



**КазМұнайГаз**  
NATIONAL COMPANY ҰЛТТЫҚ КОМПАНИЯСЫ

# National Company KazMunayGas

## Operational and financial results

### 1H 2019



# Disclaimer

## Forward-looking statements

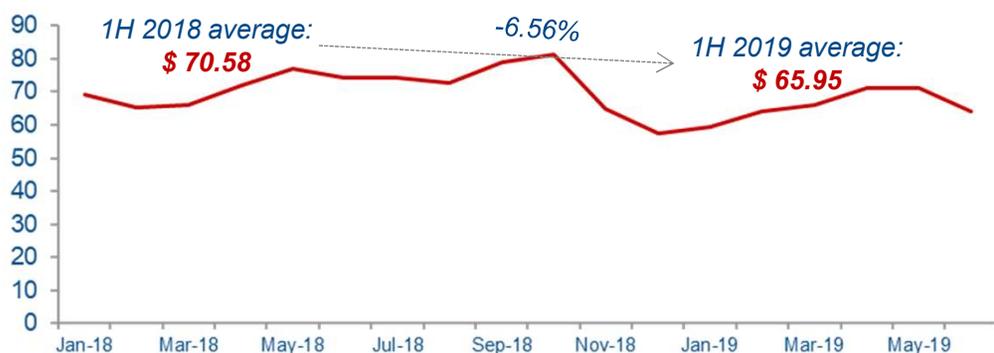
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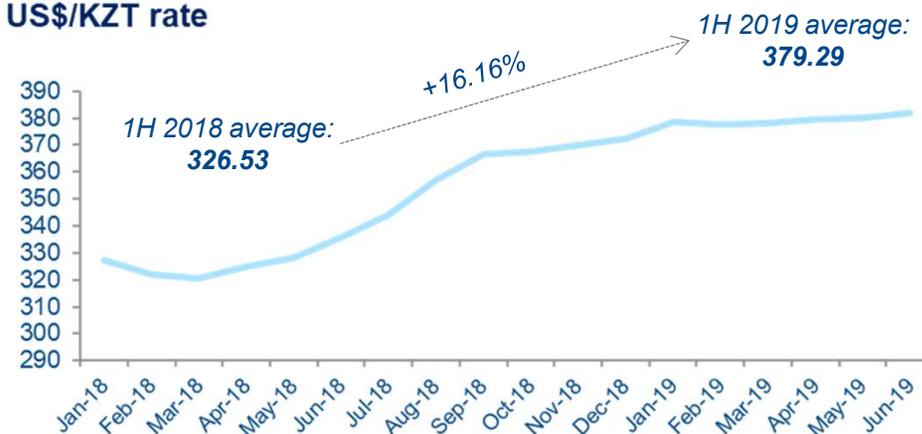
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# Key factors impacting performance

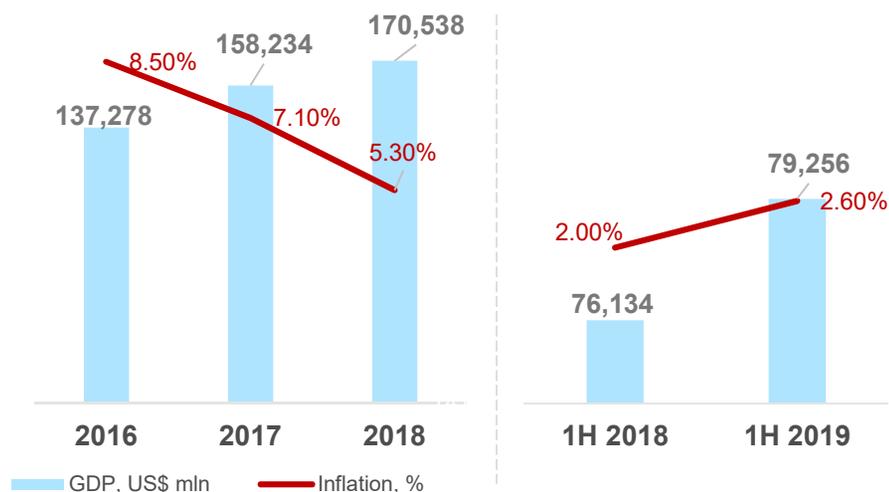
## Brent price, US\$/bbl



## US\$/KZT rate



## GDP and Inflation



## Credit rating

Moody's	S&P	Fitch
Baa3	BBB-	BBB-
Ba1	BB+	BB+
Ba2	BB	BB
Ba3	BB-	BB-

- On 8 November 2018, S&P upgraded its rating on KMG from 'BB-' to 'BB', with stable outlook, and assessed KMG's stand-alone credit profile at 'b+', compared with 'b' previously;
- On 28 March 2019, Fitch affirmed its rating on KMG at 'BBB-' with a stable outlook and upgraded KMG's standalone rating from 'b' to 'bb-'.

# 1H 2019 key developments

## Operational

- During 1H2019 KMG's oil and condensate production decreased by 0.5% year-on-year to 11,704 tkt Natural and associated gas production increased by 0.9% to 4,160 mcm;
- During 1H2019 Kashagan's oil production significantly increased to 5,705 kt of oil (250 kbopd, average for 1H 2019) or by 7.6% YoY (KMG share – 472kt). The decline was due to scheduled overhaul from 14 April to 19 May, 2019;
- On 16 February 2019, the implementation of an investment project for the modernisation of a Jack Up Drilling Rig (JUDR) for 21.6 billion tenge or USD 57 mln was approved for the participation in drilling projects in the Azerbaijani sector of the Caspian Sea. KMG and SOCAR signed an agreement on trust management of JUDR;
- On 1 April 2019, KMG, the Ministry of Energy of Kazakhstan, KMG and LUKOIL signed a contract for the exploration and production of hydrocarbons in the Zhenis site located in the Kazakhstani sector of the Caspian Sea. In accordance with KMG and LUKOIL estimations, extractable reserves (C3) of the project are 65.1 mt. The project operator is Zhenis Operating LLP (a 50:50 JV between KMG and LUKOIL);
- On 7 June 2019, KMG and LUKOIL signed an agreement on the principles of the project "I-P-2", the site of the same name located in the Kazakhstan sector of the Caspian Sea. In accordance with LUKOIL estimations extractable reserves (C1) of the project are 15.1 mt;
- On 26 July 2019, the Ministry of Energy of Kazakhstan, KMG and Eni S.p.A. (Eni) signed a contract for the exploration and production of hydrocarbons in field Abai located in the Kazakh sector of the Caspian Sea. In accordance with prospecting works in 2013 extractable reserves (C3) of the project are 180.3 mt. The project operator is Isatay Operating Company LLP (a 50:50 JV between KMG and Eni).

## Corporate

- On 22 February 2019, KMG EP completed its preferred shares buyback programme. KMG EP repurchased preferred shares in the amount of KZT 15.9 bln, representing 65.0% of the outstanding float. As of 14 May 2019, preferred shares of KMG EP were delisted from KASE official list ;
- In February 2019 in accordance with its strategy and government plan, KMG completed the sale of its KazMunayGas-branded fueling station network for KZT 60,512 mln, thus exiting retail petroleum stations business in Kazakhstan;
- On 29 April 2019, Mr. Luis Maria Viana Palha Da Silva was elected as Board Member – Independent director of KMG;
- On 20 May 2019, Mr. Anthony Espina was elected as Board Member of KMG representing core shareholder Samruk-Kazyna;
- In accordance with a Presidential decree, KMG will fund the construction of new social facilities (a 7,000-seat stadium and congress hall) in Turkestan for a total amount of KZT 21 bln. Along with this, in August 2019, KMG financed the construction of 1000-seat amphitheater worth KZT 1.8 bln in Turkestan.

## Financial

- During the first half of 2019 KMG made an advance settlement in the amount of USD 1.2 bln, which includes a USD 750 mln settlement ahead of the schedule;
- In January 2019, the Atyrau refinery has refinanced the loan of the DBK for the amount of USD 300 mln via (1) the issuance of bonds at Astana International Exchange and (2) a loan obtained from Halyk Bank JSC in order to reduce funding cost;
- In March 2019, Fitch confirmed its rating at the level "BBB-/Forecast stable", while increasing the individual rating (stand-alone credit profile) from b to bb-;
- On 29 March 2019, KMG obtained the consent of the holders of Eurobonds to be redeemed in 2022, 2023, 2027, 2044 (Eurobonds issued before 2018) for (1) alignment of the covenant package with the terms of the issue of Eurobonds of 2018 and (2) early repayment of Eurobonds in the amount of USD 30.1 mln due for repayment in 2044;
- In July 2019, the Atyrau refinery has switched the currency of the loan due to DBK for the amount equivalent to USD 152 mln from "USD" to "tenge" as a part of a FX risk mitigation measure;
- In July 2019, KMG has made the final installment repayment of indexed bonds due to DBK for the amount of USD 53 mln;
- In August 2019, KMG and KTG jointly issued a financial guarantee (each responsible for 50%) to refinance the loan obtained by Beineu-Shymkent Gas Pipeline LLP, for the amount of USD 720 mln in order to improve terms of the financing.

