associated with the assets classified as held for sale	4	542,093,277	532,931,518
Total liabilities		6,594,017,389	6,766,353,343
Total equity and liabilities		12,688,112,464	13,388,753,337
Book value per ordinary share	9	10.146	11.040

Executive vice-president – financial director

Vice-president – finance controller

Chief accountant


D.S. Karabayev


A.Z. Beknazarova


Y.Y. Orynbayev



The accompanying notes on pages 8 to 33 are an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME**

<i>In thousands of tenge</i>	Note	For the three months ended March 31	
		2018 (unaudited)	2017 (unaudited)
Revenue	12	783,699,724	591,899,889
Cost of sales	13	(796,554,354)	(509,959,100)
Gross (loss)/profit		(12,854,630)	81,940,789
General and administrative expenses	14	(32,002,103)	(22,904,337)
Transportation and selling expenses	15	(80,195,308)	(67,333,646)
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets, other than goodwill		(387,732)	(141,767)
Loss on disposal of property, plant and equipment, intangible assets and investment property, net		(2,697,586)	(343,485)
Other operating income		8,023,775	3,217,567
Other operating expenses		(7,179,156)	(3,562,718)
Operating loss		(127,292,740)	(9,127,597)
Net foreign exchange loss		(21,374,249)	(25,638,227)
Finance income	16	29,970,847	27,307,576
Finance costs	16	(77,233,388)	(59,678,146)
Reversal of impairment of investments in joint ventures		-	14,686,162
Share in profit of joint ventures and associates, net	17	164,694,513	85,915,207
(Loss)/gain before income tax		(31,235,017)	33,464,975
Income tax expense	18	(41,150,287)	(32,861,097)
(Loss)/gain for the period from continuing operations		(72,385,304)	603,878
Discontinued operations			
Profit after income tax for the period from discontinued operations	4	276,470,838	102,358,682
Net profit for the period		204,085,534	102,962,560
Net profit for the period attributable to:			
Equity holders of the Parent Company		200,858,316	102,301,370
Non-controlling interests		3,227,218	661,190
		204,085,534	102,962,560

The accompanying notes on pages 8 to 33 are an integral part of these interim condensed consolidated financial statements.

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

		For the three months ended March 31	
		2018	2017
<i>In thousands of tenge</i>	Note	(unaudited)	(unaudited)
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Exchange differences on translation of foreign operations		(105,020,918)	(131,285,773)
Other comprehensive loss to be reclassified to profit or loss in subsequent periods		(105,020,918)	(131,285,773)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial income/(loss) on defined benefit plans of joint ventures		148,877	(150,239)
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		148,877	(150,239)
Other comprehensive loss for the period		(104,872,041)	(131,436,012)
Total comprehensive income/(loss) for the period, net of tax		99,213,493	(28,473,452)
Total comprehensive income/(loss) for the period attributable to:			
Equity holders of the Parent Company		98,936,626	(15,420,127)
Non-controlling interests		276,867	(13,053,325)
		99,213,493	(28,473,452)

Executive vice-president – financial director

Vice-president – finance controller

Chief accountant



S. Karabayev

A. Z. Beknazarova

Y. Y. Orynbayev

The accompanying notes on pages 8 to 33 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the three months ended March 31	
		2018	2017
<i>In thousands of tenge</i>		(unaudited)	(unaudited)
Cash flows from operating activities			
Receipts from customers		1,533,252,356	1,257,275,581
Payments to suppliers		(993,645,472)	(799,071,364)
Other taxes and payments		(258,057,918)	(160,318,810)
Income taxes paid		(31,993,777)	(25,929,236)
Interest received		36,875,214	20,967,959
Interest paid		(39,099,313)	(25,368,122)
Payments to employees		(92,724,143)	(81,029,798)
Other payments		(22,895,937)	(27,231,950)
Net cash flows from operating activities		131,711,010	159,294,260
Cash flows from investing activities			
Withdrawal/(placement) of bank deposits, net		493,527,048	(449,142,337)
Purchase of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets		(86,188,213)	(87,932,130)
Proceeds from sale of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets		1,169,269	369,722
Dividends received from joint ventures and associates		15,295,854	3,112,785
Acquisition of and contribution to joint ventures		(111)	(2,625)
Repayment of loans due from related parties		126	376,569
Repayment of debt securities		12,443	–
Loans given to related parties		(5,905,912)	(5,223,208)
Net cash flows from/(used in) investing activities		417,910,504	(538,441,224)
Cash flows from financing activities			
Proceeds from borrowings	10	58,311,083	41,072,252
Repayment of borrowings	10	(52,572,064)	(70,228,974)
Dividends paid to Samruk-Kazyna and National Bank of RK		(1,371)	–
Dividends paid to non-controlling interests		(92,845)	(27,614)
Share buyback by subsidiary	9	(618,308,436)	–
Issue of shares		–	1
Net cash flows used in financing activities		(612,663,633)	(29,184,335)
Effects of exchange rate changes on cash and cash equivalents		(40,602,100)	(26,031,433)
Changes in allowance of impairment		(19,725)	–
Net change in cash and cash equivalents		(103,663,944)	(434,362,732)
Cash and cash equivalents, at the beginning of the period		1,266,604,815	905,452,511
Cash and cash equivalents, at the end of the period		1,162,940,871	471,089,779

Executive vice-president – financial director

Vice-president – finance controller

Chief accountant



[Signature]
D.S. Karabayev

[Signature]
A.Z. Knazarova

[Signature]
Y.Y. Orynbayev

The accompanying notes on pages 8 to 33 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In thousands of tenge</i>	Attributable to equity holders 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, 2016 (audited)	696,376,625	243,655,405	222,074	1,372,771,521	3,163,685,193	801,560,097
					5,476,710,818	6,278,270,915
Net profit for the period (unaudited)	-	-	-	-	102,301,370	661,190
Other comprehensive loss (unaudited)	-	-	-	(117,571,258)	(150,239)	(13,714,515)
Total comprehensive loss for the period	-	-	-	(117,571,258)	102,151,131	(13,053,325)
					(15,420,127)	(28,473,452)
Contribution to share capital	12,967,880	(12,967,880)	-	-	-	-
Distributions to the Samruk-Kazyna	-	-	-	-	(606,389)	-
Transactions with the Samruk-Kazyna	-	-	-	-	(772,592)	-
Execution of share-based payments	-	-	(86,782)	-	-	82,487
As at March 31, 2017 (unaudited)	709,344,505	230,687,525	135,292	1,255,200,263	3,264,457,343	788,589,259
					5,459,824,928	6,248,414,187

The accompanying notes on pages 8 to 33 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

