

JSC “National Company “KazMunayGas”

Interim condensed consolidated financial statements
(unaudited)

For the three and nine months ended September 30, 2016

CONTENTS

Report on review of the interim condensed consolidated financial statements

Interim condensed consolidated financial statements (unaudited)

Interim condensed consolidated statement of financial position.....	1-2
Interim condensed consolidated statement of comprehensive income.....	3-4
Interim condensed consolidated statement of cash flows	5-7
Interim condensed consolidated statement of changes in equity	8-9
Notes to the interim condensed consolidated financial statements (unaudited).....	10-35

Report on review of interim condensed consolidated financial statements

To the Shareholders 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 September 2016, and the related interim consolidated statements of comprehensive income for the three and nine months then ended, statements of changes in equity and cash flows for the nine months then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

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" are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young LLP

Gulmira Turmagambetova

Gulmira Turmagambetova
Auditor / General Director
Ernst and Young LLP

Auditor qualification certificate
No. 0000374 dated 21 February 1998

21 November 2016



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In thousands of tenge</i>	Note	September 30, 2016 (unaudited)	December 31, 2015 (audited)
Assets			
Non-current assets			
Property, plant and equipment	5	2,840,690,590 ✓	2,651,338,456 ✓
Exploration and evaluation assets		220,605,154 ✓	208,526,063 ✓
Investment property		29,591,833 ✓	29,260,917 ✓
Intangible assets		117,853,084 ✓	116,514,982 ✓
Long-term bank deposits	6	50,867,310 ✓	48,808,421 ✓
Investments in joint ventures and associates	7	3,554,735,903 ✓	3,422,939,745 ✓
Deferred income tax assets		90,305,692 ✓	107,481,291 ✓
VAT receivable		75,895,532 ✓	42,455,417 ✓
Advances for non-current assets		119,967,293 ✓	133,734,033 ✓
Bonds receivable from Samruk-Kazyna		37,609,152 ✓	37,400,972 ✓
Note receivable from a shareholder of a joint venture		24,549,618 ✓	21,602,249 ✓
Note receivable from associate		37,365,548 ✓	42,319,688 ✓
Loans and receivable due from related parties	9	493,743,098 ✓	433,410,880 ✓
Other non-current assets		31,643,253 ✓	26,256,696 ✓
		7,725,423,060 ✓	7,322,049,810 ✓
Current assets			
Inventories		123,752,225 ✓	125,506,949 ✓
VAT receivable		91,724,687 ✓	88,709,365 ✓
Income tax prepaid		71,153,039 ✓	60,482,541 ✓
Trade accounts receivable	8	131,529,803 ✓	95,261,169 ✓
Short-term bank deposits	6	1,375,175,437 ✓	947,909,540 ✓
Bonds receivable from Samruk-Kazyna		3,330,000 ✓	4,440,000 ✓
Loans and receivable due from related parties	9	127,756,943 ✓	113,045,841 ✓
Note receivable from a shareholder of a joint venture		8,717,491 ✓	8,821,698 ✓
Other current assets	8	105,521,565 ✓	92,945,564 ✓
Cash and cash equivalents	10	834,845,487 ✓	768,576,619 ✓
		2,873,506,677 ✓	2,305,699,286 ✓
Assets classified as held for sale	4	1,138,641,975 ✓	1,081,908,562 ✓
		4,012,148,652 ✓	3,387,607,848 ✓
Total assets		11,737,571,712 ✓	10,709,657,658 ✓

The accounting policies and explanatory notes on pages 10 through 35 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of tenge</i>		September 30, 2016 (unaudited)	December 31, 2015 (audited)
	Note		
Equity and liabilities			
Equity			
Share capital		696,376,625 ✓	696,363,445 ✓
Additional paid-in capital		243,655,405 ✓	243,655,405 ✓
Other components of equity		350,728 ✓	3,110,573 ✓
Currency translation reserve		1,380,549,500 ✓	1,405,325,707 ✓
Retained earnings	11	3,059,300,794 ✓	2,988,542,754 ✓
Attributable to equity holder of the Parent Company		5,380,233,052 ✓	5,336,997,884 ✓
Non-controlling interest	11	801,330,113 ✓	753,179,913 ✓
Total equity		6,181,563,165 ✓	6,090,177,797 ✓
Non-current liabilities			
Borrowings	12	2,776,322,965 ✓	2,932,323,037 ✓
Provisions		148,871,360 ✓	150,427,821 ✓
Deferred income tax liabilities		246,311,039 ✓	218,369,213 ✓
Financial guarantees		12,562,850 ✓	8,038,985 ✓
Prepayment on oil supply agreements	13	827,246,038 ✓	-
Other non-current liabilities		47,342,366 ✓	21,186,312 ✓
		4,058,656,618 ✓	3,330,345,368 ✓
Current liabilities			
Borrowings	12	269,467,732 ✓	296,545,652 ✓
Provisions		109,633,228 ✓	116,508,954 ✓
Income taxes payable		5,066,839 ✓	4,114,767 ✓
Trade accounts payable	14	195,749,774 ✓	174,016,256 ✓
Other taxes payable		39,006,144 ✓	40,015,053 ✓
Financial guarantees		1,211,481 ✓	1,121,173 ✓
Prepayment on oil supply agreements	13	167,730,000 ✓	-
Other current liabilities	14	125,653,083 ✓	144,588,815 ✓
		913,518,281 ✓	776,910,670 ✓
Liabilities directly associated with assets classified as held for sale	4	583,833,648 ✓	512,223,823 ✓
Total liabilities		5,556,008,547 ✓	4,619,479,861 ✓
Total equity and liabilities		11,737,571,712 ✓	10,709,657,658 ✓
Book value per ordinary share	11	10,379	10,225

Executive vice-president – financial director

Vice-president – financial controller

Chief accountant


 D.S. Karabayev


 A.Zh. Beknazarova


 Y.Y. Orynbayev

The accounting policies and explanatory notes on pages 10 through 35 form an integral part of these interim condensed consolidated financial statements (unaudited).



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of tenge</i>	Note	For the three months ended September 30,		For the nine months ended September 30,	
		2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Revenue	15	475,948,151 ✓	286,140,137 ✓	1,171,058,937 ✓	802,046,021 ✓
Cost of sales	16	(390,880,744) ✓	(260,018,312) ✓	(1,022,920,111) ✓	(773,799,099) ✓
Gross profit		85,067,407 ✓	26,121,825 ✓	148,138,826 ✓	28,246,922 ✓
General and administrative expenses	17	(11,091,053) ✓	(40,978,554) ✓	(76,362,929) ✓	(105,888,193) ✓
Transportation and selling expenses	18	(51,119,523) ✓	(39,547,705) ✓	(145,963,675) ✓	(132,751,930) ✓
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets, other than goodwill		(4,275,227) ✓	(53,022) ✓	(6,187,380) ✓	(418,752) ✓
Loss on disposal of property, plant and equipment, intangible assets and investment property, net		38,963 ✓	(1,047,706) ✓	(5,327,310) ✓	(3,767,764) ✓
Other operating income		3,414,449 ✓	7,643,583 ✓	12,653,217 ✓	12,746,997 ✓
Other operating expenses		(4,976,683) ✓	(6,129,996) ✓	(13,182,443) ✓	(12,143,137) ✓
Operating profit/(loss)		17,058,333 ✓	(53,991,575) ✓	(86,231,694) ✓	(213,975,857) ✓
Net foreign exchange gain/(loss)		(5,068,310) ✓	268,039,357 ✓	(7,985,282) ✓	291,535,152 ✓
Finance income	19	92,158,026 ✓	17,357,111 ✓	142,891,615 ✓	52,439,890 ✓
Finance costs	19	(56,321,928) ✓	(51,113,934) ✓	(167,774,541) ✓	(132,530,190) ✓
Impairment of loan given		-	(11,025,736) ✓	-	(11,025,736) ✓
Loss from disposal of subsidiary		-	-	-	(400,819) ✓
Share in profit of joint ventures and associates, net	20	17,552,855 ✓	(10,487,652) ✓	119,512,672 ✓	96,379,579 ✓
Profit before income tax		65,378,976 ✓	158,777,571 ✓	412,770 ✓	82,422,019 ✓
Income tax expense	21	(46,394,521) ✓	(97,298,882) ✓	(113,617,320) ✓	(154,231,696) ✓
Profit/(loss) for the period from continuing operations		18,984,455 ✓	61,478,689 ✓	(113,204,550) ✓	(71,809,677) ✓
Discontinued operations					
Profit after income tax for the period from discontinued operations	4	93,756,867 ✓	72,704,481 ✓	330,425,333 ✓	281,750,529 ✓
Net profit for the period		112,741,322 ✓	134,183,170 ✓	217,220,783 ✓	209,940,852 ✓
Net profit for the period attributable to:					
Equity holders of the Parent Company		86,818,150 ✓	87,862,370 ✓	168,525,446 ✓	158,383,312 ✓
Non-controlling interests		25,923,172 ✓	46,320,800 ✓	48,695,337 ✓	51,557,540 ✓
		112,741,322 ✓	134,183,170 ✓	217,220,783 ✓	209,940,852 ✓

The accounting policies and explanatory notes on pages 10 through 35 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

		For the three months ended September 30,		For the nine months ended September 30,	
		2016	2015	2016	2015
<i>In thousands of tenge</i>	Note	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other comprehensive income					
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of foreign operations		(23,787,243) ✓	610,728,851 ✓	(24,261,342) ✓	623,434,723 ✓
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods		(23,787,243) ✓	610,728,851 ✓	(24,261,342) ✓	623,434,723 ✓
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain on defined benefit plans of the Group		(4) ✓	12,569 ✓	161,355 ✓	587,768 ✓
Actuarial loss on defined benefit plans of joint ventures		-	-	(912,757) ✓	-
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods		(4) ✓	12,569 ✓	(751,402) ✓	587,768 ✓
Other comprehensive (loss)/income for the period		(23,787,247) ✓	610,741,420 ✓	(25,012,744) ✓	624,022,491 ✓
Total comprehensive income for the period, net of tax		88,954,075 ✓	744,924,590 ✓	192,208,039 ✓	833,963,343 ✓
Total comprehensive income for the period attributable to:					
Equity holders of the Parent Company		62,596,511 ✓	630,121,883 ✓	142,997,060 ✓	712,953,901 ✓
Non-controlling interests		26,357,564 ✓	114,802,707 ✓	49,210,979 ✓	121,009,442 ✓
		88,954,075 ✓	744,924,590 ✓	192,208,039 ✓	833,963,343 ✓

Executive vice-president – financial director

Vice-president – financial controller

Chief accountant



D.S. Karabayev

A.Zh. Beknazarova

Y.Y. Orynbayev

The accounting policies and explanatory notes on pages 10 through 35 form an integral part of these interim condensed consolidated financial statements (unaudited).