# Financials

Brent, average (US\$/bbl)	65.95		70.58		-6.56%	
X-rate, average (KZT/US\$)	379.29		326.53		+16.16%	
Item	1H 2019		1H 2018		% change	
	KZT bln	US\$ mln <sup>(6)</sup>	KZT bln	US\$ mln <sup>(6)</sup>	KZT bln	US\$ mln <sup>(6)</sup>
Revenue	3,403	8,971	3,356	10,279	+1.38%	-12.72%
Share in profit of JVs and ass.-s	445	1,174	337	1,033	+32.00%	+13.64%
EBITDA <sup>(1)</sup>	1,095	2,888	909	2,783	+20.54%	+3.77%
Net Profit	622	1,641	360	1,102	+73.03%	+48.96%
Capex (on accrual basis) <sup>(2)</sup>	167	440	177	542	-5.84%	-18.94%
FCF <sup>(3)</sup>	(351)	(925)	72	221	-586.97%	-519.23%
<b>FCF adjusted<sup>(4)</sup></b>	<b>128</b>	<b>339</b>	<b>72</b>	<b>221</b>	<b>+77.73%</b>	<b>+53.01%</b>
Net Debt <sup>(5)</sup>	2,491	6,547	2,167	5,639	+14.99%	+16.10%
ROACE (%)	6.2		4.3		+43.11%	

(1) Starting from 1Q 2018 KMG calculates EBITDA for any relevant period as "Revenue + Finance income - Cost of sales – G&A expenses – Transportation and selling expenses + Depreciation, depletion and amortization + Share in profit of JVs and associates";

(2) Capital expenditures (accrual basis) are as per segmented reporting of consolidated financial statements;

(3) The Company calculates FCF for any relevant period as CFO – Capex (cash basis) + Dividends received from joint ventures and associates;

(4) The Company calculates FCF adjusted for any relevant period as CFO + TCO prepayments, net – Capex (cash basis) + Dividends received from joint ventures and associates (cash basis);

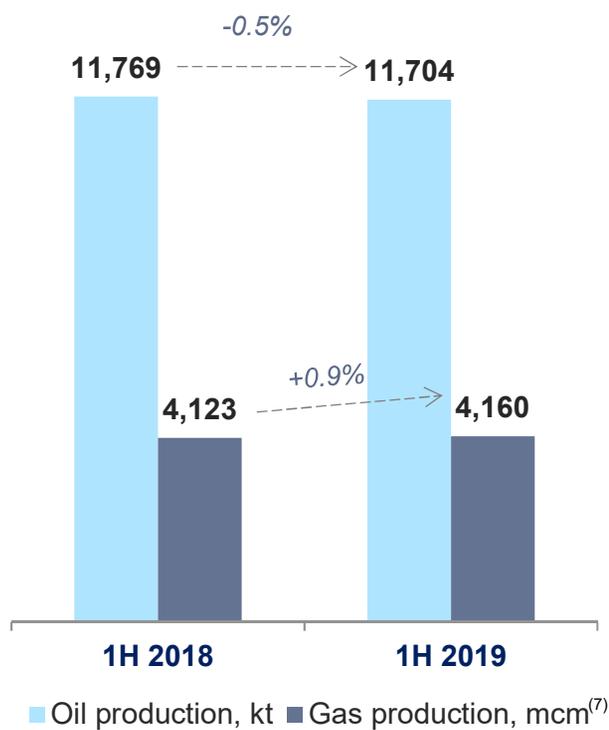
(5) Net Debt is shown as at 30 June 2019 and 31 December 2018;

(6) All figures were converted from KZT to US\$ at the following average exchange rates (NBRK): for 1H 2019 – 379.29, for 1H 2018 – 326.53; All figures were converted from KZT to US\$ at the following period-end exchange rates (NBRK): for 1H2019 – 380.53, for 2018 – 384.20.

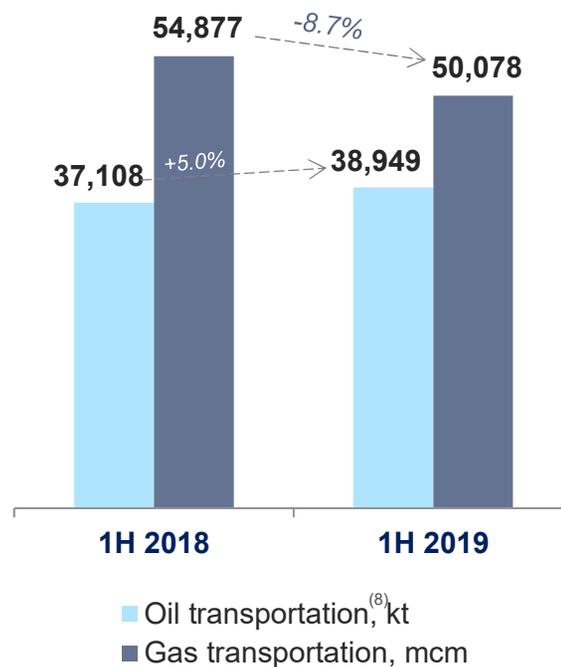


# Key operating results

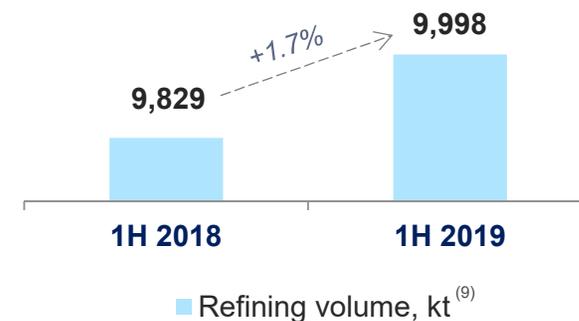
## Upstream



## Midstream



## Downstream



(7) Gas production includes the volumes of reinjected gas;

(8) The volume includes KTO (100%) + MT (51%) + KCP (50%) + CPC (20.75%) + KMTF (100%);

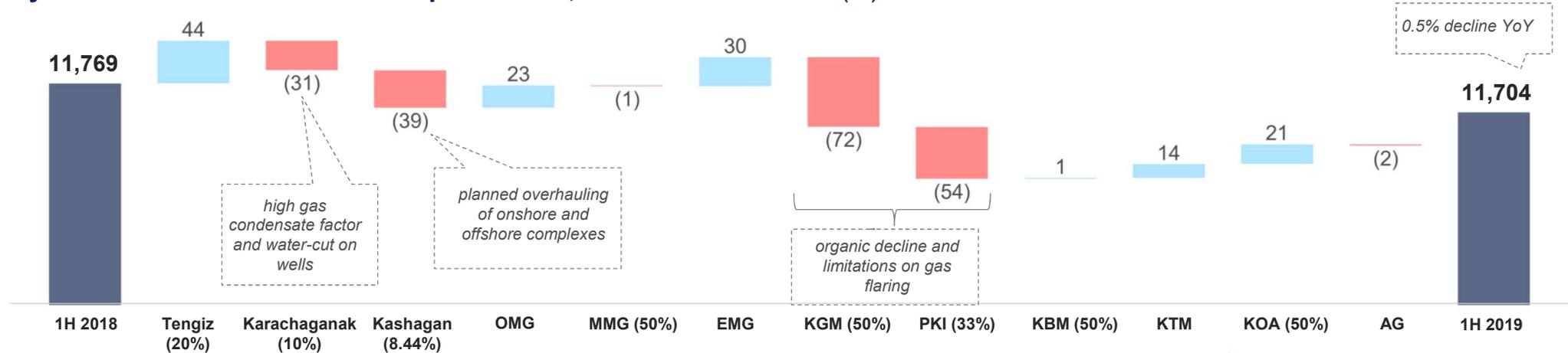
(9) Total volume includes KMG operating net volumes of Kazakh refineries (Atyrau - 100%, Pavlodar - 100%, Shymkent (PKOP) - 50%, Caspi Bitum - 50%) and KMG I (Petromidia - 100% + Vega - 100%);

# Upstream: Oil and gas condensate

Oil and condensate production structure, 1H 2019 (kt)

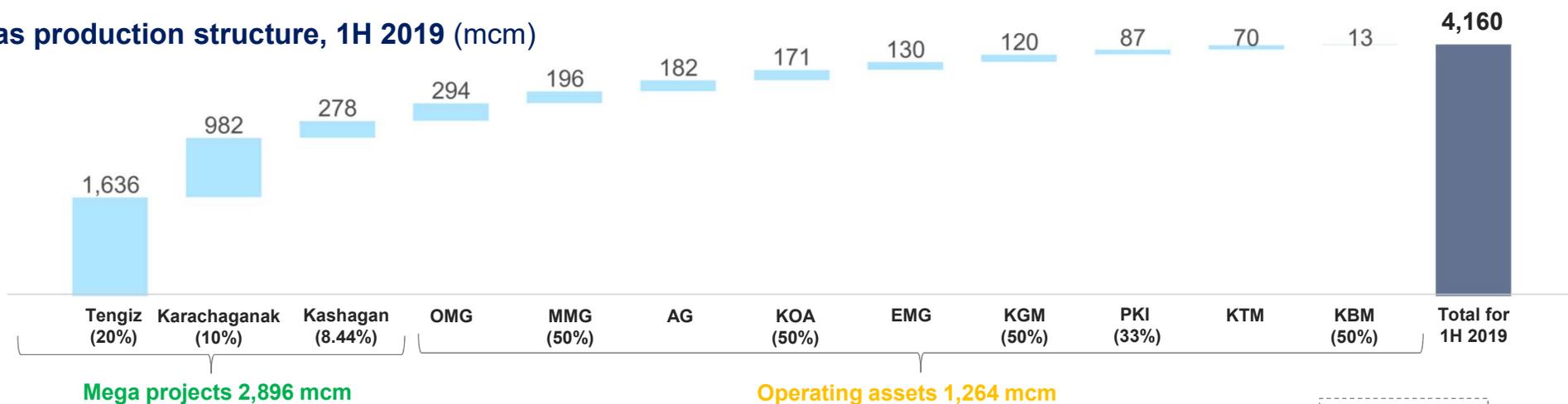


Dynamics of oil and condensate production, 1H 2019 vs 1H 2018 (kt)