<i>In thousands of tenge</i>	Attributable to equity holders 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, 2017 (audited)	709,344,505	243,876,410	83,185	1,298,442,284	3,500,635,709	870,017,901	6,622,399,994
Changes in accounting policy (Note 2)	-	-	-	-	(12,391,462)	(6,195)	(12,397,657)
As at January 1, 2018 (restated)	709,344,505	243,876,410	83,185	1,298,442,284	3,488,244,247	870,011,706	6,610,002,337
Net profit for the period (unaudited)	-	-	-	-	200,858,316	3,227,218	204,085,534
Other comprehensive loss (unaudited)	-	-	-	(102,070,567)	148,877	(2,950,351)	(104,872,041)
Total comprehensive income for the period	-	-	-	(102,070,567)	201,007,193	276,867	99,213,493
Contribution to share capital	-	3,978,764	-	-	-	-	3,978,764
Distributions to the Samruk-Kazyna	-	-	-	-	(516,342)	-	(516,342)
Transactions with the Samruk-Kazyna	-	-	-	-	(274,742)	-	(274,742)
Share buyback by subsidiary (Note 9)	-	-	-	-	80,595,056	(698,903,491)	(618,308,435)
As at March 31, 2018 (unaudited)	709,344,505	247,855,174	83,185	1,196,371,717	3,769,055,412	171,385,082	6,094,095,075

Executive vice-president – financial director

Vice-president – finance controller

Chief accountant



The accompanying notes on pages 8 to 33 are an integral part of these interim condensed consolidated financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)****For the three months ended March 31, 2018****1. GENERAL**

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

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

As at March 31, 2018, the Company has a direct interest in 53 operating companies (as of December 31, 2017: 52) (jointly the “Group”).

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

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

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

These interim condensed consolidated financial statements of the Group were approved by the Executive vice-president – financial director, Vice-president - financial controller and the Chief accountant on May 18, 2018.

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

The interim condensed consolidated financial statements for the three months ended March 31, 2018 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, 2017.

Foreign currency translation*Functional and presentation currency*

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)****2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES
(continued)****Foreign currency translation (continued)***Transactions and balances*

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

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

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

Group companies

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

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

Exchange rates

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

The currency exchange rates of KASE as at March 31, 2018 and December 31, 2017 were 318.31 and 332.33 tenge to 1 US dollar accordingly. These rates were used for translation of monetary assets and liabilities denominated in US dollars at March 31, 2018 and December 31, 2017. The weighted average rate for three month ended March 31, 2018 were 323.15 tenge to 1 US dollar accordingly. The currency exchange rate of KASE as at May 18, 2018 was 328.31 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, 2017, except for the adoption of new standards and interpretations effective as of January 1, 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES (continued)**New and amended standards and interpretations (continued)**

The Group applies, for the first time, IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments”. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Adoption of IFRS 15 did not have significant effect on the interim condensed consolidated financial statements of the Group.

(a) Sale of goods

The Group’s contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

(b) Rendering of services

The Group fulfills performance obligation on a monthly basis and recognizes revenue from rendering of oil and gas transportation services, based on the actual volumes of services rendered. Revenue from refining and oil support services is recognized over time given that the buyer simultaneously receives and consumes the benefits provided by the Group. The adoption of IFRS 15 did not have an impact on the Group's revenue and profit or loss from rendering of services.

IFRS 9 Financial Instruments

IFRS 9 “Financial Instruments” replaces IAS 39 “Financial Instruments: Recognition and Measurement” for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. With the exception of hedge accounting, which the Group applied prospectively, the Group has applied IFRS 9 retrospectively, with the initial application date of January 1, 2018.

The Group did not restate the comparative information for the annual period beginning January 1, 2017 and recognised the adjustment to the opening balance of retained earnings and non-controlling interest as at January 1, 2018.

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

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)***IFRS 9 Financial Instruments (continued)******(a) Classification and measurement***

Under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade and other receivables, loans due from related parties and bank deposits.
- Debt instruments at FVPL. This category includes certain loans due from related parties, which contain embedded derivative financial instruments, and coupon bonds included in other financial assets.

The Group does not have financial assets at FVOCI.

The Group accounts the financial guarantee contracts after initial recognition at the higher of the initially recognized amount and the amount of the estimated provision for expected credit losses. As a result, the Group has adjusted the balance of retained earnings as of January 1, 2018 and other long-term liabilities by 778,986 thousand tenge.

The assessment of the Group's business models was made as of the date of initial application, January 1, 2018, and then applied retrospectively to those financial assets that were not derecognised before January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)****2. BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES (continued)****IFRS 9 Financial Instruments (continued)****(b) Impairment (continued)**

For other debt financial assets (i.e., loans and bank deposits), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances of the Group’s debt financial assets. As a result of this increase, the Group adjusted the balance of retained earnings and non-controlling interest as at January 1, 2018 in this interim consolidated statement of changes in equity for ECL for financial assets at amortized cost.

Impact on the consolidated statement of financial position as at January 1, 2018, as follows:

<i>In thousands of tenge</i>	As at December 31, 2017 (audited)	Effects of adoption of IFRS 9	As at January 1, 2018 (unaudited)
Assets			
Non-current assets			
Long-term bank deposits	48,523,034	(50,597)	48,472,437
Investments in joint ventures and associates	3,810,351,341	(3,236,742)	3,807,114,599
Loans and receivables due from related parties	672,448,689	(2,966,979)	669,481,710
Other non-current assets	14,027,609	(2,564)	14,025,045
Current assets			
Trade accounts receivable	306,324,631	(3,651,747)	302,672,884
<i>at cost</i>	317,477,806	–	317,477,806
<i>less: allowance for impairment</i>	(11,153,175)	(3,651,747)	(14,804,922)
Short-term bank deposits	1,638,940,642	(42,628)	1,638,898,014
Loans and receivables due from related parties	169,501,500	(1,643,991)	167,857,509
Other current assets	167,916,249	(6,232)	167,910,017
<i>at cost</i>	185,831,145	–	185,831,145
<i>less: allowance for impairment</i>	(17,914,896)	(6,232)	(17,921,128)
Cash and cash equivalents	1,190,156,359	(17,191)	1,190,139,168
Equity and liabilities			
Equity			
Retained earnings	3,500,635,709	(11,612,476)	3,489,023,233
Non-controlling interest	870,017,901	(6,195)	870,011,706

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)****2. BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES (continued)*****IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations***

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group’s interim consolidated financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management’s intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group’s interim consolidated financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Group’s accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments. In addition, the Group has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Group’s interim consolidated financial statements.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Group.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate’s or joint venture’s interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group’s interim consolidated financial statements.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. These amendments do not have any impact on the Group’s interim consolidated financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)****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 AND ASSETS CLASSIFIED AS HELD FOR SALE

The assets and liabilities, classified as discontinued operations and assets classified as held for sale as at March 31, 2018 and the results for three months ended March 31, 2018 are as follows:

<i>In thousands of tenge</i>	March 31, 2018 (unaudited)			Profit after income tax for three months ended March 31, 2018 from discontinued operation (unaudited)
	Assets classified as held for sale	Liabilities directly associated with the assets classified as held for sale	Net assets directly associated with the disposal group	
KMG International N.V.	1,077,312,979	540,892,406	536,420,573	270,420,613
Other assets*	19,923,710	1,200,871	18,722,839	6,050,225
Total	1,097,236,689	542,093,277	555,143,412	276,470,838

* Other assets include Kazakh British Technical University JSC (KBTU). The profit after tax includes result from sale of 50% of shares of KMG Usturt LLP in the amount of 7,753,537 thousand tenge.