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of tenge	Note	For the nine months ended September 30,	
		2016 (unaudited)	2015 (unaudited)
Cash flows from operating activities			
Loss before income tax from continued operations		412,770 ✓	82,422,018 ✓
Profit before income tax from discontinued operations		329,304,926 ✓	280,980,974 ✓
		329,717,696 ✓	363,402,992 ✓
Adjustments for:			
Depreciation, depletion and amortization		132,847,800 ✓	105,382,223 ✓
Depreciation, depletion and amortization from discontinued operation		-	27,873,620 ✓
Share in profit of joint ventures and associates, net	20	(119,512,672) ✓	(96,379,579) ✓
Share in profit of joint ventures and associates from discontinued operation, net	4	(1,468,127) ✓	(179,142) ✓
Finance costs	19	167,774,541 ✓	132,530,190 ✓
Finance costs from discontinued operation	4	10,490,810 ✓	9,073,392 ✓
Finance income	19	(142,891,615) ✓	(52,439,890) ✓
Finance income from discontinued operation	4	(3,517,156) ✓	(1,063,939) ✓
Unrealized loss from derivatives on petroleum products		1,349,425 ✓	3,988,404 ✓
Realized gain from derivatives on petroleum products		(2,994,889) ✓	(1,577,853) ✓
Impairment of property, plant and equipment and intangible assets other than goodwill		6,187,380 ✓	418,752 ✓
Impairment of property, plant and equipment and intangible assets other than goodwill from discontinued operation		-	(1,565) ✓
Adjustment on the re-measurement to fair value less costs to sell	4	42,346,719 ✓	-
Reversal of impairment of VAT receivable	17	(13,361,794) ✓	-
Impairment of loan receivable		-	11,025,735 ✓
Loss on disposal of property, plant and equipment, intangible assets and investment property, net		5,327,310 ✓	3,767,764 ✓
Provisions		5,562,245 ✓	65,221,315 ✓
Allowance for impairment of trade accounts receivable and other current and non-current assets	17	6,403,923 ✓	(1,156,857) ✓
Allowance for impairment of trade accounts receivable and other current assets from discontinued operation		377,868 ✓	2,251,989 ✓
Provision for / (recovery of) obsolete and slow-moving inventories	17	627,837 ✓	774,733 ✓
Provision for obsolete and slow-moving inventories from discontinued operation		430,665 ✓	(1,473,424) ✓
Recognition of share based payments		1,347,560 ✓	-
Loss on sale of subsidiary		-	400,819 ✓
Change of share in subsidiaries		(9,550) ✓	-
Unrealized foreign exchange gain		(18,036,222) ✓	(166,379,620) ✓
Operating profit before working capital changes		408,999,754 ✓	405,460,059 ✓
Change in inventory		301,733 ✓	26,628,714 ✓
Change in VAT receivable		(24,241,023) ✓	15,327,322 ✓
Change in trade accounts receivable and other assets		(103,361,698) ✓	(9,106,725) ✓
Change in other taxes payable		(1,684,857) ✓	(20,967,012) ✓
Change in prepayment on oil supply agreements	13	1,012,020,000 ✓	-
Change in trade accounts payable		80,411,500 ✓	14,254,051 ✓
Change in other liabilities		16,424,519 ✓	(52,791,091) ✓
Cash generated from operating activities		1,388,869,928 ✓	378,805,318 ✓
Income taxes paid		(78,127,452) ✓	(85,831,390) ✓
Interest received		42,593,516 ✓	81,041,413 ✓
Interest paid		(129,430,853) ✓	(105,121,434) ✓
Proceeds from derivatives		944,487 ✓	3,269,992 ✓
Net cash flows from operating activities		1,224,849,626 ✓	272,163,899 ✓

The accounting policies and explanatory notes on pages 10 through 35 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

		For the nine months ended September 30,	
<i>In thousands of tenge</i>	Note	2016 (unaudited)	2015 (unaudited)
Cash flows from investing activities			
Withdrawal of bank deposits, net		(452,430,561) ✓	(23,691,337) ✓
Purchase of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets		(316,885,678) ✓	(398,501,808) ✓
Proceeds from sale of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets		873,848 ✓	1,388,317 ✓
Dividends received from joint ventures and associates	7	59,021,692 ✓	132,826,280 ✓
Sale of subsidiary		-	313,396 ✓
Acquisition of and contribution to joint ventures		(89,058,017) ✓	(925,098) ✓
Refund of contribution to joint ventures		1,672,268 ✓	-
Loans to related parties, net		(101,082,947) ✓	(24,852,326) ✓
Net cash flows used in investing activities		(897,889,395) ✓	(313,442,576) ✓
Cash flows from financing activities			
Proceeds from borrowings		410,322,517 ✓	271,806,658 ✓
Repayment of borrowings		(592,032,090) ✓	(679,421,820) ✓
Distributions to Samruk-Kazyna		(2,202,898) ✓	-
Dividends paid to Samruk-Kazyna and National Bank of RK	22	(73,079,132) ✓	(6,768,531) ✓
Dividends paid to non-controlling interests		(5,284,424) ✓	(15,476,028) ✓
Issue of shares		1 ✓	12,700,436 ✓
Net cash flows used in financing activities		(262,276,026) ✓	(417,159,285) ✓
Effects of exchange rate changes on cash and cash equivalents		(12,086,228) ✓	93,755,711 ✓
Net change in cash and cash equivalents		52,597,977 ✓	(364,682,251) ✓
Cash and cash equivalents, at the beginning of the period		808,434,139 ✓	826,443,718 ✓
Cash and cash equivalents, at the end of the period		861,032,116 ✓	461,761,467 ✓

The accounting policies and explanatory notes on pages 10 through 35 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**NON-CASH AND OTHER TRANSACTIONS: SUPPLEMENTAL DISCLOSURE**

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

Capitalization of borrowing costs

For the nine months ended September 30, 2016 the Group capitalized in the carrying amount of property, plant and equipment borrowing costs in the amount of 18,984,110 thousand tenge (for the nine months ended September 30, 2015: 10,683,523 thousand tenge) (*Note 5*).

Accounts payable for non-current assets

For the nine months ended September 30, 2016 accounts payable for purchases of property, plant and equipment decreased by 36,382,279 thousand tenge (for the nine months ended September 30, 2015: 24,094,289 thousand tenge).

Advances paid for non-current assets

For the nine months ended September 30, 2016 advances paid for non-current assets increased by 8,623,222 thousand tenge (for the nine months ended September 30, 2015: decreased by 25,903,746 thousand tenge).

Purchases of non-current assets

For the nine months ended September 30, 2016 purchases of property, plant and equipment was paid with the use of the loans from The Export-Import Bank of China and Japan Bank for International Cooper in the total amount 86,702,236 thousand tenge (for the nine months ended September 30, 2015: 38,869,515 thousand tenge).

Hedge of income (loss) on translation of borrowings denominated in US dollar

For the nine months ended September 30, 2016 the Group utilized hedging of net investments in certain subsidiaries classified as foreign operations against selected borrowings denominated in US dollar (*Note 12*). Effect of income hedging was equal to 23,653,738 thousand tenge which was reclassified from profits and losses to other comprehensive income, under exchange differences on translation of foreign operations (effect of loss hedging for the nine months ended September 30, 2015: 984,021,421 thousand tenge).

Executive vice-president – financial director

Vice-president – financial controller

Chief accountant



D.S. Karabayev

A.Zh. Beknazarova

Y.Y. Orynbayev

The accounting policies and explanatory notes on pages 10 through 35 form an integral part of these interim condensed consolidated financial statements (unaudited).



INTERIM CONDENSED 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	Total					
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 ✓
Net profit for the period	-	-	-	-	158,383,312 ✓	51,557,540 ✓
Other comprehensive income	-	-	-	553,984,100 ✓	586,489 ✓	69,451,902 ✓
Total comprehensive income for the period	-	-	-	553,984,100 ✓	158,969,801 ✓	121,009,442 ✓
Issue of share capital	139,291,105 ✓	3,518,718 ✓	-	-	-	-
Dividends (Note 11)	-	-	-	-	(24,335,911) ✓	(15,780,780) ✓
Other transactions with the Samruk-Kazyna	-	-	-	-	(4,836,504) ✓	-
Sale of subsidiary	-	-	-	-	-	(286,530) ✓
As at September 30, 2015 (unaudited)	696,363,445 ✓	230,280,065 ✓	2,105,737 ✓	1,002,724,027 ✓	2,757,068,043 ✓	660,104,556 ✓
					4,688,541,317 ✓	5,348,645,873 ✓

The accounting policies and explanatory notes on pages 10 through 35 form an integral part of these interim condensed consolidated financial statements (unaudited).