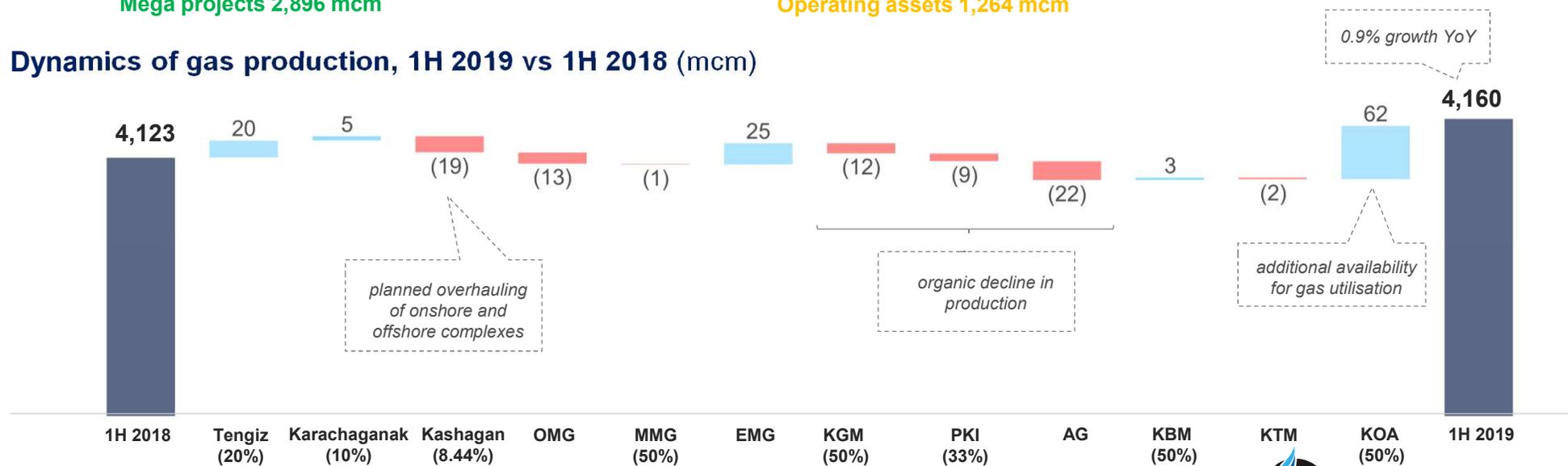


# Upstream: Natural and associated gas

Gas production structure, 1H 2019 (mcm)

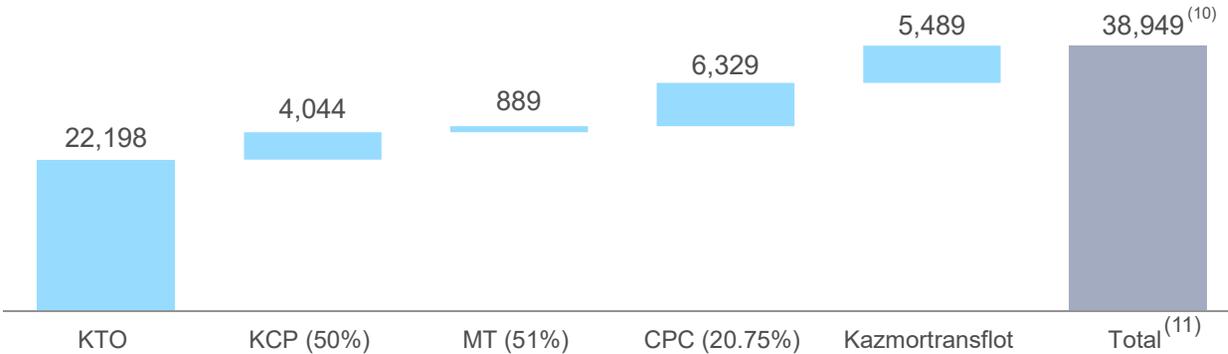


Dynamics of gas production, 1H 2019 vs 1H 2018 (mcm)

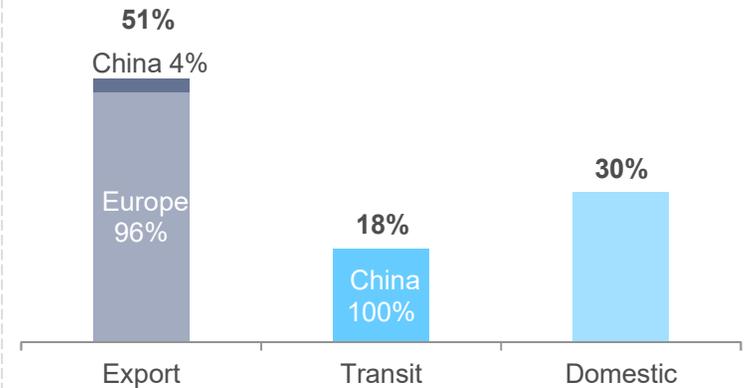


# Midstream: Crude oil transportation

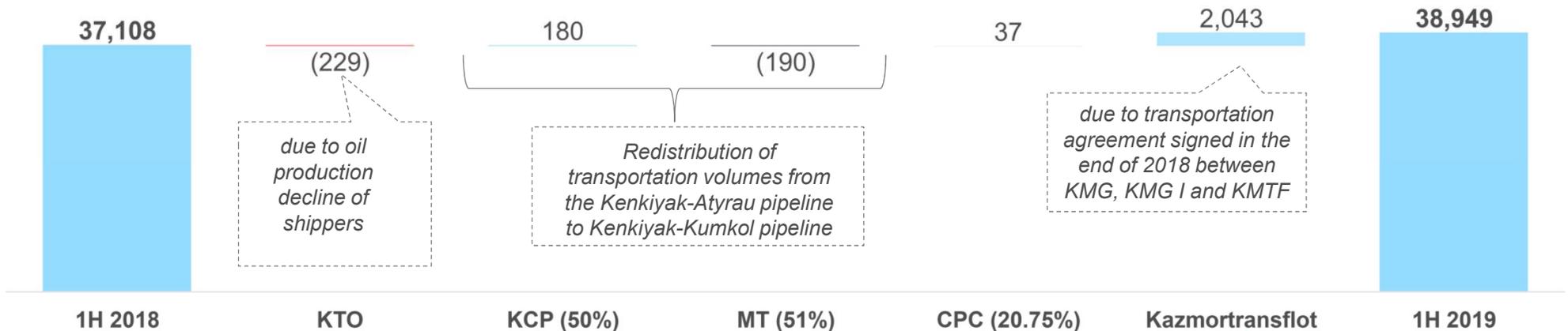
Oil transportation structure, 1H 2019 (kt)



Oil pipeline throughput by direction, 1H 2019 (26,933 mt)



Dynamics of oil transportation, 1H 2019 vs 1H 2018 (kt)

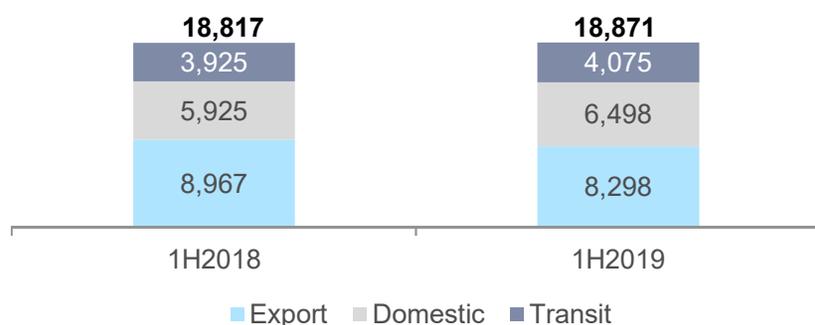


(10) The volume includes KTO (100%) + MT (51%) + KCP (50%) + CPC (20.75%) + KMTF (100%);

(11) Consolidated crude oil transportation volume includes crude oil transportation volume of each individual pipeline company in accordance with KMG operating share. Some volumes can be transported by two or three pipeline companies.

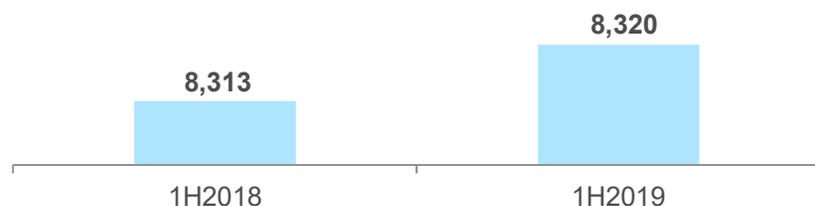
# Midstream: Crude oil pipeline transportation

**KTO oil transportation turnover by directions and tariffs, (mt\*km)**



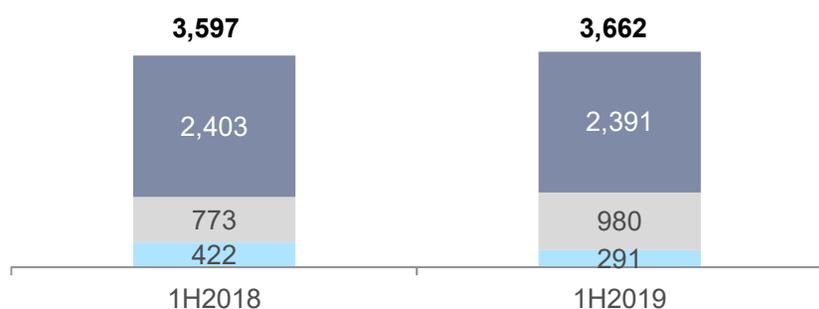
Direction	UoM	Average tariffs (KZT)	Average tariffs (USD)	% change (1H2018 vs 1H2019)
Export	tn per 1000 km	<b>6,399</b>	16.87	0%
Domestic	tn per 1000 km	<b>4,722</b>	12.45	+10.0%
Transit	per tonne	1,604	<b>4.23</b>	+36.0%

**CPC oil transportation turnover by directions and tariffs, (mt\*km)**



Direction	UoM	Average tariffs (KZT)	Average tariffs (USD)	% change (1H2018 vs 1H2019)
Export	per tonne	13,654	<b>36.00</b>	0%

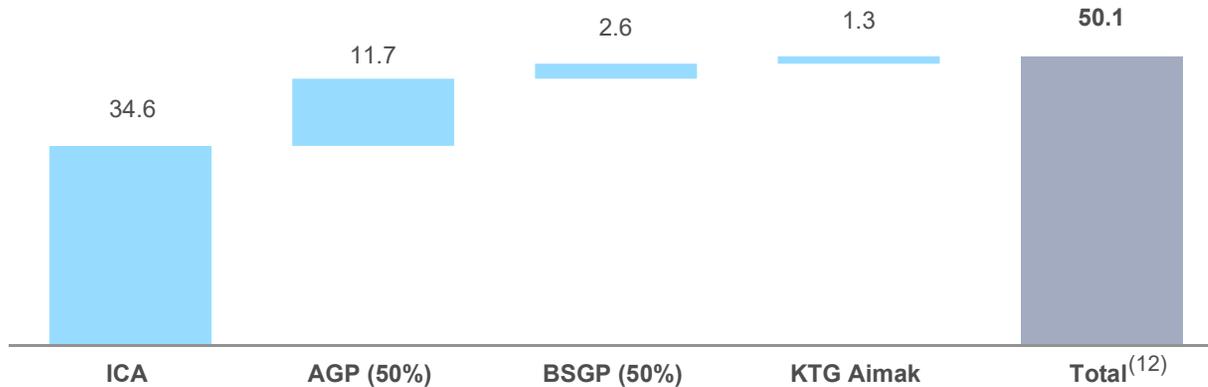
**KCP oil transportation turnover by directions and tariffs, (mt\*km)**