<i>In thousands of tenge</i>	December 31, 2017 (audited)			Profit after income tax for the three months ended March 31, 2017 from discontinued operation (unaudited)
	Assets classified as held for sale	Liabilities directly associated with the assets classified as held for sale	Net assets directly associated with the disposal group	
KMG International N.V.	1,086,784,349	531,002,856	555,781,493	101,691,461
Other assets*	24,904,588	1,928,662	22,975,926	667,221
Total	1,111,688,937	532,931,518	578,757,419	102,358,682

* Other assets include Kazakh British Technical University JSC (KBTU) and KMG Usturt LLP.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)****4. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE (continued)****KMG International N.V. (KMG I)**

The results of KMG I for the three month ended March 31, 2018 and 2017 are presented below:

In thousands of tenge	For the three months ended March 31,			
	2018		2017	
	Before elimination	After elimination*	Before elimination	After elimination*
Revenue	794,617,771	680,651,814	570,142,217	472,372,702
Cost of sales	(768,565,418)	(382,710,423)	(548,122,964)	(346,197,038)
Gross profit	26,052,353	297,941,391	22,019,253	126,175,664
General and administrative expenses	(11,341,919)	(11,341,919)	(9,911,033)	(9,911,033)
Transportation and selling expenses	(15,027,768)	(15,027,768)	(12,807,955)	(12,807,955)
Impairment recognized on the re-measurement to fair value less costs to sell	(125,414)	(125,414)	244,709	244,709
Impairment of property, plant and equipment and intangible assets, other than goodwill	(545,800)	(545,800)	-	-
Other operating income/(losses)	2,073,978	2,073,978	(81,223)	(81,223)
Operating profit	1,085,430	272,974,467	(536,249)	103,620,162
Net foreign exchange loss	42,656	42,656	(233,352)	(233,352)
Finance income	338,338	338,338	152,453	152,453
Finance costs	(3,066,370)	(3,066,370)	(2,555,274)	(2,555,274)
Share in profit of joint ventures and associates, net	-	-	221,106	221,106
(Loss)/profit before income tax for the period from discontinued operations	(1,599,946)	270,289,091	(2,951,316)	101,205,095
Income tax benefit	131,522	131,522	486,366	486,366
(Loss)/profit after income tax for the period from discontinued operations	(1,468,424)	270,420,613	(2,464,950)	101,691,461

* The results are presented after eliminations of intergroup transactions (for the three months ended March 31, 2018: 113,965,957 thousand tenge of revenue and 385,854,995 thousand tenge of cost of sales; for the three months ended March 31, 2017: 97,769,515 thousand tenge of revenue and 201,925,926 thousand tenge of cost of sales)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)****4. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE (continued)****KMG International N.V. (KMG I) (continued)**

The major classes of assets and liabilities of KMG I, classified as held for sale as at March 31, 2018 and December 31, 2017 are as follows:

<i>In thousands of tenge</i>	March 31, 2018* (unaudited)	December 31, 2017* (audited)
Assets		
Property, plant and equipment	525,007,570	559,864,830
Intangible assets	66,435,435	69,774,013
Investment in associate	12,716,485	13,278,245
Deferred tax asset	32,113,341	33,544,726
Inventories	133,810,839	141,471,552
Trade accounts receivable	242,500,653	161,542,624
Other non-current assets	3,509,049	3,373,814
Other current assets	27,823,795	30,103,448
Cash and cash equivalents	33,395,812	73,831,097
Assets classified as held for sale	1,077,312,979	1,086,784,349
Liabilities		
Borrowings	163,191,489	137,808,610
Deferred income tax liabilities	65,093,122	68,725,179
Provisions	48,583,019	53,136,243
Trade accounts payable	187,278,962	188,730,872
Other taxes payable	19,508,265	24,406,316
Other non-current liabilities	159,155	156,195
Other current liabilities	57,078,394	58,039,441
Liabilities directly associated with the assets classified as held for sale	540,892,406	531,002,856
Net assets directly associated with the disposal group	536,420,573	555,781,493

* Assets and liabilities are presented after eliminations of intergroup transactions.

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

<i>In thousands of tenge</i>	For the three months ended March 31,			
	2018 (unaudited)		2017 (unaudited)	
	Before elimination	After elimination*	Before elimination	After elimination*
Operating	(61,593,036)	204,698,075	(2,748,015)	126,214,662
Investing	31,288,999	31,288,999	(8,717,519)	(8,717,519)
Financing	(7,584,007)	(7,584,007)	11,411,708	11,411,708
Net cash (outflows)/inflows	(37,888,044)	228,403,067	(53,826)	128,908,851

* The cash flows are presented after eliminations of intergroup transactions (for the three months ended March 31, 2018: 266,291,111 thousand tenge of cash inflow from operating activities; for the three months ended March 31, 2017: 128,962,677 thousand tenge)

As at March 31, 2018, items of property, plant and equipment with the net book value of 330,355,273 thousand tenge related to discontinued operations (as at December 31, 2017: 346,416,024 thousand tenge) were pledged as collateral to secure borrowings and payables of KMGI.

As at March 31, 2018 KMGI has pledged trade accounts receivable and inventory of approximately 77,447,472 thousand tenge and 97,857,149 thousand tenge, respectively, as a collateral under its borrowings (as at December 31, 2017: 58,115,548 thousand tenge and 111,843,564 thousand tenge, respectively) related to discontinued operations.

As at March 31, 2018 the initial cost and correspondingly accumulated depreciation of fully depreciated but still in use property, plant and equipment of KMGI were 195,680,461 thousand tenge (as at December 31, 2017: 201,459,026 thousand tenge).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)****5. BANK DEPOSITS**

<i>In thousands of tenge</i>	March 31, 2018 (unaudited)	December 31, 2017 (audited)
Denominated in US dollar	1,096,005,292	1,656,762,879
Denominated in tenge	18,325,178	28,228,345
Denominated in other currency	2,468,891	2,472,452
Less: allowance for impairment	(461,149)	–
	1,116,338,212	1,687,463,676

As at March 31, 2018 the allowance for impairment includes the provision for expected credit loss on current and non-current bank deposits on the initial application date of IFRS 9 in the amount of 50,597 thousand tenge.