INTERIM CONDENSED 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, 2015 (audited)	696,363,445 ✓	243,655,405 ✓	3,110,573 ✓	1,405,325,707 ✓	2,988,542,754 ✓	753,179,913 ✓	6,090,177,797 ✓
Net profit for the period	-	-	-	-	168,525,446 ✓	48,695,337 ✓	217,220,783 ✓
Other comprehensive income	-	-	-	(24,776,207) ✓	(752,179) ✓	515,642 ✓	(25,012,744) ✓
Total comprehensive (loss)/income for the period	-	-	-	(24,776,207) ✓	167,773,267 ✓	49,210,979 ✓	192,208,039 ✓
Issue of share capital	13,180 ✓	-	-	-	-	-	13,180 ✓
Dividends (Note 11)	-	-	-	-	(59,748,893) ✓	(5,167,227) ✓	(64,916,120) ✓
Distributions to Samruk-Kazyna (Note 11)	-	-	-	-	(5,385,301) ✓	-	(5,385,301) ✓
Recognition of share-based payments Transactions with Samruk-Kazyna (Note 11)	-	-	853,283	-	-	496,591 ✓	1,349,874 ✓
Execution of share-based payments	-	-	-	-	(31,872,440) ✓	-	(31,872,440) ✓
Forfeiture of share-based payments	-	-	(3,611,665) ✓	-	-	3,611,665 ✓	- ✓
Change of share in subsidiaries	-	-	(1,463) ✓	-	-	(851) ✓	(2,314) ✓
As at September 30, 2016 (unaudited)	696,376,625 ✓	243,655,405 ✓	350,728 ✓	1,380,549,500 ✓	3,059,300,794 ✓	801,330,113 ✓	6,181,563,165 ✓

Executive vice-president – financial director

Vice-president – financial controller

Chief accountant



D.S. Karabayev

A.Zh. Beknazarova

Y.Y. Orynbayev

The accounting policies and explanatory notes on pages 10 through 35 form an integral part of these interim condensed consolidated financial statements (unaudited).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**For the nine months ended September 30, 2016**

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”), 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 September 30, 2016, the Company has a direct interest in 39 operating companies (as of December 31, 2015: 37) (jointly the “Group”).

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

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

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

These interim condensed consolidated financial statement of the Group was approved by the Executive vice-president – financial director and the Chief accountant on November 21, 2016.

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

The interim condensed consolidated financial statements for the three and nine months ended September 30, 2016 have been prepared in accordance with IAS 34 *Interim Financial Reporting* (IAS 34). These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2015.

Foreign currency translation*Functional and presentation currency*

Items included in the financial statements of each of the Group’s entities included in these interim condensed consolidated financial statements are measured using the currency of the primary economic environment in which the entities operate (“the functional currency”). The interim condensed consolidated financial statements are presented in Kazakhstan tenge (“tenge” 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 (unaudited) (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);
- 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 September 30, 2016 and December 31, 2015 were 335.46 and 340.01 tenge to 1 US dollar accordingly. These rates were used for translation of monetary assets and liabilities denominated in US dollars at September 30, 2016 and December 31, 2015. The currency exchange rate of KASE as at November 21, 2016 was 338.99 tenge to 1 US dollar.

New and amended standards and interpretations

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

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

IFRS 14 Regulatory Deferral Accounts

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

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

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

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

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

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

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

Amendments to IAS 27 Equity Method in Separate Financial Statements

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

Annual improvements 2012-2014 cycle

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

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

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

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

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)**New and amended standards and interpretations (continued)***Annual improvements 2012-2014 cycle (continued)**IFRS 7 Financial Instruments: Disclosures**(i) Servicing contracts*

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

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

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

IAS 19 Employee Benefits

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

IAS 34 Interim Financial Reporting

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

These amendments do not have any impact on the Group.

Amendments to IAS 1 Disclosure Initiative

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

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

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

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

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

New and amended standards and interpretations (continued)

Annual improvements 2012-2014 cycle (continued)

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

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

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

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

3. SEASONALITY OF OPERATIONS

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

4. DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE

As at September 30, 2016, KMG International N.V. and "EurasiaAir" JSC continue to be classified as discontinued operations.

During third quarter of 2016, the Group decided to sell its 100% interest in "Kazakh British Technical University" JSC (KBTU). The disposal of KBTU is due to be completed in 2017 and, as at September 30, 2016, the procedures for the sale were in progress. The disposal of KBTU is part of the Governmental plan on the privatization of state owned companies in 2016-2020.

During third quarter 2016, the Group ceased classify Aysir Turizm ve Inshaat A.S. as discontinued operation as it does not meet the criteria of IFRS 5.

The assets and liabilities, classified as discontinued operations and assets classified as held for sale as at September 30, 2016 and the results for nine months ended September 30, 2016 are as follows:

	September 30, 2016 (unaudited)			Profit/(loss) after income tax for the nine months ended September 30, 2016 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	
<i>In thousands of tenge</i>				
KMG International N.V.	1,095,728,036	572,628,878	523,099,158	332,290,836
EurasiaAir	25,434,357	9,780,101	15,654,256	336,626
KBTU	17,444,315	1,424,669	16,019,646	(2,202,129)
Other assets	35,267	-	35,267	-
Total	1,138,641,975 ✓	583,833,648 ✓	554,808,327 ✓	330,425,333 ✓

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)

In December 2015, the Group decided to sell its 51% interest in KMG I. The disposal of KMG I is due to be completed in 2017 and, as at September 30, 2016, negotiations for the sale were in progress. The Group estimated fair value of the 51% share in KMG I at 680,000 thousand US dollars (equivalent of 228,112,800 thousand tenge).

The results of KMG I for the three and nine months ended September 30, 2016 and 2015 are presented below:

<i>In thousands of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2016* (unaudited)	2015* (unaudited)	2016* (unaudited)	2015* (unaudited)
Revenue	422,112,811	370,331,797	1,234,845,796	1,242,691,090
Cost of sales	(292,778,776)	(270,353,371)	(792,062,720)	(888,427,769)
Gross profit	129,334,035 ✓	99,978,426 ✓	442,783,076 ✓	354,263,321 ✓
General and administrative expenses	(7,684,306)	(7,851,401)	(21,149,490)	(16,471,181)
Transportation and selling expenses	(13,093,889)	(12,819,301)	(37,894,418)	(34,245,872)
Impairment of property, plant and equipment and intangible assets other than goodwill	–	83	–	1,565
Adjustment on the re-measurement to fair value less costs to sell	(10,462,997)	–	(37,945,874)	–
Other operating income	126,295	(25,183)	749,188	196
Other operating losses	(695,718)	(71,388)	(8,800,298)	(320,735)
Operating profit	97,523,420 ✓	79,211,236 ✓	337,742,184 ✓	303,227,294 ✓
Net foreign exchange (loss)/gain, net	(304,119)	1,130,072	(1,107,233)	895,768
Finance income	1,271,401	351,232	3,046,902	796,261
Finance costs	(3,717,979)	(3,534,289)	(10,388,450)	(9,073,079)
Share in profit of associates, net	416,072	131,903	1,468,127	179,142
Profit before income tax for the period from discontinued operations	95,188,795 ✓	77,290,154 ✓	330,761,530 ✓	296,025,386 ✓
Income tax benefit	387,062	168,309	1,529,306	777,782
Profit after income tax for the period from discontinued operations	95,575,857 ✓	77,458,463 ✓	332,290,836 ✓	296,803,168 ✓

* The results are presented after eliminations of intergroup transactions.

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 September 30, 2016 and December 31, 2015 are as follows:

<i>In thousands of tenge</i>	September 30, 2016* (unaudited)	December 31, 2015* (audited)
Assets		
Property, plant and equipment	604,627,514	632,565,455
Intangible assets	72,851,342	78,832,132
Investment in associate	13,252,012	11,496,830
Deferred tax asset	33,603,028	39,488,816
Inventories	139,508,421	86,794,671
Trade accounts receivable	166,138,578	90,336,362
Other non-current assets	3,935,952	3,931,742
Other current assets	43,416,575	62,551,082
Cash and cash equivalents	18,394,614	34,491,849
Assets classified as held for sale	1,095,728,036 ✓	1,040,488,939 ✓
Liabilities		
Borrowings	249,947,556	230,088,353
Deferred income tax liabilities	74,781,079	78,194,199
Provisions	50,078,475	53,394,218
Trade accounts payable	110,979,896	40,766,952
Other taxes payable	14,290,931	18,351,748
Other non-current liabilities	461,258	555,713
Other current liabilities	72,089,683	75,993,465
Liabilities directly associated with the assets classified as held for sale	572,628,878 ✓	497,344,648 ✓
Net assets directly associated with the disposal group*	523,099,158 ✓	543,144,291 ✓

* 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 nine months ended September 30,	
	2016* (unaudited)	2015* (unaudited)
Operating	375,482,973	343,187,578
Investing	(26,053,115)	(7,690,204)
Financing	23,495,893	428,565
Net cash inflows/(outflows)	372,925,751 ✓	335,925,939 ✓

* The net cash flows are presented after eliminations of intergroup transactions.

As at September 30, 2016, items of property, plant and equipment with the net book value of 381,107,633 thousand tenge related to discontinued operations (as at December 31, 2015: 395,631,917 thousand tenge) were pledged as collateral to secure borrowings and payables of the Group.