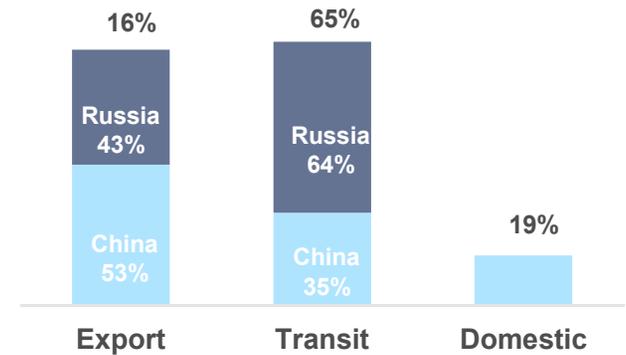
Direction	UoM	Average tariffs (KZT)	Average tariffs (USD)	% change (1H2018 vs 1H2019)
Export	tn per 1000 km	<b>6,799</b>	17.93	0%
Domestic	tn per 1000 km	<b>7,158</b>	17.93	+10.0%
Transit	per tonne	4,084	<b>10.77</b>	+30.5%

# Midstream: Gas transportation

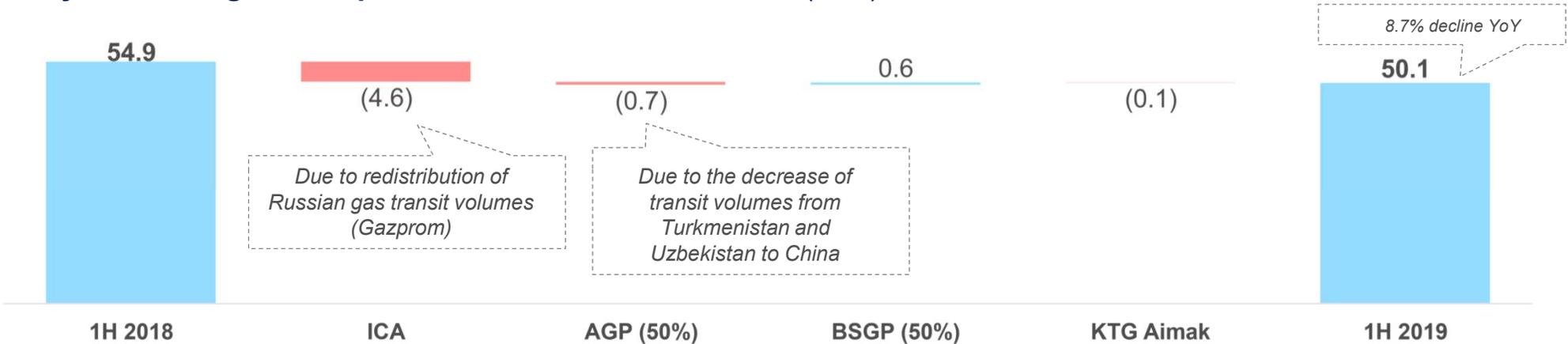
Gas transportation structure, 1H 2019 (bcm)



Gas pipeline throughput by direction, 1H 2019 (42.8 bcm)



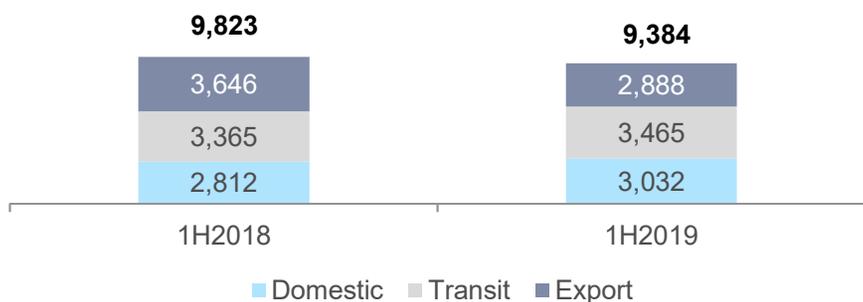
Dynamics of gas transportation, 1H 2018 and 1H 2019 (bcm)



(12) Consolidated gas transportation volume includes gas transportation volume of each individual gas pipeline company in accordance with KMG operating share. Some volumes can be transported by two or three pipeline companies.

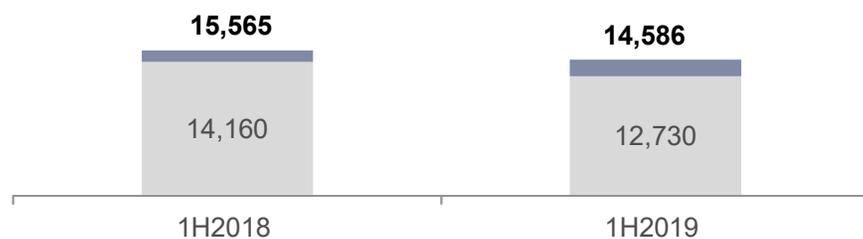
# Midstream: Gas transportation

ICA gas transportation turnover by directions and tariffs, (mcm\*km)



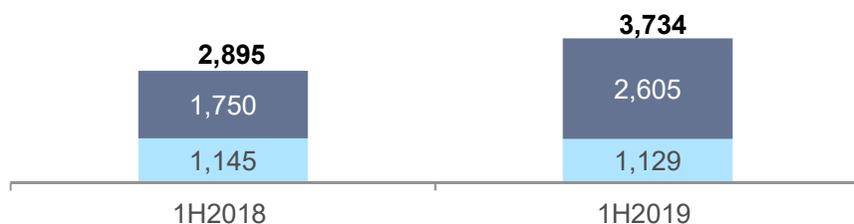
Direction	UoM	Average tariffs (KZT)	Average tariffs (USD)	% change (1H2018 vs 1H2019)
Export	KZT/ 1000 m3 per 100 km	1,692	4.5	-1.3%
Domestic	KZT/ 1000 m3	2,213	5.83	-
Transit	KZT/ 1000 m3 per 100 km	759	2.00	-

AGP gas transportation turnover by directions and tariffs, (mcm\*km)



Direction	UoM	Average tariffs (KZT)	Average tariffs (USD)	% change (1H2018 vs 1H2019)
Export	KZT/ 1000 m3 per 100 km	1,358	3.58	-
Domestic	KZT/ 1000 m3	3,494	9.21	-
Transit	KZT/ 1000 m3 per 100 km	1,358	3.58	-

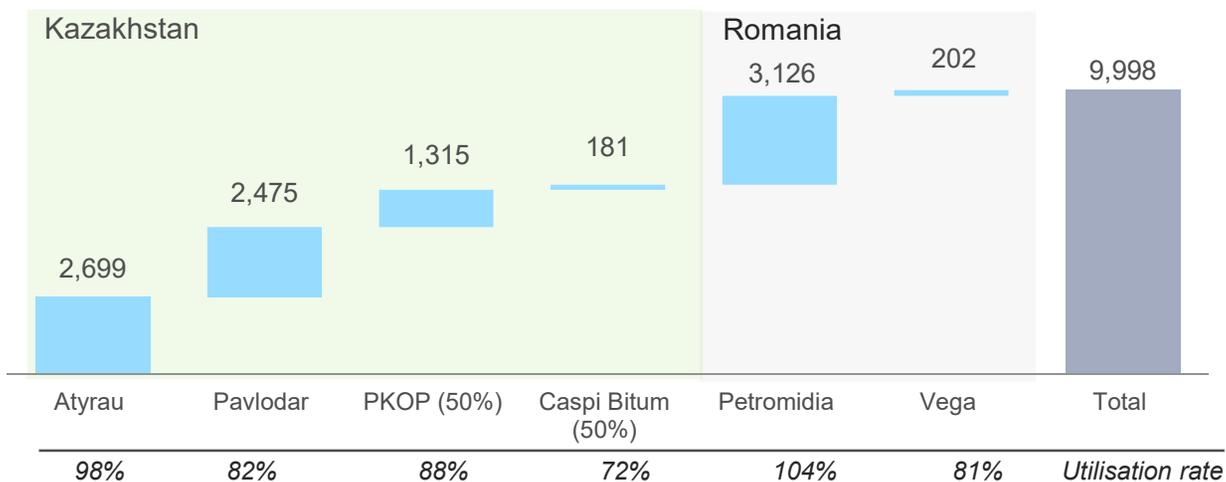
BSGP gas transportation volume by directions and tariffs, (mcm)



Direction	UoM	Average tariffs (KZT)	Average tariffs (USD)	% change (1H2018 vs 1H2019)
Export	KZT/ 1000 m3	17,686	46.63	-2.1%
Domestic	KZT/ 1000 m3	17,686	46.63	-2.1%