As at March 31, 2018, the weighted average interest rate for long-term bank deposits was 1.00% in US dollars and 2.44% in tenge (as at December 31, 2017: 1.07% in US dollars and 2.29% in tenge).

As at March 31, 2018, the weighted average interest rate for short-term bank deposits was 1.36% in US dollars, 7.55% in tenge and 0.65% in other foreign currencies (as at December 31, 2017: 1.65% in US dollars, 7.51% in tenge and 0.65% in other foreign currencies).

<i>In thousands of tenge</i>	March 31, 2018 (unaudited)	December 31, 2017 (audited)
Maturities under 1 year	1,068,087,947	1,638,940,642
Maturities between 1 and 2 years	39,843	835,902
Maturities over 2 years	48,210,422	47,687,132
	1,116,338,212	1,687,463,676

As at March 31, 2018 bank deposits include cash pledged as collateral of 47,488,650 thousand tenge (as at December 31, 2017: 62,072,850 thousand tenge), which are represented mainly by 32,566,756 thousand tenge (as at December 31, 2017: 32,100,440 thousand tenge) at restricted bank accounts designated as a liquidation fund per requirements of subsoil use contracts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)**6. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

In thousands of tenge	Main activity	Place of business	March 31, 2018 (unaudited)		December 31, 2017 (audited)	
			Carrying value	Percentage ownership	Carrying value	Percentage ownership
Joint ventures						
Kashagan B.V.	Oil and gas exploration and production	Kazakhstan	1,679,401,495	50.00%	1,743,495,073	50.00%
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	1,399,188,666	20.00%	1,353,084,254	20.00%
Mangistau Investments B.V.	Oil and gas development and production	Kazakhstan	157,270,956	50.00%	135,780,525	50.00%
Ural Group Limited BVI	Oil and gas exploration and production	Kazakhstan	65,823,879	50.00%	78,031,456	50.00%
KazGerMunay LLP	Oil and gas exploration and production	Kazakhstan	52,692,246	50.00%	47,537,370	50.00%
Valsera Holding BV	Oil refining	Kazakhstan	37,454,621	50.00%	36,736,906	50.00%
Beineu-Shymkent Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	35,393,161	50.00%	17,700,751	50.00%
KazakhOil-Aktobe LLP	Production of crude oil	Kazakhstan	24,316,035	50.00%	22,715,643	50.00%
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	22,342,738	50.00%	33,760,512	50.00%
Teniz Services LLP	Design, construction and operation of infrastructure facilities, support of offshore oil operations	Kazakhstan	6,404,508	48.996%	6,134,421	48.996%
Other			25,866,179		22,648,911	
Associates						
Caspian Pipeline Consortium (CPC)	Transportation of liquid hydrocarbons	Kazakhstan / Russia	198,243,753	20.75%	195,094,592	20.75%
PetroKazakhstan Inc. ("PKI")	Exploration, production and processing of oil and gas	Kazakhstan	115,802,700	33.00%	115,920,426	33.00%
Other			2,309,217		1,710,501	
			3,822,510,154		3,810,351,341	

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

As at March 31, 2018 the Group's share in unrecognized losses of joint ventures and associates was equal to 77,606,791 thousand tenge (as at December 31, 2017: 175,622,640 thousand tenge). Decrease in unrecognized losses mainly attributable to the net profit of Asia Gas Pipeline LLP of 91,959,169 thousand tenge.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)****6. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)**

The following table summarizes the movements in equity investments in joint ventures and associates during the three months ended March 31, 2018:

In thousands of tenge

At December 31, 2017 (audited)	3,810,351,341
Share in profits of joint ventures and associates, net (Note 17)	164,694,513
Other changes in the equity of the joint venture	1,057,855
Change in accounting policy (Note 2)	(3,236,742)
Dividends received	(15,295,854)
Change in dividends receivable	13,479,263
Acquisitions*	4,132,965
Refund of contributions without change in ownership	(489,960)
Adjustment of unrealized income	(597,626)
Foreign currency translation	(151,585,601)
At March 31, 2018 (unaudited)	3,822,510,154

* In January, 2018 the Group completed the sale of 50 % interest in KMG Usturt LLP classified as discontinued operations and recognized its retained 50% interest at its fair value of 4,132,654 thousand tenge.

7. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

<i>In thousands of tenge</i>	March 31, 2018 (unaudited)	December 31, 2017 (audited)
Advances paid and prepaid expenses	66,742,440	85,533,159
Taxes receivable, other than VAT	17,525,485	23,492,489
Dividends receivable	15,525,204	29,009,976
Restricted cash	12,543,631	13,056,590
Other current assets	29,862,601	34,738,931
Less: allowance for impairment	(17,601,033)	(17,914,896)
Total other current assets	124,598,328	167,916,249
Trade accounts receivable	304,493,830	317,477,806
Less: allowance for impairment	(14,639,896)	(11,153,175)
Trade accounts receivable	289,853,934	306,324,631

As at March 31, 2018 and at December 31, 2017 the above assets were non-interest bearing.

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

In thousands of tenge

At December 31, 2017 (audited)	29,068,071
Change in accounting policy (Note 2)	3,657,979
Charge for the period	2,577,913
Recovered	(2,344,075)
Written off	(44,791)
Transfers and reclassifications	(50)
Foreign currency translation	(674,118)
At March 31, 2018 (unaudited)	32,240,929

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)****8. CASH AND CASH EQUIVALENTS**

<i>In thousands of tenge</i>	March 31, 2018 (unaudited)	December 31, 2017 (audited)
Term deposits with banks – US dollars	534,662,084	790,300,142
Term deposits with banks – tenge	187,253,119	115,103,490
Current accounts with banks – US dollars	352,447,832	250,473,444
Current accounts with banks – tenge	46,921,110	30,272,279
Current accounts with banks – other currencies	2,445,065	2,139,505
Term deposits with banks – other currencies	42,654	43,535
Cash-on-hand	2,922,025	1,823,964
Less: allowance for impairment	(19,725)	–
	1,126,674,164	1,190,156,359
Cash and cash equivalents attributable to discontinued operations	36,266,707	76,448,456
	1,162,940,871	1,266,604,815

As at March 31, 2018 the allowance of impairment includes the provision for expected credit loss on cash and cash equivalents on the initial application date of IFRS 9 in the amount of 17,191 thousand tenge.

Term deposits with banks are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. As at March 31, 2018 the weighted average interest rate for time deposits with banks was 1.75% in US dollars and 7.50% in tenge, respectively (as at December 31, 2017: 1.04% in US dollars and 7.85% in tenge, respectively).