As at September 30, 2016 the Group has pledged trade accounts receivable of approximately 105,890,443 thousand tenge as a collateral under its borrowings (as at December 31, 2015: 95,357,123 thousand tenge) related to discontinued operations.

As at September 30, 2016 the initial cost and correspondingly accumulated depreciation of fully depreciated but still in use property, plant and equipment were 177,767,733 thousand tenge (as at December 31, 2015: 176,319,465 thousand tenge).

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

5. PROPERTY, PLANT AND EQUIPMENT

<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
Net book value as at December 31, 2015 (audited)	879,613,848	606,283,140	247,532,399	176,637,342	259,761,443	75,998,034	22,533,944	382,978,306	2,651,338,456 ✓
Foreign currency translation	(6,872,425)	-	-	(276,268)	(74,310)	(365,680)	(58,874)	50,513	(7,597,044) ✓
Change in estimate	2,236,530	(8,970,600)	-	(66,628)	-	-	-	-	(6,800,698) ✓
Transfers to discontinued operations	-	-	-	(3,653,598)	(828,976)	(134,461)	(1,765,707)	(1,388,805)	(7,771,547) ✓
Transfers from discontinued operations	-	-	-	8,513,943	375,353	52,571	1,566,602	67,442	10,575,911 ✓
Additions	59,635,437	290,396	264,122	9,902,648	1,821,084	2,435,662	1,507,860	271,419,041	347,276,250 ✓
Disposals	(4,859,642)	(430,614)	(614,185)	(1,101,497)	(1,943,712)	(1,489,014)	(1,832,795)	(5,671,896)	(17,943,355) ✓
Depreciation charge	(46,477,344)	(17,169,087)	(19,600,558)	(13,605,982)	(19,762,625)	(6,112,683)	(5,377,567)	-	(128,105,846) ✓
Accumulated depreciation and impairment on disposals	4,433,096	408,309	553,710	510,558	1,816,624	1,465,698	1,771,535	77,979	11,037,509 ✓
Impairment	3,595	(709,421)	-	(92,465)	(737,344)	(742,152)	(566,260)	(3,310,784)	(6,154,831) ✓
Transfers to exploration and evaluation assets	-	-	-	-	-	-	-	(4,208,567)	(4,208,567) ✓
Transfers from/(to) inventory, net	-	530,832	31,317	680	15,477	11,951	5,482	(89,992)	505,747 ✓
Transfers from/(to) intangible assets	3,973	-	-	-	-	-	-	(637,179)	(633,206) ✓
Transfers to assets classified as held for sale	(19,911)	-	(16,805)	(103,251)	(258)	(10,295)	(199)	(304)	(151,023) ✓
Transfers from/(to) investment property, net	-	-	-	(200,042)	(363)	-	967	(477,728)	(677,166) ✓
Transfers and reclassifications	2,433,898	48,889,573	5,136,378	21,454,275	20,095,523	543,778	3,634,727	(102,188,152)	- ✓
Net book value as at September 30, 2016 (unaudited)	890,131,055 ✓	629,122,528 ✓	233,286,378 ✓	197,919,715 ✓	260,537,916 ✓	71,653,409 ✓	21,419,715 ✓	536,619,874 ✓	2,840,690,590 ✓
At cost	1,791,832,233	758,970,785	384,214,993	341,030,806	450,588,783	164,079,113	66,185,968	563,813,954	4,520,686,635 ✓
Accumulated depreciation and impairment	(901,701,178)	(129,848,257)	(150,928,615)	(143,111,091)	(190,020,867)	(92,425,704)	(44,766,253)	(27,194,080)	(1,679,996,045) ✓
Net book value as at September 30, 2016 (unaudited)	890,131,055	629,122,528	233,286,378	197,919,715	260,537,916	71,653,409	21,419,715	536,619,874	2,840,690,590 ✓
At cost	1,746,242,742	718,921,016	379,475,290	301,171,033	429,780,561	163,345,292	65,179,163	405,590,234	4,209,705,331 ✓
Accumulated depreciation and impairment	(866,628,894)	(112,637,876)	(131,942,891)	(124,533,691)	(170,019,118)	(87,347,258)	(42,645,219)	(22,611,928)	(1,558,366,875) ✓
Net book value as at December 31, 2015 (audited)	879,613,848 ✓	606,283,140 ✓	247,532,399 ✓	176,637,342 ✓	259,761,443 ✓	75,998,034 ✓	22,533,944 ✓	382,978,306 ✓	2,651,338,456 ✓

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

For the nine months ended September 30, 2016, the Group capitalized in the carrying amount of property, plant and equipment borrowing costs at the average interest rate of 2.13% in the amount of 18,984,110 thousand tenge which are related to the construction of new assets (for the nine months ended September 30, 2015: 10,683,523 thousand tenge at the average interest rate of 4.07%).

As at September 30, 2016, items of property, plant and equipment with the net book value of 470,559,925 thousand tenge (as at December 31, 2015: 386,385,948 thousand tenge) were pledged as collateral to secure borrowings and payables of the Group (Note 12).

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

As at September 30, 2016 the cost of fully depreciated but still in use property, plant and equipment were 85,413,463 thousand tenge (as at December 31, 2015: 77,608,360 thousand tenge).

6. BANK DEPOSITS

<i>In thousands of tenge</i>	September 30, 2016 (unaudited)	December 31, 2015 (audited)
Denominated in US dollar	1,353,159,029	962,456,681
Denominated in tenge	70,385,512	31,416,852
Denominated in other currency	2,498,206	2,844,428
	1,426,042,747 ✓	996,717,961 ✓

As at September 30, 2016, the weighted average interest rate for long-term bank deposits was 1.15% in US dollars and 2.83% in tenge, respectively (as at December 31, 2015: 1.01% in US dollars and 2.31% in tenge, respectively).

As at September 30, 2016, the weighted average interest rate for short-term bank deposits was 2.03% in US dollars, 11.90% in tenge and 0.30% in other foreign currencies, respectively (as at December 31, 2015: 1.32% in US dollars, 9.42% in tenge and 1.19% in other foreign currencies, respectively).

<i>In thousands of tenge</i>	September 30, 2016 (unaudited)	December 31, 2015 (audited)
Maturities under 1 year	1,375,175,437	947,909,540
Maturities between 1 and 2 years	158,088	27,113
Maturities over 2 years	50,709,222	48,781,308
	1,426,042,747 ✓	996,717,961 ✓

As at September 30, 2016, bank deposits include cash pledged as collateral in the amount of 111,436,715 thousand tenge (as at December 31, 2015: 109,580,052 thousand tenge). The change is mainly due to foreign exchange difference on bank deposits denominated in US dollars.

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

7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

<i>In thousands of tenge</i>	Main activity	Place of business	September 30, 2016		December 31, 2015	
			(unaudited)	Percentage ownership	(audited)	Percentage ownership
			Carrying amount		Carrying amount	
Joint ventures						
Kashagan B.V.	Oil and gas exploration and development	Kazakhstan	1,677,623,385 ✓	50.00%	1,624,696,293 ✓	50.00%
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	1,096,476,996 ✓	20.00%	1,028,085,031 ✓	20.00%
Mangistau Investments B.V.	Oil and gas development and production	Kazakhstan	239,441,244 ✓	50.00%	206,541,978 ✓	50.00%
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	76,093,533 ✓	50.00%	97,406,849 ✓	50.00%
KazGerMunay LLP	Exploration and production of oil and gas	Kazakhstan	86,126,280 ✓	50.00%	82,409,608 ✓	50.00%
KazakhOil-Aktobe LLP	Production of crude oil	Kazakhstan	48,621,136 ✓	50.00%	57,773,742 ✓	50.00%
Other			124,793,323 ✓		114,700,338 ✓	
Associates						
PetroKazakhstan Inc. ("PKI")	Exploration, production and processing of oil and gas	Kazakhstan	154,347,726 ✓	33.00%	163,616,692 ✓	33.00%
Other			51,212,280 ✓		47,709,214 ✓	
			3,554,735,903 ✓		3,422,939,745 ✓	

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

7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

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

As at September 30, 2016 the Group's share in unrecognized losses of joint ventures and associates was equal to 393,335,688 thousand tenge (as at December 31, 2015: 547,997,091 thousand tenge). Decrease in unrecognized losses mainly attributable to the net profit of Asia Gas Pipeline LLP of 118,544,983 thousand tenge. The following table summarizes the movements in equity investments in joint ventures and associates during the nine months ended September 30, 2016:

In thousands of tenge

At January 1, 2016 (audited)	3,422,939,745 ✓
Share in profits of joint ventures and associates, net (Note 20)	119,512,672 ✓
Additional contributions without change in ownership	94,401,981 ✓
Refund of contributions without change in ownership	(1,925,543) ✓
Dividends received	(59,021,692) ✓
Change in dividends receivable	12,828,478 ✓
Other changes in the equity of the joint venture	3,434,399 ✓
Foreign currency translation	(37,434,137) ✓
At September 30, 2016 (unaudited)	3,554,735,903 ✓

Additional contributions without change in ownership mainly relates to the cash calls for Kashagan project (88,759,126 thousand tenge or 258,111 thousand US dollars).

8. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

<i>In thousands of tenge</i>	September 30, 2016 (unaudited)	December 31, 2015 (audited)
Advances paid and prepaid expenses	63,529,463	31,391,070
Taxes receivable	19,557,798	24,516,318
Other current assets	27,633,175	41,725,829
Less: allowance for impairment	(5,198,871)	(4,687,653)
Total other current assets	105,521,565 ✓	92,945,564 ✓
Trade accounts receivable	140,820,073	104,176,270
Less: allowance for impairment	(9,290,270)	(8,915,101)
Trade accounts receivable	131,529,803 ✓	95,261,169 ✓

As at September 30, 2016 and at December 31, 2015 the above assets were non-interest bearing.