# Downstream: Refining volumes

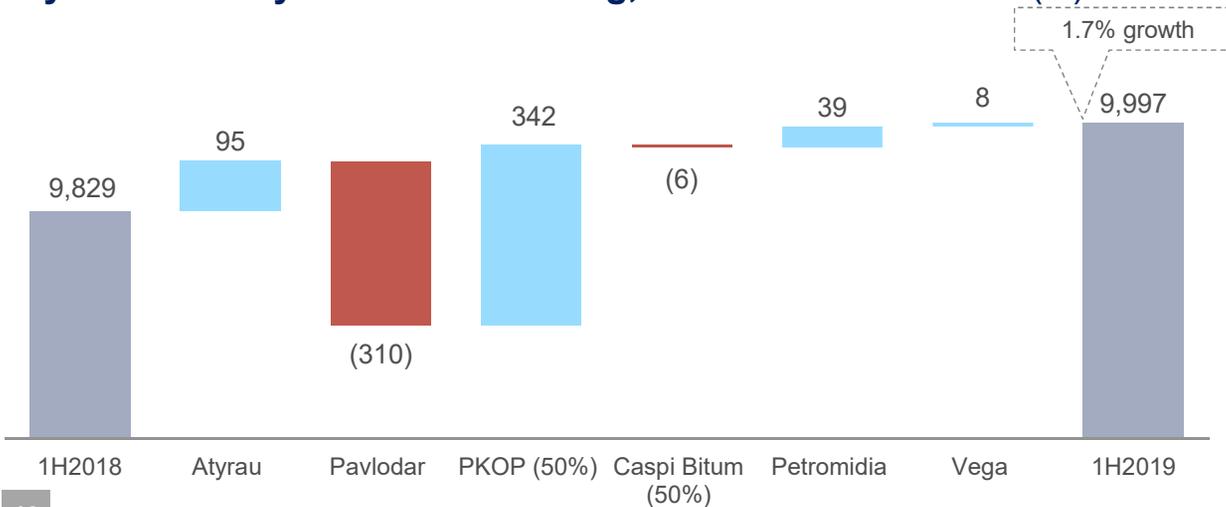
## Hydrocarbon refining volumes structure, 1H 2019 (kt)



## Average processing fee for 1Q2019, KZT/tonne

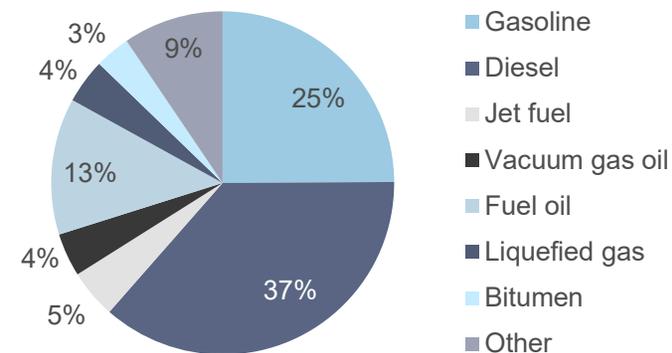
Refinery	Average fee 1H2019	% change (1H2018 vs 1H2019)
Atyrau	37,436	+18,9%
Pavlodar	19,805	+14,8%
PKOP	22,500	+38,0%
Caspi Bitum	20,022	+11,2%
Petromidia	n/a	n/a
Vega	n/a	n/a

## Dynamics of hydrocarbon refining, 1H 2018 and 1H 2019 (kt)



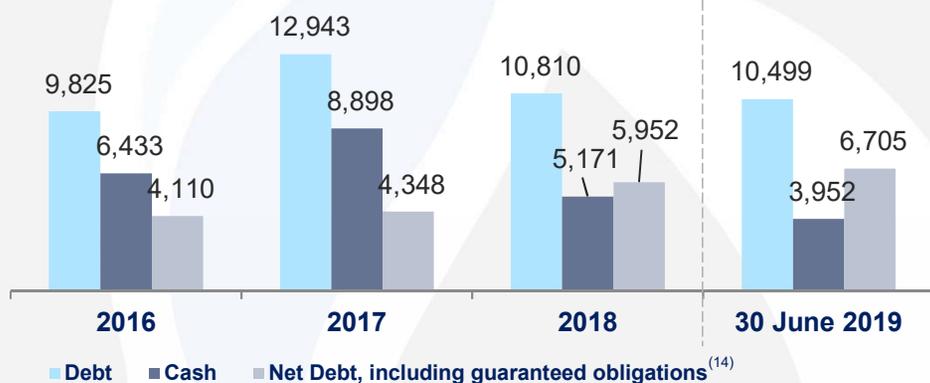
## Oil products breakdown, %

In 1H2019 the share of gasoline and diesel fuel totaled to 61% and remained almost unchanged YoY in the KMG's refining products structure.

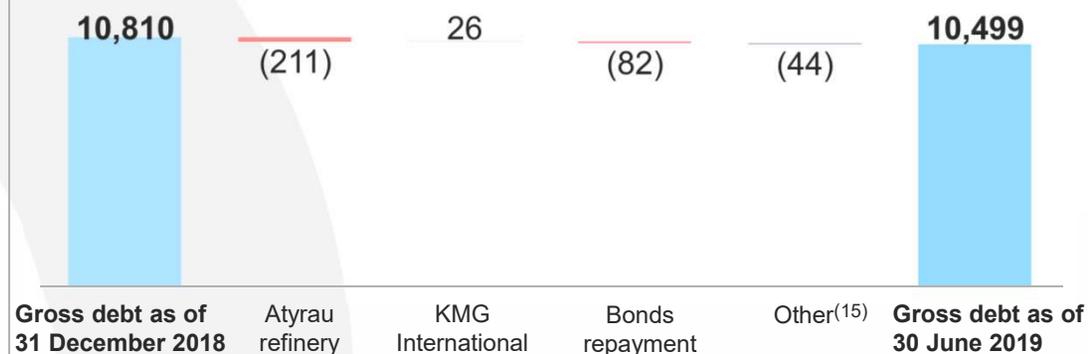


# Financial position

Debt <sup>(13)</sup>, US\$ mln



Debt movement, US\$ mln



Debt maturity profile (nominal), US\$ mln



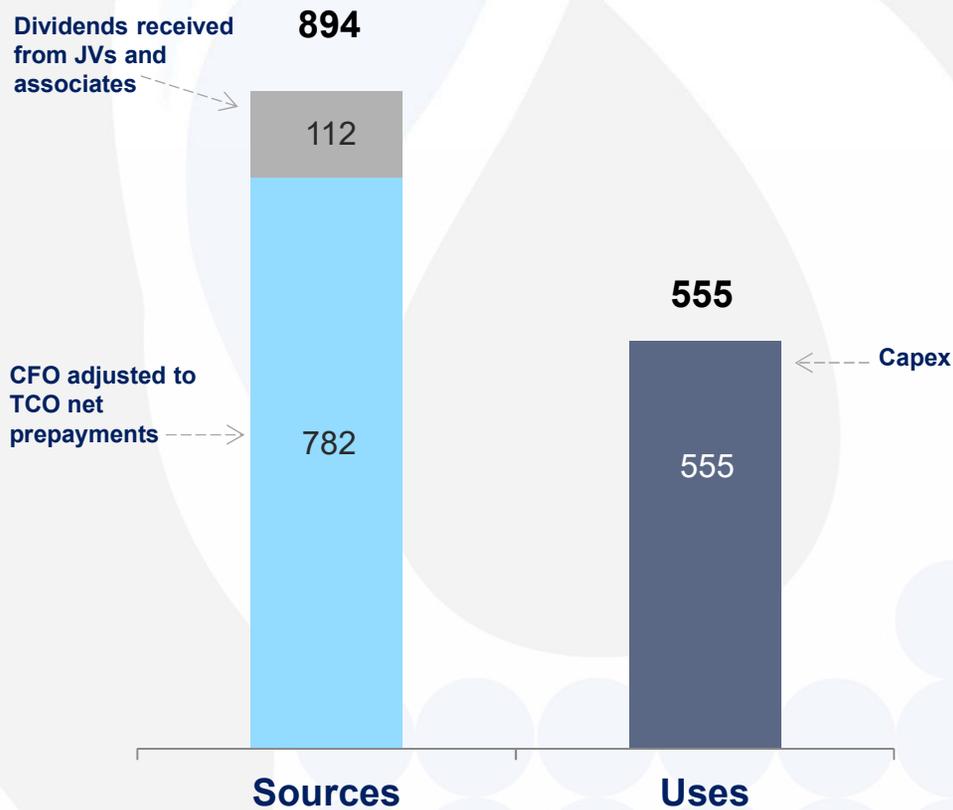
(13) Calculated with relevant adjustments made for assets classified as for sale;

(14) Beineu-Shymkent Gas Pipeline LLP (50% owned by KMG);

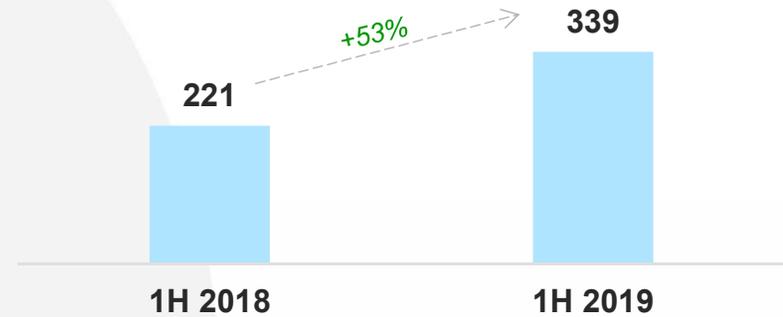
(15) Other includes change in FX rate, discounts etc.