9. EQUITY**Book value per share**

In accordance with the decision of KASE dated October 4, 2010 financial statements shall disclose book value per share (ordinary and preferred) as of the reporting date, calculated in accordance with the KASE rules.

<i>In thousands of tenge</i>	March 31, 2018 (unaudited)	December 31, 2017 (audited)
Total assets	12,688,112,464	13,388,753,337
Less: intangible assets	114,232,674	115,431,414
Less: total liabilities	6,594,017,389	6,766,353,343
Net assets	5,979,862,401	6,506,968,580
Number of ordinary shares	589,399,889	589,399,889
Book value per ordinary share, tenge	10,146	11,040

Earnings per share

<i>In thousand tenge</i>	For the three months ended March 31, 2018 (unaudited)	2017 (unaudited)
Weighted average number of common shares for basic and diluted earnings per share	589,399,889	587,670,838
Basic and diluted share in net profit for the period	0.346	0.175
Basic and diluted share in loss from continuing operations	(0.123)	0.001

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)****9. EQUITY (continued)****Non-controlling interest**

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

	Country of incorporation and operation	March 31, 2018 (unaudited)		December 31, 2017 (audited)	
		Share	Carrying value	Share	Carrying value
KazMunayGas Exploration Production JSC ("KMG EP")	Kazakhstan	5.55%	82,887,571	36.99%	779,932,098
Rompetrol Downstream S.R.L.	Romania	45.37%	45,506,402	45.37%	46,577,301
KazTransOil JSC	Kazakhstan	10.00%	44,353,617	10.00%	42,861,526
Rompetrol Petrochemicals S.R.L.	Romania	45.37%	7,482,126	45.37%	8,698,505
Rompetrol Rafinare S.A.	Romania	45.37%	(937,269)	45.37%	705,953
Rompetrol Vega	Romania	45.37%	(18,680,329)	45.37%	(19,743,196)
Other			10,772,964		10,985,714
			171,385,082		870,017,901

On December 8, 2017 KMG EP announced the launch of a conditional tender offer ("Tender Offer") to repurchase all of its outstanding GDRs at a price of 14.00 US dollars per GDR. On January 23, 2018 KMG EP also announced the launch of an offer to repurchase all of its common shares ("Share Offer") placed on KASE at a price of 84.00 US dollars per a common share. On February 19, 2018, the first settlement date of the Tender Offer and the Share Offer ("First settlement date"), KMG EP acquired 134,070,054 GDRs and 320,688 common shares.

10. BORROWINGS

	March 31, 2018 (unaudited)	December 31, 2017 (audited)
<i>In thousands of tenge</i>		
Fixed interest rate borrowings	3,057,165,216	3,137,181,680
Weighted average interest rates	6.31%	6.30%
Floating interest rate borrowings	974,150,438	1,026,261,847
Weighted average interest rates	5.12%	5.21%
	4,031,315,654	4,163,443,527

	March 31, 2018 (unaudited)	December 31, 2017 (audited)
<i>In thousands of tenge</i>		
US dollar – denominated borrowings	3,801,193,579	3,942,714,607
Tenge-denominated borrowings	230,122,075	220,728,920
	4,031,315,654	4,163,443,527

	March 31, 2018 (unaudited)	December 31, 2017 (audited)
<i>In thousands of tenge</i>		
Current portion	781,829,072	763,955,792
Non-current portion	3,249,486,582	3,399,487,735
	4,031,315,654	4,163,443,527

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)**10. BORROWINGS (continued)**

As at March 31, 2018 and December 31, 2017, the debt securities issued and loans comprised:

Bonds	Issuance amount	Redemption date	Interest	As at March 31, 2018 (unaudited)	As at December 31, 2017 (audited)
Bonds LSE 2008	1.6 billion USD	2018	9.125%	520,045,202	530,055,240
Bonds LSE 2010	1.5 billion USD	2020	7.00%	443,284,158	454,158,285
Bonds LSE 2010	1.25 billion USD	2021	6.375%	365,224,474	374,885,399
Bonds LSE 2013	2 billion USD	2043	5.75%	161,737,326	166,367,016
Bonds LSE 2013	1 billion USD	2023	4.4%	129,716,620	133,839,108
Bonds LSE 2014	1 billion USD	2044	6.00%	9,421,126	9,682,106
Bonds LSE 2014	0.5 billion USD	2025	4.875%	39,259,213	40,464,693
Bonds LSE 2017	0.750 billion USD	2027	4.375%	238,032,645	251,244,525
Bonds LSE 2017	0.5 billion USD	2022	3.875%	161,358,747	166,818,793
Bonds LSE 2017	1 billion USD	2027	4.75%	321,982,886	332,127,939
Bonds LSE 2017	1.25 billion USD	2047	5.75%	401,016,937	412,643,834
Bonds KASE 2009	120 billion KZT	2019	6M Libor+8.5%	51,726,549	73,636,569
Others				13,050,281	13,276,427
Total				2,855,856,164	2,959,199,934

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)**10. BORROWINGS (continued)**

Loans	Issuance amount	Redemption date	Interest	As at March 31, 2018 (unaudited)	As at December 31, 2017 (audited)
Development bank of Kazakhstan JSC	1.1 billion USD	2023-2025	4% + 6M Libor – 7.72%	259,493,596	294,631,602
The Export-Import Bank of China	1 billion USD	2027	6M Libor + 4.1%	338,185,539	340,200,397
Sberbank Russia	400 million USD	2024	12M Libor + 3.5%	128,582,807	134,039,138
Development bank of Kazakhstan JSC	140 billion KZT	2022-2027	7%-10.2%	127,415,301	115,480,135
Loan from partners (Project Pearl)	Financing for share of costs KMT in execution of subsoil use contract	From beginning of commercial exploration	6M Libor + 1%	84,577,000	87,370,787
European Bank for Reconstruction and Development	68 billion KZT	2023	3 M CPI + 3.15%	63,049,771	65,373,153
Japan Bank for International Cooperation	298 million USD	2025	6M Libor + 1.10% - 4.64%	72,259,969	62,386,497
Loan from partners (Project Satpayev)	Financing for share of costs KMT in execution of subsoil use contract	From beginning of commercial exploration	12M Libor + 1.5%	49,454,571	51,214,229
Halyk bank JSC	70 million USD	2018	5%	22,334,310	23,315,765
Halyk bank JSC	5 billion KZT	2018	13%-15%	3,137,342	3,137,832
Other	–	–	–	26,969,284	27,094,058
Total				1,175,459,490	1,204,243,593

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)****10. BORROWINGS (continued)****Hedge of net investment in the foreign operations**

As at March 31, 2018 certain borrowings denominated in foreign currency were designated as hedge instrument for the net investment in the foreign operations. For the three months ended March 31, 2018, income of 112,102,792 thousand tenge (for the three months ended March 31, 2017 income of 133,681,838 thousand tenge) on the translation of these borrowings was transferred to other comprehensive income and offset the loss on translation of foreign operations.