9. LOANS AND RECEIVABLE DUE FROM RELATED PARTIES

<i>In thousands of tenge</i>	September 30, 2016 (unaudited)	December 31, 2015 (audited)
Loans due from related parties	542,011,397	469,041,982
Receivable due from related parties	90,506,287	88,512,853
Less: allowance for impairment of loans due from related parties	(11,017,643)	(11,098,114)
	621,500,041 ✓	546,456,721 ✓
<i>In thousands of tenge</i>	September 30, 2016 (unaudited)	December 31, 2015 (audited)
Loans due from related parties in US dollars	189,882,131	226,092,770
Receivable due from related parties in US dollars	90,506,287	88,512,853
Loans due from related parties in tenge	339,804,335	230,915,858
Loans due from related parties in other foreign currencies	1,307,288	935,240
	621,500,041 ✓	546,456,721 ✓

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

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

<i>In thousands of tenge</i>	September 30, 2016 (unaudited)	December 31, 2015 (audited)
Current portion	127,756,943	113,045,841
Non-current portion	493,743,098	433,410,880
	621,500,041 ✓	546,456,721 ✓

10. CASH AND CASH EQUIVALENTS

<i>In thousands of tenge</i>	September 30, 2016 (unaudited)	December 31, 2015 (audited)
Term deposits with banks – US dollars	474,440,387 ✓	499,438,041 ✓
Term deposits with banks – tenge	126,607,325 ✓	76,341,941 ✓
Current accounts with banks – US dollars	197,729,069 ✓	159,107,357 ✓
Current accounts with banks – tenge	29,797,264 ✓	12,067,939 ✓
Current accounts with banks – other currencies	2,161,578 ✓	17,452,944 ✓
Term deposits with banks – other currencies	41,262 ✓	3,746,773 ✓
Cash-on-hand	4,068,602 ✓	421,624 ✓
	834,845,487 ✓	768,576,619 ✓
Cash and cash equivalents attributable to discontinued operations	26,186,629 ✓	39,857,520 ✓
	861,032,116 ✓	808,434,139 ✓

Term deposits with banks are made for various periods of between one day and three months, depending on the immediate cash requirements of the Group. As at September 30, 2016 the weighted average interest rate for time deposits with banks was 1.06% in US dollars and 10.51% in tenge, respectively (as at December 31, 2015: 0.58% in US dollars and 25.31% in tenge, respectively).

11. EQUITY

Transactions with Samruk-Kazyna

For the nine months ended September 30, 2016 the Company provided interest free loan to Samruk-Kazyna (*Note 22*). The difference between fair value and nominal value of the loan amounting 31,872,440 thousand tenge recognized as transaction with Samruk-Kazyna in the interim consolidated statement of changes in equity.

Distributions to Samruk-Kazyna

As at September 30, 2016 distributions to Samruk-Kazyna includes: accrual of provision for construction of the kindergarten in Astana city in the amount of 303,146 thousand tenge (for the nine months ended September 30, 2015: nil), accrual of provision for reconstruction of the trade and exhibition center in Moscow in the amount of 100,724 thousand tenge (for the nine months ended September 30, 2015: nil), the sponsorship expenses for conducting of International Exhibition Astana EXPO-2017 in the amount of 2,144,808 thousand tenge and the results of operations of PSA LLP (subsidiary of the Group) in the total amount of 2,836,623 thousand tenge (for the nine months ended September 30, 2015: 2,311,388 thousand tenge).

Dividends

During the nine months ended September 30, 2016 according to the decision of Samruk-Kazyna and National Bank of RK, the Company declared dividends for 2015 at 102.27 tenge per common share in the total amount of 59,748,893 thousand tenge (for the nine months ended September 30, 2015: 24,335,911 thousand tenge). As at September 30, 2016 the dividends payable by the Company to the Samruk-Kazyna is 17,774,203 thousand tenge.

For the nine months ended September 30, 2016 the Group declared dividends in the total of 5,167,227 thousand tenge to the holders of non-controlling interest in KMG EP and KTO (subsidiaries of the Group) (for the nine months ended September 30, 2015: 15,780,780 thousand tenge).

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

11. EQUITY (continued)

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.

	September 30, 2016 (unaudited)	December 31, 2015 (audited)
<i>In thousands of tenge</i>		
Total assets	11,737,571,712	10,709,657,658
Less: intangible assets	117,853,084	116,514,982
Less: total liabilities	5,556,008,547	4,619,479,861
Net assets	6,063,710,081	5,973,662,815
Number of ordinary shares	584,212,737	584,207,465
Book value per ordinary share, tenge	10,379	10,225

Non-controlling interest

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

	Country of incorporation and operation	September 30, 2016 (unaudited)		December 31, 2015 (audited)	
		Share	Carrying value	Share	Carrying value
KazMunayGas Exploration					
Production JSC	Kazakhstan	36.98%	696,153,007	36.79%	666,542,230
KazTransOil JSC	Kazakhstan	10.00%	41,154,989	10.00%	40,542,082
Rompetrol Rafinare S.A.	Romania	45.37%	11,626,917	45.37%	4,350,577
Rompetrol Downstream S.R.L.	Romania	45.37%	46,048,396	45.37%	40,689,678
Rompetrol Petrochemicals S.R.L.	Romania	45.37%	12,364,029	45.37%	11,931,434
Rompetrol Vega	Romania	45.37%	(21,299,306)	45.37%	(22,799,241)
Other			15,282,081		11,923,153
			801,330,113		753,179,913

12. BORROWINGS

	September 30, 2016 (unaudited)	December 31, 2015 (audited)
<i>In thousands of tenge</i>		
Fixed interest rate borrowings	2,136,898,660	2,185,653,220
Weighted average interest rates	7.82%	7.82%
Floating interest rate borrowings	908,892,037	1,043,215,469
Weighted average interest rates	4.61%	4.40%
	3,045,790,697	3,228,868,689

	September 30, 2016 (unaudited)	December 31, 2015 (audited)
<i>In thousands of tenge</i>		
US dollar – denominated borrowings	2,822,790,041	3,007,519,468
Tenge – denominated borrowings	223,000,656	221,349,221
	3,045,790,697	3,228,868,689

	September 30, 2016 (unaudited)	December 31, 2015 (audited)
<i>In thousands of tenge</i>		
Current portion	269,467,732	296,545,652
Non-current portion	2,776,322,965	2,932,323,037
	3,045,790,697	3,228,868,689

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

12. BORROWINGS (continued)

As at September 30, 2016 and December 31, 2015, the debt securities issued and loans comprised:

Bonds	Issuance amount	Redemption date	Interest	September 30, 2016 (unaudited)	December 31, 2015 (audited)
Bonds LSE 2008	1.6 billion USD	2018	9.125%	544,982,202 ✓	537,528,897 ✓
Bonds LSE 2010	1.5 billion USD	2020	7.00%	464,157,821 ✓	459,835,697 ✓
Bonds LSE 2010	1.25 billion USD	2021	6.375%	383,132,418 ✓	380,467,835 ✓
Bonds LSE 2013	2 billion USD	2043	5.75%	170,505,242 ✓	169,911,347 ✓
Bonds LSE 2013	1 billion USD	2023	4.4%	136,664,283 ✓	136,531,343 ✓
Bonds LSE 2014	0.5 billion USD	2025	4.875%	41,303,889 ✓	41,220,808 ✓
Bonds LSE 2014	1 billion USD	2044	6.00%	9,947,806 ✓	9,902,685 ✓
Bonds KASE 2009	120 billion tenge	2017	6M Libor + 8.5%	108,720,610 ✓	150,176,515 ✓
Bonds KASE 2010	100 billion tenge	2017	7.00%	92,898,613 ✓	88,302,174 ✓
The Bank of New York Mellon	600 million USD	2017	6.375%	43,884,341 ✓	92,311,615 ✓
Others				12,911,953 ✓	12,781,662 ✓
Total				2,009,109,178 ✓	2,078,970,578 ✓

Loans	Issuance amount	Redemption date	Interest	September 30, 2016 (unaudited)	December 31, 2015 (audited)
Development bank of Kazakhstan JSC	884 million USD	2023	4.5% + 6M Libor – 7.72%	316,659,464 ✓	360,850,249 ✓
The Export-Import Bank of China	1 billion USD	2027	Libor + 4.1%	205,005,020 ✓	151,844,361 ✓
Sberbank Russia	400 million USD	2024	12M Libor + 3.5%	135,385,950 ✓	137,067,428 ✓
Development bank of Kazakhstan JSC	71 billion tenge	2022-2025	7%-9%	104,310,630 ✓	106,013,401 ✓
Loan from partners (Project Pearl)	Financing of share of KMT's costs in execution of subsoil use contract	From beginning of commercial exploration	6M Libor + 1%	84,703,983 ✓	83,776,032 ✓
European Bank for Reconstruction and Development	140 thousand USD	2023	3M Libor + 3.15%	46,575,918 ✓	–
Japan Bank for International Cooperation	298 million USD	2025	CIRR + 2.19%, 6M Libor + 1.10%	43,103,939 ✓	20,757,136 ✓
The Syndicate of banks	604 thousand USD	2016	1M Libor + 2.0%	30,191,400 ✓	–
Loan from partners (Project Satpayev)	Financing of share of KMT's costs in execution of subsoil use contract	From beginning of commercial exploration	12M Libor + 1.5%	27,227,274 ✓	26,291,533 ✓
Halyk bank JSC	72 million USD	2016	6%	23,542,985 ✓	23,762,900 ✓
Halyk bank JSC	18 billion tenge	2016	5.5%-10%	4,118,791 ✓	5,705,273 ✓
ING BANK	1 billion USD	2016	3M Libor + 2.1%	–	135,461,430 ✓
Loan from partners (Project Zhambyl)	Financing of share of KMT's costs in execution of subsoil use contract	From beginning of commercial exploration	12M Libor + 1%	–	62,827,375 ✓
Other	–	–	–	15,856,165 ✓	35,540,993 ✓
Total				1,036,681,519 ✓	1,149,898,111 ✓

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

12. BORROWINGS (continued)

As at September 30, 2016 the Group's property, plant and equipment with carrying value of 470,559,925 thousand tenge (December 31, 2015: 386,385,948 thousand tenge) (*Note 5*) was pledged as loan collateral.