# Cash sources and uses

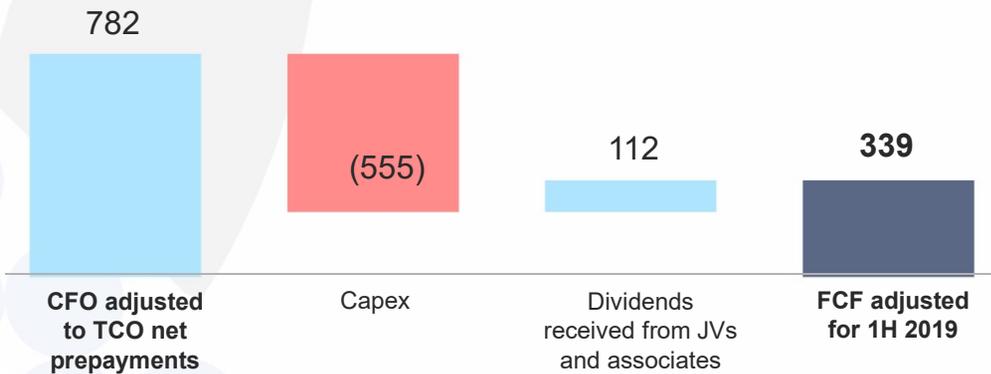
## Cash flow allocation 1H 2019, US\$ mln



## FCF adjusted, US\$ mln

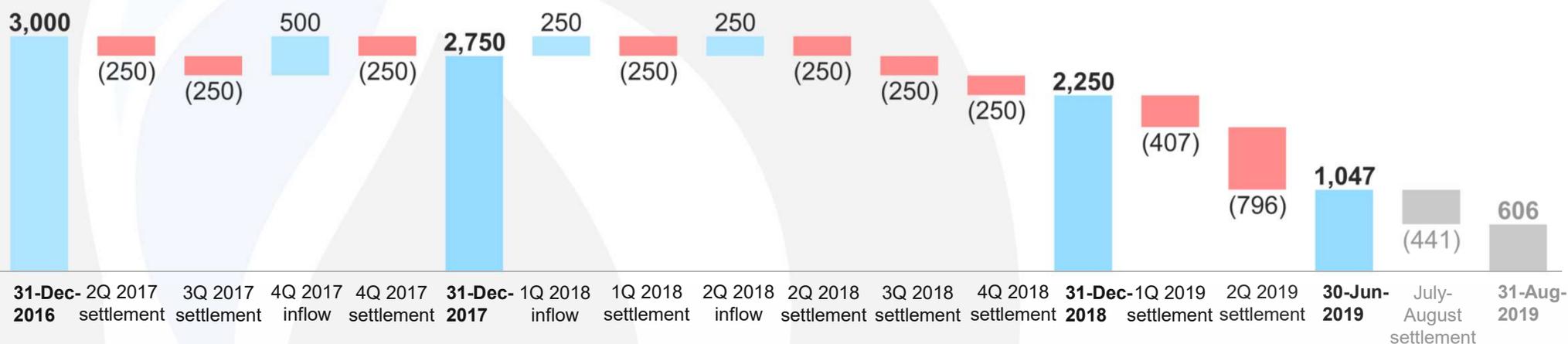


## FCF adjusted 1H 2019, US\$ mln by components

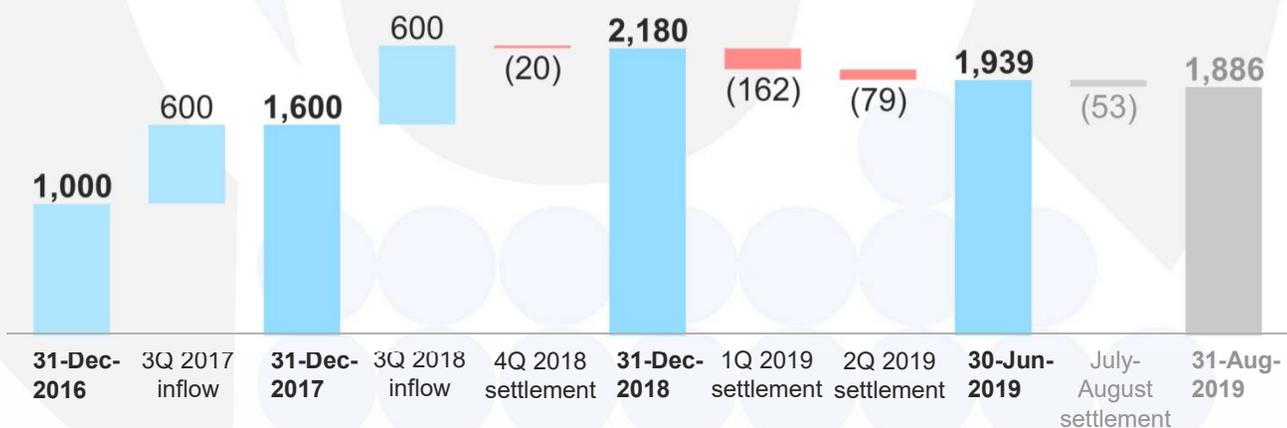


# Prepayments overview

TCO crude oil prepayments movement, US\$ mln



Kashagan <sup>(16)</sup> crude oil prepayments movement, US\$ mln

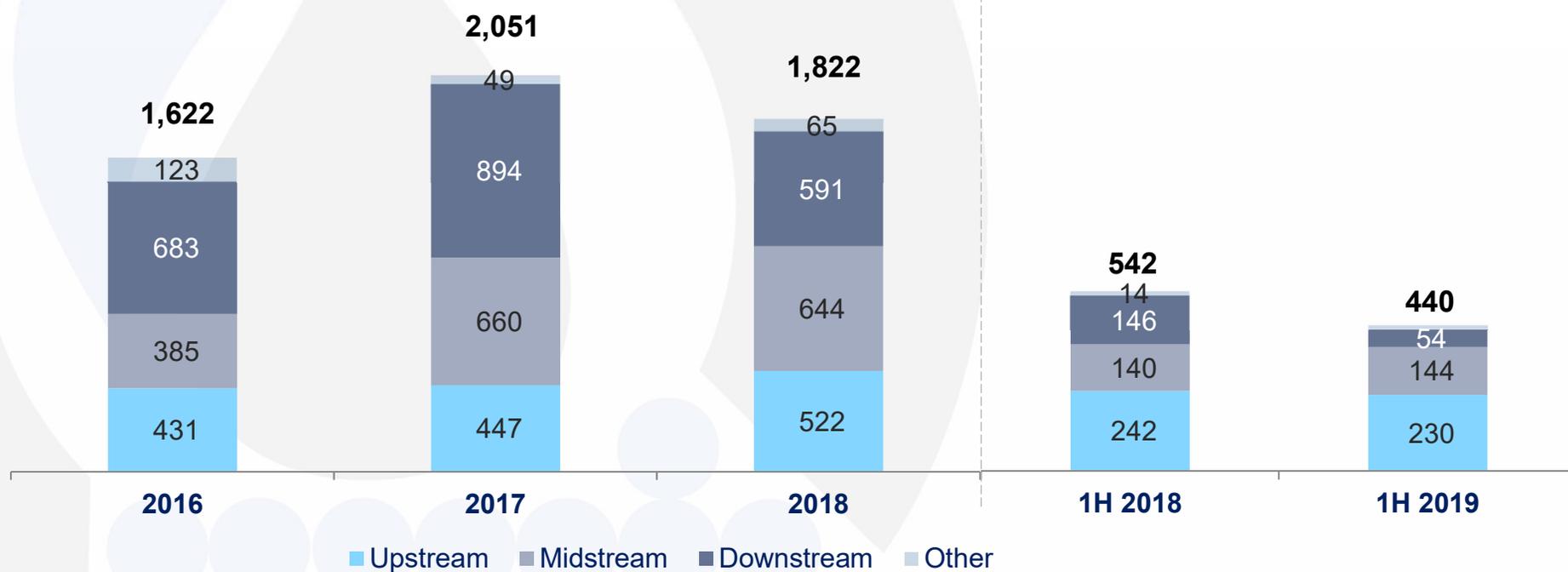


- TCO crude oil deliveries:**  
 Total minimum delivery volume approximates 38 mt of crude oil and 1mt of LPG until March 2021.
- Kashagan crude oil deliveries:**  
 Kashagan presales will be settled by crude oil supply within January 2019 - August 2025.

16 (16) Prepayments are at Kashagan B.V. level (50% owed by KMG).

# Capex, US\$ mln

<i>Brent, \$/bbl</i>	43.73	54.19	71.31	70.58	65.95
<i>Oil production, mbbbl<sup>(17)</sup></i>	169.02	174.80	176.74	88.17	87.66

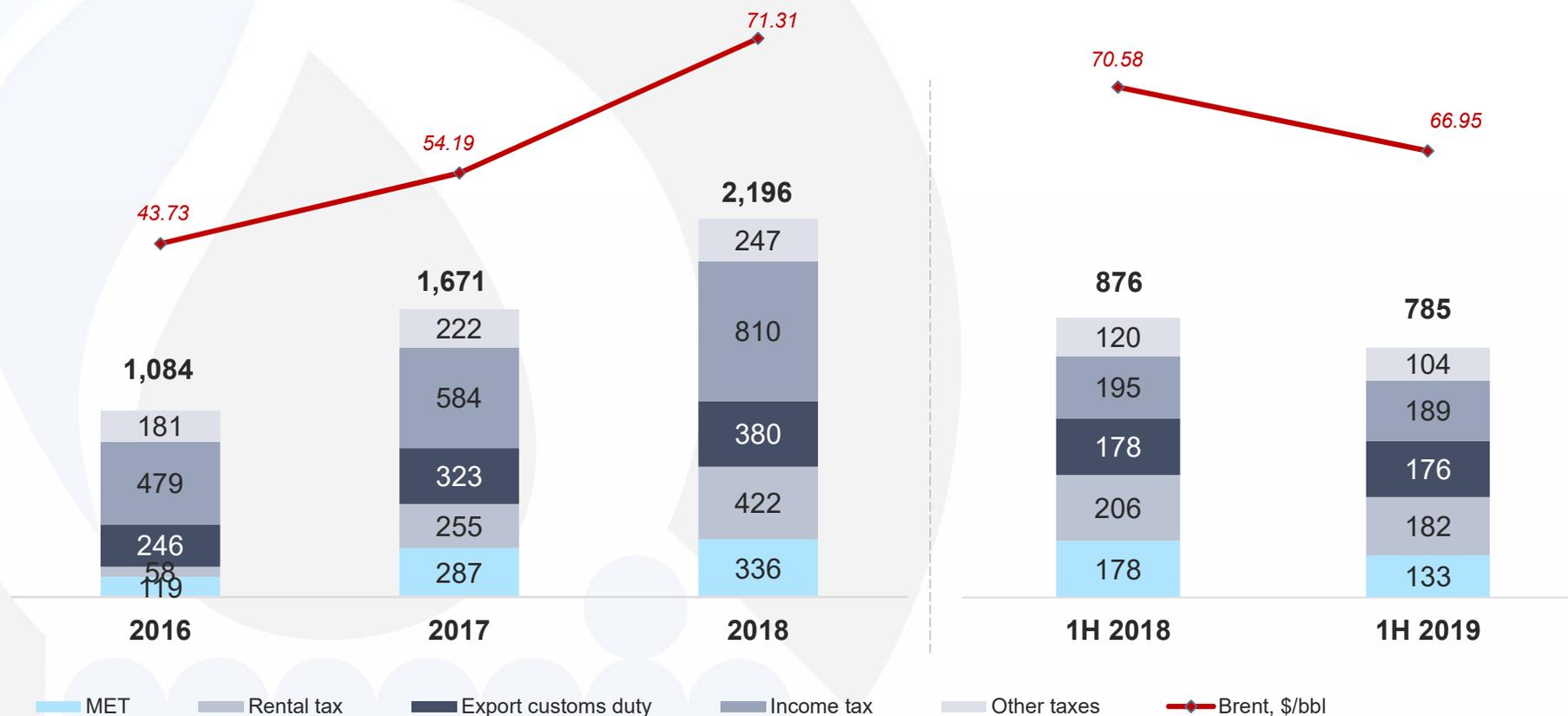


<i>Cash capex, US\$ mln</i>	1,360	1,424	1,248	677	555
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17 (17) On the assumption of individual barrelisation coefficients for each upstream asset.