Covenants

The Group is required to ensure execution of the financial and non-financial covenants under the terms of the loan agreements. Failure to comply with financial covenants gives the lenders the right to demand early repayment of loans. As of March 31, 2018 and December 31, 2017, the Group complied with all financial and non-financial covenants.

11. OIL SUPPLY AGREEMENT

In 2016 the Group entered into long-term crude oil and liquefied petroleum gas (“LPG”) supply agreement, which involve the prepayment. The total minimum delivery volume approximates 38 million tons of crude oil and 1 million tons of LPG in the period from the date of the contract to March 2021.

In January 2018 in accordance with an amendment signed in December 2017, the Group received an additional prepayment in the amount of 249,699 thousand US dollars (equivalent of 80,690,146 thousand tenge at the date of transaction) net of transaction costs.

The agreement stipulates pricing calculation with reference to market quotes and prepayments are settled through physical deliveries of crude oil and LPG.

The Group considers this agreement to be regular way agreement to deliver non-financial items in accordance with the Group’s expected sale requirements.

For the three months ended March 31, 2018 the Group has partially settled the prepayments by oil supply in the total amount of 250,000 thousand US dollars.

12. REVENUE

	For the three months ended March 31	
	2018 (unaudited)	2017 (unaudited)
<i>In thousands of tenge</i>		
Sales of crude oil, gas and gas products	546,276,761	388,000,285
Transportation fee	83,268,691	84,421,880
Sales of refined products	83,073,419	64,904,333
Refining of oil and oil products	42,313,181	31,174,223
Quality bank for crude oil	(2,613,838)	(6,244,723)
Other revenue	31,381,510	29,643,891
	783,699,724	591,899,889

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)****13. COST OF SALES**

<i>In thousands of tenge</i>	For the three months ended March 31	
	2018	2017
	(unaudited)	(unaudited)
Crude oil, gas and gas products	509,140,088	264,549,188
Payroll	70,194,141	71,055,724
Transportation costs	57,176,508	31,273,905
Depreciation, depletion and amortization	47,983,435	44,034,489
Mineral extraction tax	25,605,585	22,188,271
Materials and supplies	22,341,747	21,935,813
Other taxes	17,435,946	13,604,524
Electricity	12,005,491	10,920,382
Repair and maintenance	7,825,370	6,113,360
Other	26,846,043	24,283,444
	796,554,354	509,959,100

14. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In thousands of tenge</i>	For the three months ended March 31	
	2018	2017
	(unaudited)	(unaudited)
Payroll	12,533,795	12,801,883
Depreciation and amortization	3,753,846	3,110,119
Consulting services	3,301,725	1,309,680
Social payments	2,319,486	671,045
Other taxes	2,106,287	1,951,761
VAT that cannot be offset	(725,371)	468,298
(Recovery of)/allowance for provision for obsolete and slow-moving inventories	(35,862)	512,421
Allowance for/(recovery of) impairment of other current assets	166,710	(7,468)
Allowance for/(recovery of) impairment of trade accounts receivable	67,128	(197,854)
Allowance for/(recovery of) fines, penalties and tax provisions	376,899	(4,282,979)
Charitable donations and sponsorship	47,514	73,266
Other	8,089,946	6,494,165
	32,002,103	22,904,337

15. TRANSPORTATION AND SELLING EXPENSES

<i>In thousands of tenge</i>	For the three months ended March 31	
	2018	2017
	(unaudited)	(unaudited)
Customs duty	29,306,120	25,065,438
Rent tax on crude oil export	29,060,409	18,638,210
Transportation	15,381,257	17,597,712
Payroll	1,261,267	1,491,990
Depreciation and amortization	733,748	1,410,045
Other	4,452,507	3,130,251
	80,195,308	67,333,646

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)****16. FINANCE INCOME / FINANCE COSTS****Finance income**

<i>In thousands of tenge</i>	For the three months ended March 31	
	2018	2017
	(unaudited)	(unaudited)
Interest income on bank deposits, loans and bonds	16,211,309	17,216,874
Amortization of discount on loans due from related parties	9,563,323	7,878,988
Other	4,196,215	2,211,714
	29,970,847	27,307,576

Finance costs

<i>In thousands of tenge</i>	For the three months ended March 31	
	2018	2017
	(unaudited)	(unaudited)
Interest on loans and debt securities issued	56,181,733	39,959,965
Interest under oil supply agreement (Note 11)	7,909,743	6,348,540
Unwinding of discount on asset retirement obligations and provision for environmental obligation	2,790,876	2,408,091
Amortization of discount on loans and debt securities issued	1,500,933	2,568,165
Discount on assets with non-market interest rate	838,534	3,984,679
Impairment of bank deposits and cash and cash equivalents	414,119	-
Other	7,597,450	4,408,706
	77,233,388	59,678,146

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

<i>In thousands of tenge</i>	For the three months ended March 31	
	2018	2017
	(unaudited)	(unaudited)
Tengizchevroil LLP	104,755,971	64,153,928
Mangistau Investments B.V.	21,341,554	8,817,879
Beineu-Shymkent Gas Pipeline	16,866,611	1,007,157
Caspian Pipeline Consortium	11,552,425	10,845,612
Kashagan B.V.	9,603,049	(6,493,580)
KazGerMunay LLP	6,959,454	6,927,839
PetroKazakhstan Inc.	3,585,328	1,826,396
Kazakhoil-Aktobe LLP	1,600,392	(2,001,932)
Valsera Holdings B.V.	1,315,341	5,701,012
KazRosGas LLP	(5,985,061)	(6,118,894)
Ural Group Limited	(9,016,135)	(416,402)
Share in profit of other joint ventures and associates	2,115,584	1,666,192
	164,694,513	85,915,207

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)****18. INCOME TAX EXPENSE**

<i>In thousands of tenge</i>	For the three months ended March 31	
	2018	2017
	(unaudited)	(unaudited)
Current income tax		
Corporate income tax	26,076,317	17,315,659
Excess profit tax	(2,763,874)	(435,130)
Withholding tax on dividends and interest income	3,429,633	1,413,560
Deferred income tax		
Corporate income tax	15,082,166	14,274,397
Excess profit tax	(7,589,617)	1,086,118
Withholding tax on dividends and interest income	6,915,662	(793,507)
Income tax expense	41,150,287	32,861,097

19. RELATED PARTY DISCLOSURES

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

The following table provides the balances of transactions with related parties as at March 31, 2018 and December 31, 2017:

<i>In thousands of tenge</i>		Due from	Due to	Cash and	Borrowings
		related parties	related parties	deposits	payable to
				placed with	related parties
Samruk-Kazyna entities	March 31, 2018	294,949,000	4,563,596	38,261	–
	December 31, 2017	289,084,327	1,703,093	53,959	–
Associates	March 31, 2018	136,066,691	5,251,684	–	–
	December 31, 2017	154,953,597	3,747,640	–	–
Other related parties	March 31, 2018	–	5,668,235	–	444,732,612
	December 31, 2017	–	8,752,609	2,675,566	489,948,733
Joint ventures in which the Group is a venturer	March 31, 2018	470,433,113	177,785,531	–	–
	December 31, 2017	556,563,795	194,182,312	–	–

Due from related parties

For the three months ended March 31, 2018 the Company provided the additional interest free loan to the Samruk-Kazyna in the amount of 4,507,046 thousand tenge. The difference between fair value and nominal value of the loan amounting 274,742 thousand tenge recognized as transaction with Samruk-Kazyna in the interim consolidated statement of changes in equity.