For the nine months ended September 30, 2016 the Group received borrowings in the total amount of 410,322,517 thousand tenge. Particularly, KTG (subsidiary of the Group) obtained a borrowing from the European Bank for Reconstruction and Development in the amount of 140 million US dollars (equivalent 48,143,200 thousand tenge as of settlement date) with interest rate of Libor 3M + 3.5% and the following syndicate of banks Citibank N.A., Natixis, ING Bank ("the Syndicate of banks") in the total amount of 276,374,580 thousand tenge with interest rate of Libor 1M + 2% for the purpose of refinancing of the current borrowings. The remaining borrowings mainly represent monthly short-term loans, obtained for working capital purposes.

For the nine months ended September 30, 2016 the Group redeemed borrowings in the amount of 592,032,090 thousand tenge. Particularly, the Group redeemed borrowings from the Syndicate of banks in the total amount of 254,882,920 thousand tenge, additionally borrowings from ING Bank and The Bank of New York Mellon in the amounts of 400 million US dollars (equivalent to 137,596,000 thousand tenge as of settlement date) and 142 million US dollars (equivalent to 48,368,990 thousand tenge as of settlement date), respectively. On August 31, 2016 the Company acquired from KC Kazakh B.V. 27% interest in the project Zhambyl ("Project"). The loan given by KC Kazakh B.V. for financing of Company's share in the Project was forgiven. As a result of the transaction the Company recognized an income in the amount of 63,964,146 thousand tenge (*Note 19*).

Other settlements represent redemption of trade credits obtained for working capital purposes within the framework of credit lines from banks.

Hedge of net investment in the foreign operations

As at September 30, 2016 certain borrowings denominated in foreign currency were designated as hedge instrument for the net investment in the foreign operations. For the nine months ended September 30, 2016, income of 23,653,738 thousand tenge (for the nine months ended September 30, 2015, losses of 984,021,421 thousand tenge) on the translation of these borrowings were transferred to other comprehensive income and offset the loss on translation of foreign operations.

13. OIL SUPPLY AGREEMENT

During the nine months ended September 30, 2016 the Group entered into long-term crude oil and liquefied petroleum gas ("LPG") supply agreement. The total minimum delivery volume approximates 30 million tons of crude oil and 1 million tons of LPG in the period from the date of the contract to March 2020 from Tengizchevroil LLP ("Tengizchevroil"), Mangistaumunaigaz JSC and Karazhanbasmunai JSC oil production.

As part of this transaction, the Group received prepayment of 2,966 million US dollars (equivalent of 1,012,020 million tenge at the date of transaction) net of transaction costs, which to be discharged by oil supply from Tengizchevroil (joint venture of the Group) starting from April 2017.

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

According to the agreement the Group shall ensure that the crude oil and LPG volumes required to be delivered are unencumbered.

The delivery of oil under this agreement commenced from April 2016. The Group considers this agreement to be regular way agreement to deliver non-financial items in accordance with the Group's expected sale requirements.

The outstanding balance of prepayment is subject to interest at Libor + 1.85% per annum.

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

14. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

<i>In thousands of tenge</i>	September 30, 2016 (unaudited)	December 31, 2015 (audited)
Advances received	32,841,772	30,276,485
Due to employees	22,362,618	30,227,320
Dividends payable	19,600,920	33,048,356
Other	50,847,773	51,036,654
Total other current liabilities	125,653,083 ✓	144,588,815 ✓
Trade accounts payable	195,749,774 ✓	174,016,256 ✓

Trade accounts payable is denominated in the following currencies as at September 30, 2016 and as at December 31, 2015:

<i>In thousands of tenge</i>	September 30, 2016 (unaudited)	December 31, 2015 (audited)
Tenge	159,157,479	138,525,047
US dollars	27,434,710	34,652,490
Euro	276,296	673,149
Other currency	8,881,289	165,570
Total	195,749,774 ✓	174,016,256 ✓

As at September 30, 2016 and December 31, 2015, trade accounts payable and other current liabilities were not interest bearing.

15. REVENUE

<i>In thousands of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Sales of crude oil	218,726,370 ✓	40,770,040 ✓	398,249,534 ✓	128,286,678 ✓
Transportation fee	75,077,322 ✓	66,543,859 ✓	236,601,286 ✓	207,962,637 ✓
Sales of refined products	88,320,325 ✓	65,532,682 ✓	215,156,257 ✓	162,534,677 ✓
Sales of gas and gas products	47,828,644 ✓	62,504,941 ✓	184,192,809 ✓	178,876,673 ✓
Refining of oil and oil products	22,971,699 ✓	17,192,573 ✓	67,608,293 ✓	51,336,812 ✓
Quality bank for crude oil	(5,762,250) ✓	(3,353,339) ✓	(15,179,769) ✓	(10,578,585) ✓
Other revenue	28,786,041 ✓	36,949,381 ✓	84,430,527 ✓	83,627,129 ✓
	475,948,151 ✓	286,140,137 ✓	1,171,058,937 ✓	802,046,021 ✓

Sales of crude oil to the market is performed through KMG I except sales under oil supply agreement (Note 13).

16. COST OF SALES

<i>In thousands of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Crude oil	135,462,474 ✓	–	254,897,622 ✓	–
Materials and supplies	70,473,595 ✓	74,884,744 ✓	217,595,069 ✓	271,619,870 ✓
Payroll	68,891,938 ✓	62,764,845 ✓	194,259,289 ✓	189,260,190 ✓
Depreciation, depletion and amortization	43,527,691 ✓	29,818,629 ✓	122,551,177 ✓	92,578,522 ✓
Mineral extraction tax	7,699,616 ✓	25,679,316 ✓	40,531,911 ✓	51,754,952 ✓
Other taxes	13,491,810 ✓	11,992,547 ✓	36,698,232 ✓	33,208,796 ✓
Electricity	8,846,898 ✓	8,163,676 ✓	27,889,546 ✓	25,289,814 ✓
Repair and maintenance	8,654,287 ✓	4,870,613 ✓	21,501,090 ✓	14,882,730 ✓
Other	33,832,435 ✓	41,843,942 ✓	106,996,175 ✓	95,204,225 ✓
	390,880,744 ✓	260,018,312 ✓	1,022,920,111 ✓	773,799,099 ✓

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

17. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In thousands of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Payroll	11,953,064 ✓	12,617,572 ✓	35,413,725 ✓	36,409,525 ✓
Consulting services	4,312,286 ✓	2,008,609 ✓	9,044,442 ✓	4,776,447 ✓
Other taxes	1,588,412 ✓	1,719,800 ✓	5,278,708 ✓	3,340,339 ✓
Social payments	1,416,447 ✓	1,710,032 ✓	4,750,960 ✓	5,118,121 ✓
Depreciation and amortization	1,544,512 ✓	2,388,312 ✓	4,801,086 ✓	7,024,997 ✓
Fines and penalties	(1,650,365) ✓	17,847,879 ✓	319,501 ✓	26,583,129 ✓
Charitable donations and sponsorship	385,755 ✓	439,871 ✓	937,360 ✓	6,818,174 ✓
VAT that cannot be offset	366,747 ✓	413,054 ✓	748,656 ✓	1,133,920 ✓
Allowance for impairment of long term advances	3,044,085 ✓	-	5,044,085 ✓	-
Allowance for impairment of trade accounts receivable	(178,034) ✓	(1,485,795) ✓	769,780 ✓	(1,230,315) ✓
Allowance for impairment of other current assets	516,028 ✓	(19,738) ✓	590,058 ✓	100,776 ✓
Allowance for provision for obsolete and slow-moving inventories	618,040 ✓	378,735 ✓	627,837 ✓	774,733 ✓
Allowance for provision for loans from related parties	-	-	-	8,093 ✓
Reversal of allowance for impairment of VAT receivable	(20,298,117) ✓	-	(13,361,794) ✓	-
Other	7,472,193 ✓	2,960,223 ✓	21,398,525 ✓	15,030,254 ✓
	11,091,053 ✓	40,978,554 ✓	76,362,929 ✓	105,888,193 ✓

18. TRANSPORTATION AND SELLING EXPENSES

<i>In thousands of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Customs duty	23,113,263 ✓	14,673,734 ✓	62,742,323 ✓	54,475,877 ✓
Transportation	17,660,557 ✓	8,942,647 ✓	50,415,537 ✓	27,999,237 ✓
Rent tax on crude oil export	4,063,842 ✓	9,876,927 ✓	13,881,542 ✓	32,658,959 ✓
Depreciation and amortization	1,623,981 ✓	1,799,677 ✓	4,856,240 ✓	5,148,516 ✓
Payroll	1,759,802 ✓	1,823,278 ✓	4,707,336 ✓	5,554,321 ✓
Other	2,898,078 ✓	2,431,442 ✓	9,360,697 ✓	6,915,020 ✓
	51,119,523 ✓	39,547,705 ✓	145,963,675 ✓	132,751,930 ✓