# Tax components

KMG consolidated taxes<sup>(18)</sup>, US\$ mln



Taxes paid <sup>(19)</sup> , US\$ mln	2016	2017	2018	1H 2018	1H 2019
	2,597	3,150	4,188	1,930	1,928

(18) Taxes are on accrual basis;

(19) Taxes paid are on cash basis, and include payments of CIT, ECD, MET, Rental tax, VAT, excise tax, and other obligatory payments to the budget.

# Appendix



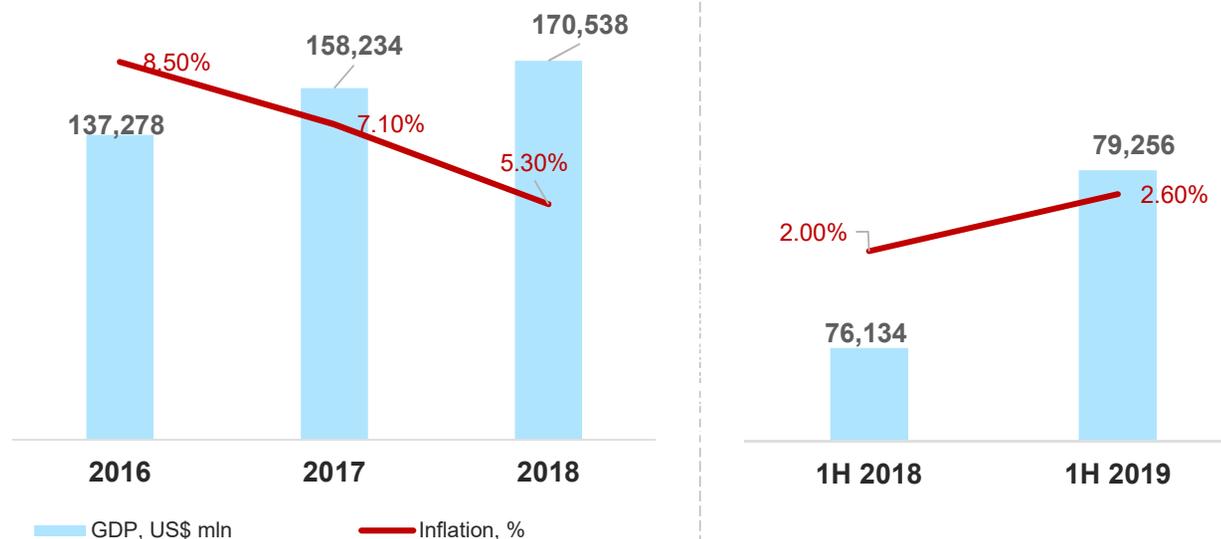
# Appendix: Kazakhstan's macro indicators

## Country ratings

**Moody's**      **Baa3**  
**S&P**          **BBB-/A-3**  
**Fitch**         **BBB**

	UoM	2016	2017	2018	1H2019
National Fund size	US\$mIn	61,218	58,334	57,719	59,938
Gold and foreign exchange reserves	US\$mIn	29,711	30,745	30,927	17,054
Pension Fund size	US\$mIn	19,539	23,860	27,204	26,343
Budget deficit / surplus	US\$mIn	(2,156)	(4,463)	(2,055)	(296)

## GDP and Inflation

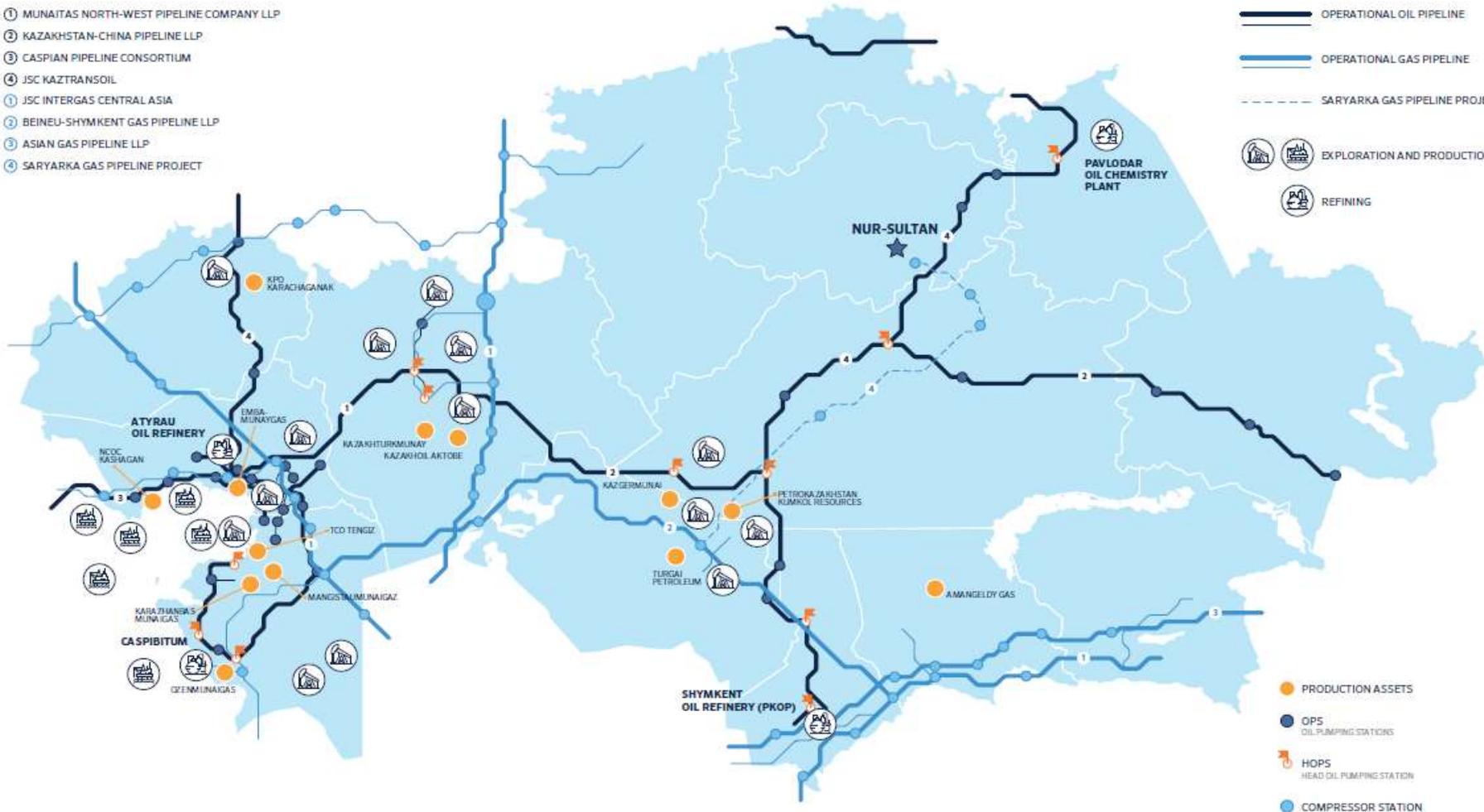


Source: National bank and Ministry of national economy reports

# Geography of KMG's assets in Kazakhstan

- ① MUNAITAS NORTH-WEST PIPELINE COMPANY LLP
- ② KAZAKHSTAN-CHINA PIPELINE LLP
- ③ CASPIAN PIPELINE CONSORTIUM
- ④ JSC KAZTRANSOIL
- ⑤ JSC INTERGAS CENTRAL ASIA
- ⑥ BEINEU-SHYMKENT GAS PIPELINE LLP
- ⑦ ASIAN GAS PIPELINE LLP
- ⑧ SARYARKA GAS PIPELINE PROJECT

-  OPERATIONAL OIL PIPELINE
-  OPERATIONAL GAS PIPELINE
-  SARYARKA GAS PIPELINE PROJECT
-  EXPLORATION AND PRODUCTION
-  REFINING



# Geography of KMG's overseas assets



# Interim condensed consolidated statement of financial position

(in KZT mln)

BALANCE SHEET	June 30, 2019 (unaudited)	December 31, 2018 (audited)	change	change, %
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4,465,930	4,515,170	(49,240)	-1%
Right-of-use assets	40,973	-	40,973	
Exploration and evaluation assets	182,323	189,800	(7,477)	-4%
Investment property	23,972	24,188	(216)	-1%
Intangible assets	170,456	173,077	(2,621)	-2%
Long-term bank deposits	50,793	52,297	(1,504)	-3%
Investments in joint ventures and associates	5,247,191	4,895,444	351,747	7%
Deferred income tax asset	80,188	97,881	(17,693)	-18%
VAT receivable	92,778	113,073	(20,295)	-18%
Advances for non-current assets	59,481	27,176	32,305	119%
Loans and receivables due from related parties	632,919	638,528	(5,609)	-1%
Other financial assets	5,455	4,753	702	15%
Other non-current assets	18,053	16,942	1,111	7%
	<b>11,070,512</b>	<b>10,748,329</b>	<b>322,183</b>	<b>3%</b>
<b>Current assets</b>				
Inventories	270,593	312,299	(41,706)	-13%
VAT receivable	85,102	66,522	18,580	28%
Income tax prepaid	40,722	53,143	(12,421)	-23%
Trade accounts receivable	560,175	493,977	66,198	13%
Short-term bank deposits	553,920	386,459	167,461	43%
Loans and receivables due from related parties	150,279	148,615	1,664	1%
Other current assets	220,724	204,724	16,000	8%
Cash and cash equivalents	899,330	1,539,453	(640,123)	-42%
	<b>2,780,845</b>	<b>3,205,192</b>	<b>(424,347)</b>	<b>-13%</b>
Assets classified as held for sale:	29,529	61,760	(32,231)	-52%
	<b>2,810,374</b>	<b>3,266,952</b>	<b>(456,578)</b>	<b>-14%</b>
<b>Total assets</b>	<b>13,880,886</b>	<b>14,015,281</b>	<b>(134,395)</b>	<b>-1%</b>