As at March 31, 2018 changes in due from associates mainly related to the repayment of interest and revaluating of the right to claim payments under “Kazakhstan Note” in the amount of 8,790,272 thousand tenge and 4,938,186 thousand tenge, respectively.

As at March 31, 2018 decrease in due from joint ventures mainly due to decreasing of prepayment to Tengizchevroil LLP in the amount of 25,845,296 thousand tenge and decreasing of trade accounts receivable for goods and services of KazRosGas LLP in the amount of 45,950,848 thousand tenge.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)****19. RELATED PARTY DISCLOSURES (continued)****Due to related parties**

As at March 31, 2018 changes of due to joint ventures mainly include increasing of trade payable for goods and services to BeineuShymkent Pipelines in the amount of 32,341,254 thousand tenge and decreasing of trade payable for goods and services to KazRosGas LLP and Tengizchevroil LLP in the amount of 47,475,337 thousand tenge and 5,416,613 thousand tenge, respectively.

Borrowings payable to related parties

For the three months ended March 31, 2018 the Group redeemed bonds and loans payable to DBK in the total amount of 53,967,598 thousand tenge, including interest.

The following table provides the total amount of transactions, which have been entered into with related parties during three months ended March 31, 2018 and 2017:

<i>In thousands of tenge</i>		Sales to related parties	Purchases from related parties	Interest earned from related parties	Interest incurred to related parties
Samruk-Kazyna entities	March 31, 2018	21,290,466	6,776,328	7,086,942	-
	March 31, 2017	22,649,726	6,444,148	6,389,711	-
Associates	March 31, 2018	7,104,576	20,103,209	1,970,232	-
	March 31, 2017	8,838,151	22,234,173	2,186,927	2,009
Other related parties	March 31, 2018	14,296,024	-	-	7,032,578
	March 31, 2017	25,317,114	2,508,984	-	6,521,647
Joint ventures in which the Group is a venturer	March 31, 2018	64,406,106	357,386,737	7,715,898	284,771
	March 31, 2017	59,007,086	253,263,161	5,962,090	-

Purchases transactions with joint ventures mainly represented by transactions with Tengizchevroil LLP under oil supply agreement (Note 11). Purchase transactions with Samruk-Kazyna, other state-controlled entities 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 1,959,434 thousand tenge and 1,411,655 thousand tenge for the three months ended March 31, 2018 and 2017, respectively. Compensation to key management personnel consists of contractual salary and performance bonus based on operating results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)**20. FINANCIAL INSTRUMENTS****Fair values of financial instruments and investment property**

The carrying amount of the Group financial instruments and investment property as at March 31, 2018 and December 31, 2017 are reasonable approximation of their fair value, except for the financial instruments and investment property disclosed below:

<i>In thousands of tenge</i>	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)
As at March 31, 2018 (unaudited)			
Bonds receivable from the Samruk-Kazyna		18,210,397	-
Fixed interest rate borrowings	14,250,978	3,046,820,341	237,148,214
Financial guarantee	3,057,165,216	12,690,952	-
Investment property	12,690,952	30,263,855	-
	27,249,763		30,263,855

<i>In thousands of tenge</i>	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)
As at December 31, 2017 (audited)			
Bonds receivable from Samruk-Kazyna		21,807,281	-
Fixed interest rate borrowings	18,342,494	3,230,351,979	233,874,071
Financial guarantee	3,137,181,680	11,937,863	11,937,863
Investment property	11,937,863	30,263,855	-
	27,423,225		30,263,855

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

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)****21. 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, 2017, the following changes have taken place during the three months ended March 31, 2018:

Cost recovery audits

As of March 31, 2018 the Group's share in the total disputed amounts of the non-recoverable costs is 268,570,085 thousand tenge (as of December 31, 2017: 242,915,341 thousand 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.

Kazakhstan local market obligation

During three months ended March 31, 2018, in accordance with its obligations, the Group delivered 1,487,355 tons of crude oil (three months ended March 31, 2017: 724,707 tons), including joint ventures, to the Kazakhstan market.

Commitments under subsoil use contracts

As at March 31, 2018 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
2018	120,698,009	7,360,347
2019	17,366,587	3,760,347
2020	7,051,294	4,138,182
2021	3,211,623	3,367,112
2022-2048	10,459,622	17,226,798
Total	158,787,135	35,852,786

Oil supply commitments

As of March 31, 2018 the Group had commitments under the oil supply agreement in the amount of 22.3 million ton to be delivered till March 2021 (as at December 31, 2017: 28.7 million ton).

Other contractual commitments

As at March 31, 2018, the Group had other capital commitments of approximately 626,022,647 thousand tenge (as at December 31, 2017: 684,856,470 thousand tenge), including joint ventures, related to acquisition and construction of property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)**22. SEGMENT REPORTING**

The following represents information about operating segments of the Group as at March 31, 2018 and for the three months then ended:

<i>In thousands of tenge</i>	Exploration and production of oil and gas and trading of own refined products	Oil transportation	Gas trading and transportation	Refining and trading of crude oil and refined products	Other	Elimination	Total
Revenues from sales to external customers	40,021,265	46,583,022	209,441,275	466,729,912	20,924,250	-	783,699,724
Revenues from sales to other segments	266,666,342	11,213,037	458,573	204,492,591	7,660,303	(490,490,846)	-
Total revenue	306,687,607	57,796,059	209,899,848	671,222,503	28,584,553	(490,490,846)	783,699,724
Gross profit	168,395,687	24,527,586	38,151,339	42,357,685	180,755	(286,467,682)	(12,854,630)
Finance income	7,573,280	1,213,466	4,720,336	10,687,717	29,972,395	(24,196,347)	29,970,847
Finance costs	(3,932,070)	(3,222,820)	(10,697,077)	(22,773,564)	(60,233,470)	23,625,613	(77,233,388)
Depreciation, depletion and amortization	(19,433,708)	(8,973,451)	(8,930,726)	(12,843,856)	(3,144,502)	-	(53,326,243)
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets other than goodwill	(406,833)	(45,183)	-	-	64,284	-	(387,732)
Share in profit of joint ventures and associates, net	139,492,912	12,229,392	10,888,676	1,977,371	106,162	-	164,694,513
Income tax expenses	(20,647,703)	(4,778,854)	(7,794,809)	(12,793,962)	4,865,041	-	(41,150,287)
Net profit for the period	153,019,432	25,580,355	31,198,890	41,865,727	(45,574,476)	(2,004,394)	204,085,534
Other segment information							
Investments in joint ventures and associates	3,506,130,932	212,637,520	58,808,698	42,511,664	2,421,340	-	3,822,510,154
Capital expenditures	29,210,868	17,061,251	7,506,959	26,515,381	1,449,452	-	81,743,911
Allowances for obsolete inventories, doubtful accounts receivable, advances paid, and other assets	(5,540,037)	(4,353,140)	(11,204,595)	(5,445,661)	(16,861,403)	-	(43,404,836)
Assets of the segment	5,867,345,554	912,707,786	1,493,707,631	3,615,834,372	2,376,613,631	(1,578,096,510)	12,688,112,464
Liabilities of the segment	624,943,487	181,672,486	781,896,833	2,711,892,430	3,826,165,728	(1,532,553,575)	6,594,017,389

Eliminations represent the exclusion of intra-group turnovers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)**22. 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, 2017 and for the three months ended March 31, 2017:

<i>In thousands of tenge</i>	Exploration and production of oil and gas and trading of own refined products	Oil transportation	Gas trading and transportation	Refining and trading of crude oil and refined products	Exploration and production of oil and gas and trading of own refined products	Elimination	Total
Revenues from sales to external customers	23,524,307	48,341,673	150,447,822	349,448,149	20,137,938	-	591,899,889
Revenues from sales to other segments	232,255,555	11,770,099	426,371	14,563,584	6,693,231	(265,708,840)	-
Total revenue	255,779,862	60,111,772	150,874,193	364,011,733	26,831,169	(265,708,840)	591,899,889
Gross profit	136,337,183	26,972,003	26,639,685	32,128,522	(6,672,721)	(133,463,883)	81,940,789
Finance income	7,665,916	1,906,805	3,747,065	12,140,737	20,992,785	(19,145,732)	27,307,576
Finance costs	(4,094,818)	(1,375,611)	(7,148,311)	(19,433,354)	(45,244,938)	17,618,886	(59,678,146)
Depreciation, depletion and amortization	(20,753,914)	(7,991,432)	(7,498,300)	(9,795,082)	(2,548,104)	-	(48,586,832)
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets other than goodwill	-	(497)	(141,270)	-	-	-	(141,767)
Share in profit of joint ventures and associates, net	73,594,511	11,725,629	(5,099,110)	5,798,424	(104,247)	-	85,915,207
Income tax expenses	(5,855,625)	(3,525,741)	(7,992,117)	(12,263,904)	(3,223,710)	-	(32,861,097)
Net profit for the period	78,078,378	30,640,956	35,055,551	45,166,374	(63,193,773)	(22,784,926)	102,962,560
Other segment information							
Investments in joint ventures and associates	3,503,893,511	208,816,622	52,561,936	41,381,920	3,697,352	-	3,810,351,341
Capital expenditures	58,683,463	2,989,051	10,060,164	70,635,396	2,747,411	-	145,115,485
Allowances for obsolete inventories, doubtful accounts receivable, advances paid, and other assets	(4,390,424)	(4,288,838)	(9,231,998)	(5,327,690)	(13,201,216)	-	(36,440,166)
Assets of the segment	6,542,104,710	904,925,698	1,444,619,613	3,624,699,943	2,363,946,296	(1,491,542,923)	13,388,753,337
Liabilities of the segment	629,755,726	186,128,956	760,480,222	2,743,729,400	3,878,415,567	(1,432,156,528)	6,766,353,343

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

23. SUBSEQUENT EVENTS

On April 5, 2018 KMG EP made the final settlement under the Tender Offer and the Share Offer in the amount of 6,617 million tenge for the repurchase of 1,384,856 GDRs and 15,896 ordinary shares.

On April 11, 2018 KMG EP submitted notices to the Financial Conduct Authority to cancel the standard listing of the GDRs on the Official List and to the LSE to cancel admission of the GDRs to trading on the main market of the LSE. On April 11, 2018 KMG EP also submitted an application for the delisting of the common shares and the GDRs to the Listing Commission of the KASE. On May 10, 2018 KMG EP announced that the LSE delisting is effective and KASE has approved the KASE delisting too.

In April and May, 2018 the Company made an interest repayment of the Eurobonds in the total amount of 136,746 thousand US dollars (equivalent to 44,561,791 thousand tenge on the due date).

On April 20, 2018 the Company received dividends from Tengizchevroil LLP in the amount of 33,230,580 thousand tenge.

On April 24, 2018, the Company completed the placement of the Eurobonds under the 10.5 billion US dollars Global Medium Term Notes Programme established by the Company and KazMunaiGaz Finance Sub B.V. (subsidiary of the Company), in an aggregate principal amount of 3.25 billion US dollars. The Eurobonds were issued in three series, comprising (i) 500,000 thousand US dollars 4.750% Notes due 2025 (equivalent to 163,260,000 thousand tenge); (ii) 1,250,000 thousand US dollars 5.375% Notes due 2030 (equivalent to 408,150,000 thousand tenge); and (iii) US 1,500,000 thousand US dollars 6.375% Notes due 2048 (equivalent to 489,780,000 thousand tenge).

In April 2018 the Company has provided the additional interest free loan to Samruk-Kazyna in the total amount 19,445,033 thousand tenge.

On April 11, 2018 by the Consortium of companies Ersai Caspian Contractor LLP and Caspian Offshore and Marine Construction LLP in the framework of arbitration proceedings with KMG D&S (subsidiary of the Group) according to purchase contract on construction of JUDR, has been decreased the amount of claim down to 140,017 thousand US dollars (equivalent to 46,328,825 thousand tenge).

On May 4 and 11, 2018 made early redemption of Eurobonds in the total amount of 3,463,450 thousand US dollars (equivalent to 1,143,982,111 thousand tenge at the date of payment), including interest.

On May 17, 2018 in accordance with loan agreement KTG received a loan from Citibank NA, Mizuho Bank ILtd., MUFG Bank Ltd., Societe Generale, Societe Generale Corporate&Investment Banking, Citibank N.A. and ING Bank in the amount of 200,000 thousand US dollars (equivalent to 65,832,000 thousand tenge).