19. FINANCE INCOME / FINANCE COSTS

Finance income

<i>In thousands of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Derecognition of liabilities (Note 12)	63,964,146 ✓	-	63,964,146 ✓	7,082,293 ✓
Interest income on bank deposits, loans and bonds	20,470,173 ✓	11,793,053 ✓	58,435,012 ✓	31,953,018 ✓
Amortization of discount	6,102,923 ✓	3,806,819 ✓	16,185,657 ✓	8,806,718 ✓
Other	1,620,784 ✓	1,757,239 ✓	4,306,800 ✓	4,597,861 ✓
	92,158,026 ✓	17,357,111 ✓	142,891,615 ✓	52,439,890 ✓

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

19. FINANCE INCOME / FINANCE COSTS (continued)

Finance costs

<i>In thousands of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Interest on loans and debt securities issued	41,297,720 ✓	41,073,843 ✓	127,234,441 ✓	109,640,356 ✓
Amortization of discount on loans and debt securities issued	2,655,486 ✓	2,230,664 ✓	8,441,348 ✓	5,763,134 ✓
Unwinding of discount on asset retirement obligations	1,543,428 ✓	789,593 ✓	6,250,150 ✓	4,571,677 ✓
Other	10,825,294 ✓	7,019,834 ✓	25,848,602 ✓	12,555,023 ✓
	56,321,928 ✓	51,113,934 ✓	167,774,541 ✓	132,530,190 ✓

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

<i>In thousands of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Tengizchevroil LLP	(11,183,112) ✓	44,087,997 ✓	82,676,275 ✓	124,498,661 ✓
Mangistau Investments B.V.	16,555,831 ✓	6,494,197 ✓	33,812,024 ✓	11,916,156 ✓
KazRosGas LLP	9,272,889 ✓	12,730,493 ✓	14,629,804 ✓	29,633,206 ✓
KazGerMunay LLP	1,675,407 ✓	(731,212) ✓	4,685,536 ✓	6,976,204 ✓
PetroKazakhstan Inc.	(1,814,656) ✓	(5,572,462) ✓	(8,723,291) ✓	(10,146,805) ✓
Beineu-Shymkent Gas Pipeline	(153,604) ✓	(49,779,971) ✓	(8,163,542) ✓	(53,484,618) ✓
KazakhOil-Aktobe LLP	(150,214) ✓	5,796,157 ✓	(2,418,006) ✓	2,496,855 ✓
Ural Group Limited	(253,297) ✓	1,261,341 ✓	(1,015,010) ✓	(30,970) ✓
Kazakhstan-China Pipeline LLP	-	(19,222,041) ✓	-	(17,758,593) ✓
Share in profit/(loss) of other joint ventures and associates	3,603,611 ✓	(5,552,151) ✓	4,028,882 ✓	2,279,483 ✓
	17,552,855 ✓	(10,487,652) ✓	119,512,672 ✓	96,379,579 ✓

21. INCOME TAX EXPENSE

<i>In thousands of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
Current income tax				
Corporate income tax	23,199,054	73,259,610	62,622,358	111,118,656
Excess profit tax	565,686	1,763,431	630,862	7,202,378
Withholding tax on dividends and interest income	1,685,458	6,897,196	5,889,237	14,793,783
Deferred income tax				
Corporate income tax	15,455,687	(23,868,386)	25,466,705	(21,675,817)
Excess profit tax	8,743,982	(349,736)	8,749,363	(154,659)
Withholding tax on dividends and interest income	(3,255,346)	39,596,767	10,258,795	42,947,355
Income tax expense	46,394,521 ✓	97,298,882 ✓	113,617,320 ✓	154,231,696 ✓

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

22. 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 September 30, 2016 and December 31, 2015:

<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	September 30, 2016	171,549,095	18,569,213	36,119	7,741,669
	December 31, 2015	86,673,893	28,779,665	38,349	7,527,711
Associates	September 30, 2016	209,896,328	3,773,103	–	–
	December 31, 2015	238,975,765	2,740,195	–	–
Other related parties	September 30, 2016	–	9,045,647	–	535,750,535
	December 31, 2015	–	12,943,081	274,253	622,971,826
Joint ventures in which the Group is a venture	September 30, 2016	405,137,411	129,130,408	–	–
	December 31, 2015	386,156,435	71,317,430	–	–

Due from related parties

For the nine months ended September 30, 2016 the Company provided the additional interest free loan to the Samruk-Kazyna in the amount of 87,661,716 thousand tenge. The difference between fair value and nominal value of the loan amounting 31,872,440 thousand tenge was recognized as transaction with Samruk-Kazyna in the interim consolidated statement of changes in equity.

As at September 30, 2016 changes in due from associates mainly related to the repayment of principal and interest on the right to claim payments under "Kazakhstan Note" in the amount of 22,621,721 thousand tenge and 5,226,090 thousand tenge, respectively.

Increase in due from joint ventures is mainly due to prepayment to Tengizchevroil for oil supply in the amount of 15,716,636 thousand tenge. Changes of due from joint ventures also include accrual of interest on loan given to PetroKazakhstanOilProducts LLP and BeineuShymkent Pipelines LLP in the amount of 5,842,072 thousand tenge and 5,233,675 thousand tenge, respectively. The Group provided additional interest free loan to the BeineuShymkent Pipelines LLP in the amount of 10,190,207 thousand tenge.

Due to related parties

For the nine months ended September 30, 2016 the Company paid dividends to Samruk-Kazyna and National Bank of RK in the amount of 63,993,998 thousand tenge and 9,085,134 thousand tenge, respectively.

As at September 30, 2016 changes of due to joint ventures mainly include increase of trade payable for goods and services to KazRosGas LLP, BeineuShymkent Pipelines LLP and Tengizchevroil in the amount of 21,779,468 thousand tenge, 20,803,173 thousand tenge and 4,768,128 thousand tenge, respectively.

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

22. RELATED PARTY DISCLOSURES (continued)

Borrowings payable to related parties

For the nine months ended September 30, 2016 the Group redeemed bonds and loans payable to DBK in the total amount of 66,936,620 thousand tenge including interest.

The following table provides the total amount of transactions, which have been entered into with related parties during nine months ended September 30, 2016 and 2015:

<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	September 30, 2016	45,995,215	22,465,021	8,928,537	440,134
	September 30, 2015	36,638,120	19,015,375	3,519,913	418,576
Associates	September 30, 2016	17,866,784	46,206,883	11,757,249	5,793,241
	September 30, 2015	10,692,881	12,291,510	4,163,442	1,667,601
Other related parties	September 30, 2016	–	1,701,403	–	18,076,931
	September 30, 2015	–	48,877	579,875	9,132,775
Joint ventures in which the Group is a venturer	September 30, 2016	174,462,745	119,444,074	18,425,105	2,819,579
	September 30, 2015	192,232,092	74,663,918	10,762,095	–

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. Increase in purchases from joint ventures is mainly due to acquisition of oil from Tengizchevroil as part of oil supply agreement (Note 13).

Key management employee compensation

Total compensation to key management personnel, including key management personnel of subsidiaries, in the accompanying interim consolidated statement of comprehensive income was equal to 7,624,104 thousand tenge and 5,930,624 thousand tenge for the nine months ended September 30, 2016 and September 30, 2015, respectively. Compensation to key management personnel consists of contractual salary and performance bonus based on operating results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**23. FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTY****Fair values of financial instruments and investment property**

The carrying amount of the Group financial instruments as at September 30, 2016 and December 31, 2015 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

	Fair value by level of assessment			
	Carrying amount	Fair value	Quotations in an active market (Level 1)	Inputs from the observed market (Level 2) Inputs based on the significant amount of unobserved (Level 3)
<i>In thousands of tenge</i>				
As at September 30, 2016 (unaudited)				
Bonds receivable from the Samruk-Kazyna	40,939,152	55,669,703	-	55,669,703
Fixed interest rate borrowings	2,136,898,660	2,291,775,920	2,012,077,136	279,698,784
Financial guarantee	13,774,331	13,774,331	-	13,774,331
Investment property	29,591,833	30,215,570	-	30,215,570

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

The fair value of bonds receivable from the 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 (unaudited) (continued)

24. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to the contingent liabilities and commitments disclosed in the Group annual consolidated financial statements of the Group for the year ended December 31, 2015, the following changes have taken place during the nine months ended September 30, 2016:

Cost recovery audits

As of September 30, 2016 the Group's share in the total disputed amounts of the non-recoverable costs is 227,389 million tenge (as of December 31, 2015: 217,166 million tenge). The Group and its partners under the production sharing agreements are in negotiation with the Government with respect to the recoverability of these costs.

Oil supply commitments

As of September 30, 2016 the Group had commitments under the oil supply agreement in the amount of 26.9 million ton to be delivered till March 2020.

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

As of September 30, 2016 KazMunayGas Trading AG is engaged in litigations with SC Bioromoil SRL. SC Bioromoil SRL was seeking to recover the costs related to the Romanian customs duties in relation to the sale of biodiesel in 2009 and 2010 and compensation for lost profits. The total amount of claims amounted to 26.9 million US dollar (9,024 million tenge) as of September 30, 2016.

As of September 30, 2016 the Group has recorded provision for this claim in the amount 22 million US dollars (7,380 million tenge) (as of December 31, 2015: nil).

Civil litigation (KMGI)

According to a Decree issued April 22, 2016, prosecutors of Romania with the General Headquarters of the Department for Fight Against Organized Crime and Terrorism (DIICOT) have ordered a reclassification and continued investigation of the case against 26 suspects under charges of organized crime (14 of them were employees of KMG I). In accordance to the same Decree, several civil responsible parties were added to the case, which include KMG I, SC Oilfield Exploration Business Solutions SA and SC Rompetrol Rafinare S.A. (KMG I subsidiaries). The amount of claims of the civil action is RON 1,724,168,825, USD 290,786,616 and EUR 34,941,924 (equivalent of 760 million US dollar or 254,950 million tenge). By Decree issued on May 6, 2016, the DIICOT have applied a prejudgment seizure on KMGI, SC Oilfield Exploration Business Solutions SA and SC Rompetrol Rafinare S.A. movable and immovable assets except for bank accounts, receivables and inventories. Prescribed seizure does not impact the operational activity of the companies. KMG I appealed the seizure orders in domestic courts and international arbitration. The hearing of Supreme Court was on June 13, 2016. The Supreme Court rejected in full the appeal. The investigation is ongoing and court trial is expected after investigation is finished. The management of the Group believes that until the investigation is complete and full details of the claims are provided, no provision for claims is required. On July 22, 2016 the Company and KMG I submitted to the Romanian authorities the Notice of Investment Dispute based on the Agreement between the Government of Romania and the Government of the Republic of Kazakhstan, the Agreement between the Government of the Kingdom of the Netherlands and the Government of Romania and the Energy Charter Treaty. The submission of the aforementioned Notice represents the first procedural step that might give rise to an arbitration dispute between an investor and the country where the investment was made. If a settlement between the Group and Romanian authorities fail to be reached, the case will be referred to and settled by the International Centre for Settlement of Investment Disputes under World Bank or to the Arbitration Institute of the Stockholm Chamber of Commerce.

Kazakhstan local market obligation

During nine months ended September 30, 2016, in accordance with its obligations, the Group delivered 3,898,737 tons of crude oil (nine months ended September 30, 2015: 3,369,257 tons), including joint ventures, to the Kazakhstan market.

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

24. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Commitments under subsoil use contracts

As at September 30, 2016 the Group had the following commitments related to minimal working program in accordance with terms of licenses, production sharing agreements and subsoil use contracts, signed with the Government:

Year	Capital expenditures	Operational expenditures
2016	47,612,446	3,130,090
2017	23,054,740	4,042,613
2018	18,362,381	4,993,335
2019	13,305,804	5,429,188
2020-2048	17,070,900	21,062,952
Total	119,406,271 ✓	38,658,178 ✓

Other contractual commitments

As at September 30, 2016, the Group had other capital commitments of approximately 929 billion tenge (as at December 31, 2015: 954 billion tenge), including joint ventures, related to acquisition and construction of property, plant and equipment.

25. 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.

During nine month, ended September 30, 2016 there were changes in a sale's process and activities of certain subsidiaries of the Group. Therefore there were changes in the name of segments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**25. SEGMENT REPORTING (continued)**

The following represents information about operating segments of the Group as at September 30, 2016 and for the nine months then ended:

<i>In thousands of tenge</i>	Exploration and production of oil and gas and trading of own refined products	Oil transpor- tation	Gas transpor- tation and gas trading	Refining and trading of crude oil and refined products	Other	Elimination	Total
Revenues from sales to external customers	63,703,510	140,820,396	292,149,693	619,030,007	55,355,331	-	1,171,058,937 ✓
Revenues from sales to other segments	536,673,797	33,736,599	889,657	39,489,441	23,796,375	(634,585,869)	-
Total revenue	600,377,307	174,556,995	293,039,350	658,519,448	79,151,706	(634,585,869)	1,171,058,937 ✓
Gross profit	284,014,531	78,168,176	69,671,029	100,942,799	(8,236,873)	(376,420,836)	148,138,826 ✓
Finance income	25,436,094	7,163,667	10,238,417	21,761,805	117,663,746	(39,372,114)	142,891,615 ✓
Finance costs	(12,297,081)	(2,798,327)	(20,515,997)	(28,002,890)	(141,983,986)	37,823,740	(167,774,541) ✓
Depreciation, depletion and amortization	(55,436,446)	(24,107,824)	(21,168,577)	(25,181,914)	(6,515,744)	-	(132,410,505) ✓
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets other than goodwill	(1,221,870)	(2,003,276)	(1,150,893)	16	(1,811,357)	-	(6,187,380) ✓
Share in profit of joint ventures and associates,							
net	95,292,072	8,142,378	6,214,910	8,346,189	1,517,123	-	119,512,672 ✓
Income tax expenses	(52,757,229)	(12,611,034)	(12,182,198)	(15,094,061)	(20,972,798)	-	(113,617,320) ✓
Net profit for the period	157,070,119	66,009,726	54,577,494	56,429,978	(114,966,734)	(1,899,800)	217,220,783 ✓
Other segment information							
Investments in joint ventures and associates	3,379,887,941	61,297,280	76,502,187	31,481,021	5,567,474	-	3,554,735,903 ✓
Capital expenditures	95,472,368	25,084,224	38,946,498	165,043,470	37,696,107	-	362,242,667 ✓
Allowances for obsolete inventories, doubtful accounts receivable, advances paid, and other assets	(11,835,974)	(777,324)	(6,904,283)	(6,959,852)	(5,759,570)	-	(32,237,003) ✓
Assets of the segment	6,110,955,148	720,643,221	1,216,597,067	3,423,111,635	1,827,685,617	(1,561,420,976)	11,737,571,712 ✓
Liabilities of the segment	549,003,101	146,429,219	590,940,736	2,644,050,898	3,162,672,581	(1,537,087,988)	5,556,008,547 ✓

Eliminations represent the exclusion of intra-group turnovers.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**25. SEGMENT REPORTING (continued)**

The following represents information about operating segments of the Group as at December 31, 2015 and for the nine months ended September 30, 2015:

<i>In thousands of tenge</i>	Exploration and production of oil and gas and trading of own refined products	Oil transport- tation	Gas transport- tation and gas trading	Refining and trading of crude oil and refined products	Other	Elimination	Total
Revenues from sales to external customers	17,646,641	142,847,138	255,096,544	330,572,653	55,883,045	–	802,046,021 ✓
Revenues from sales to other segments	393,123,700	31,816,933	871,985	3,450,687	15,423,658	(444,686,963)	–
Total revenue	410,770,341	174,664,071	255,968,529	334,023,340	71,306,703	(444,686,963)	802,046,021 ✓
Gross profit	148,643,882	83,230,202	67,505,027	75,375,204	(7,968,356)	(338,539,037)	28,246,922 ✓
Finance income	23,203,693	3,535,582	6,734,510	4,060,977	32,251,910	(17,346,782)	52,439,890 ✓
Finance costs	(10,369,400)	(2,344,057)	(14,614,356)	(6,114,612)	(119,100,028)	20,012,263	(132,530,190) ✓
Depreciation, depletion and amortization	(33,727,098)	(19,479,691)	(23,059,292)	(20,381,772)	(8,289,234)	–	(104,937,087) ✓
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets other than goodwill	(324,538)	(40,287)	(38,484)	154	(15,597)	–	(418,752) ✓
Share in profit of joint ventures and associates, net	136,481,767	(14,371,131)	(24,093,651)	(1,302,588)	(334,818)	–	96,379,579 ✓
Income tax expenses	(131,633,614)	(18,258,409)	(2,868,997)	13,040,057	(14,510,733)	–	(154,231,696) ✓
Net profit for the period	114,933,210	57,423,859	(81,341,963)	(67,253,584)	201,607,292	(15,427,962)	209,940,852 ✓
Other segment information							
Investments in joint ventures and associates	3,243,334,533	60,522,184	92,468,369	23,445,191	3,169,468	–	3,422,939,745 ✓
Capital expenditures	194,657,493	53,218,161	48,918,876	77,118,846	17,169,346	–	391,082,722 ✓
Allowances for obsolete inventories, doubtful accounts receivable, advances paid, and other assets	(11,602,749)	(855,459)	(5,862,523)	(6,614,583)	(5,863,282)	–	(30,798,596) ✓
Assets of the segment	6,613,126,707	713,980,295	1,087,756,149	2,212,877,178	822,587,426	(740,670,097)	10,709,657,658 ✓
Liabilities of the segment	568,163,254	172,158,449	517,619,492	1,495,561,554	2,552,194,461	(686,217,349)	4,619,479,861 ✓

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

26. SUBSEQUENT EVENTS

On October 6, 2016 the Group's bonds in the amount of 10,654,281 pieces at par value of 1,000 tenge each and an interest rate of 7.5%, maturing on October 18, 2025 were placed on KASE. Bonds yield for the buyer is 13% per annum. Amount received from placed bonds was equal to 7,798,251 thousand tenge.

On October 11, 2016 the KMG EP received from the tax authorities for VAT refunds related to the 2012-2015 years in the amount of 24,567,260 thousand tenge.

On October 27, 2016 the Group received borrowings from the Syndicate of banks in the amount of 47,000 thousand US dollars (equivalent of 15,565,460 thousand tenge as of settlement date) with interest rate Libor 1M + 2% for working capital purposes.

On October 7 and 28, November 4, 2016 the Group made an interest repayment of the Eurobonds in the total amount of 111,605 thousand US dollars (equivalent to 37,421,574 thousand tenge on the due date).

On November 9, 2016 the KMG EP received from the tax authorities for income tax and excess profit tax refunds related to the 2006-2008 years in the amount of 4,092,487 thousand tenge.

In October and November 2016 the Company has provided the additional interest free loan to Samruk-Kazyna in the total amount of 33,983,040 thousand tenge.

On November 10, 2016 the Company made a payment of dividends to the Samruk-Kazyna in the amount of 17,774,203 thousand tenge.