# Interim condensed consolidated statement of financial position (continued)

(in KZT mln)

EQUITY AND LIABILITIES	June 30, 2019 (unaudited)	December 31, 2018 (audited)	change	change, %
<b>Equity</b>				
Share capital	916,541	916,541	-	0%
Additional paid-in capital	40,794	40,794	-	0%
Other equity	83	83	-	0%
Currency translation reserve	1,728,943	1,764,108	(35,165)	-2%
Retained earnings	4,909,271	4,341,062	568,209	13%
Attributable to equity holder of the Parent Company	7,595,632	7,062,588	533,044	8%
Non-controlling interest	75,738	80,480	(4,742)	-6%
<b>Total equity</b>	<b>7,671,370</b>	<b>7,143,068</b>	<b>528,302</b>	<b>7%</b>
<b>Non-current liabilities</b>				
Borrowings	3,709,471	3,822,648	(113,177)	-3%
Provisions	246,000	229,797	16,203	7%
Deferred income tax liabilities	515,912	479,598	36,314	8%
Financial guarantee	6,147	11,501	(5,354)	-47%
Rent obligations	38,212	6,550	31,662	483%
Prepayment on oil supply agreements	165,384	480,250	(314,866)	-66%
Other non-current liabilities	32,631	33,712	(1,081)	-3%
	<b>4,713,757</b>	<b>5,064,056</b>	<b>(350,299)</b>	<b>-7%</b>
<b>Current liabilities</b>				
Borrowings	285,845	330,590	(44,745)	-14%
Provisions	65,624	98,471	(32,847)	-33%
Income tax payable	9,626	13,272	(3,646)	-27%
Trade accounts payable	583,441	632,739	(49,298)	-8%
Other taxes payable	108,520	105,026	3,494	3%
Financial guarantee	1,171	1,831	(660)	-36%
Rent obligations	13,964	2,656	11,308	426%
Prepayment on oil supply agreements	227,600	384,200	(156,600)	-41%
Other current liabilities	199,968	234,333	(34,365)	-15%
	<b>1,495,759</b>	<b>1,803,118</b>	<b>(307,359)</b>	<b>-17%</b>
Liabilities directly associated with assets classified as held for sale	-	5,039	(5,039)	-100%
<b>Total liabilities</b>	<b>6,209,516</b>	<b>6,872,213</b>	<b>(662,697)</b>	<b>-10%</b>
<b>Total equity and liabilities</b>	<b>13,880,886</b>	<b>14,015,281</b>	<b>(134,395)</b>	<b>1%</b>

# Interim condensed consolidated statement of profit & loss

(in KZT mln)

For the six months ended June 30

INCOME STATEMENT	2019 (unaudited)	2018 (unaudited)	change	change, %
Revenue	3,402,580	3,356,260	46,320	1,4%
Cost of sales	(2,511,579)	(2,614,525)	102,946	-3,9%
<b>Gross profit</b>	<b>891,001</b>	<b>741,735</b>	<b>149,266</b>	<b>20,1%</b>
General and administrative expenses	(110,700)	(109,023)	(1,677)	-1,5%
Transportation and selling expenses	(358,123)	(303,924)	(54,199)	18%
Impairment of property plant and equipment exploration and evaluation assets and intangible assets other than goodwill	(25,240)	(39,701)	14,461	-36%
Loss on disposal of PPE, intangible assets and investment property, net	(636)	(1,463)	827	-57%
Other operating income	10,143	10,274	(131)	-1%
Other operating expenses	(7,178)	(9,003)	1,825	-20%
<b>Operating profit</b>	<b>399,267</b>	<b>288,895</b>	<b>110,372</b>	<b>38%</b>
Net foreign exchange gain/(loss)	2,185	1,666	519	31%
Finance income	61,796	111,354	(49,558)	-45%
Finance cost	(160,847)	(277,526)	116,679	-42%
Gain on disposal of subsidiaries	17,481	3,249	14,232	438%
Share in profit of joint ventures and associates net:	445,250	337,319	107,931	32%
<b>Profit before income tax</b>	<b>765,132</b>	<b>464,957</b>	<b>300,175</b>	<b>65%</b>
Income tax expense	(142,734)	(108,812)	(33,922)	31%
<b>Profit for the period from continuing operations</b>	<b>622,398</b>	<b>356,145</b>	<b>266,253</b>	<b>75%</b>
<b>Discontinued operations</b>				
Profit after income tax for the period from discontinued operations	6	3,562	(3,556)	-100%
<b>Net profit for the period</b>	<b>622,404</b>	<b>359,707</b>	<b>262,697</b>	<b>73%</b>

# Consolidated statement of comprehensive income (continued)

(in KZT mln)

For the six months ended June 30

	2019 (unaudited)	2018 (unaudited)
<b>Other comprehensive income</b>		
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</i>		
Exchange differences on translation of foreign operations	(38,314)	64,073
Accumulated differences on translation of disposal group	-	(476)
The tax effect of the components of comprehensive income	2,721	-
<b>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods</b>	<b>(35,593)</b>	<b>63,597</b>
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods</i>		
Actuarial (loss)/gain on defined benefit plans of the Group	(1,346)	22
Actuarial gain/(loss) on defined benefit plans of joint ventures	190	134
<b>Other comprehensive (loss)/gain not to be reclassified to profit or loss in subsequent periods</b>	<b>(1,156)</b>	<b>156</b>
Other comprehensive (loss)/income for the period	(36,749)	63,753
<b>Total comprehensive income for the period, net of tax</b>	<b>585,655</b>	<b>423,460</b>
<b>Total comprehensive income/(loss) for the period attributable to:</b>		
Equity holders of the Parent Company	587,215	410,792
Non-controlling interests	(1,560)	12,668
	<b>585,655</b>	<b>423,460</b>

# Interim condensed consolidated statement of cash flows (direct method)

(in KZT mln)

For the six months ended June 30

STATEMENT OF CASH FLOWS	2019 (unaudited)	2018 (unaudited)	change	change, %
<b>Cash flows from operating activities</b>				
Receipts from customers	3,181,074	3,473,027	(291,953)	-8%
Payments to suppliers	(2,339,205)	(2,337,958)	(1,247)	0%
Other taxes and payments	(652,448)	(568,624)	(83,824)	15%
Income taxes paid	(78,896)	(61,531)	(17,365)	28%
Interest received	56,588	72,028	(15,440)	-21%
Interest paid	(126,211)	(110,699)	(15,512)	-14%
Payments to employees	(175,520)	(187,232)	11,712	-6%
Taxes received from Tax authorities	14,324	9,782	4,542	46%
Other (payments)/receipts	(62,219)	(74,264)	12,045	-16%
<b>Net cash flows from operating activities</b>	<b>(182,513)</b>	<b>214,529</b>	<b>(397,042)</b>	<b>-180%</b>
<b>Cash flows from investing activities</b>				
Withdrawal/(placement) of bank deposits, net	(166,257)	1,170,309	(1,336,566)	-114%
Purchase of PPE, intangible assets, investment property and exploration and evaluation assets	(210,689)	(221,198)	10,509	-5%
Proceeds from sale of PPE, intangible assets, investment property, exploration and evaluation assets	4,962	3,296	1,666	51%
Proceeds from sale of subsidiaries	56,760	3,494	53,266	1,524%
Dividends received from joint ventures and associates	42,306	78,726	(36,420)	-46%
Proceeds from sale of joint ventures	-	2,000	(2,000)	-100%
Repayment of loans given to related parties	10,934	14,159	(3,225)	-23%
Repayment of a promissory note due from an associate	168	94	74	79%
Loans given to related parties	(28,024)	(35,451)	7,427	-21%
<b>Net cash flows used in investing activities</b>	<b>(289,840)</b>	<b>1,015,429</b>	<b>(1,305,269)</b>	<b>-129%</b>

# Interim condensed consolidated statement of cash flows (direct method) (continued)

(in KZT mln)

For the six months ended June 30

STATEMENT OF CASH FLOWS	2019 (unaudited)	2018 (unaudited)	change	change, %
<b>Cash flows from financing activities</b>				
Proceeds from borrowings	333,670	1,316,683	(983,013)	-75%
Repayment of borrowings	(445,088)	(1,331,016)	885,928	-67%
Distributions to Samruk-Kazyna	(33,956)	-	(33,956)	0%
Dividends paid to Samruk-Kazyna and National Bank of RK	-	(36,273)	36,273	-100%
Dividends paid to non-controlling interests	(157)	(6,272)	6,115	-97%
Share buyback by subsidiary	(1,729)	(628,003)	626,274	-100%
Payment of lease liabilities	(7,337)	(360)	(6,977)	1,938%
<b>Net cash flows from / (used in) financing activities</b>	<b>(154,597)</b>	<b>(685,241)</b>	<b>530,644</b>	<b>-77%</b>
Effects of exchange rate changes on cash and cash equivalents	(19,650)	43,166	(62,816)	-146%
Changes in allowance of impairment	82	(34)	116	-341%
<b>Net change in cash and cash equivalents</b>	<b>(646,518)</b>	<b>587,849</b>	<b>(1,234,367)</b>	<b>-210%</b>
Cash and cash equivalents at the beginning of the period	1,545,848	1,266,605	279,243	22%
<b>Cash and cash equivalents at the end of the period</b>	<b>899,330</b>	<b>1,854,454</b>	<b>(955,124)</b>	<b>-52%</b>

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

(in KZT mln)

For the six months ended June 30

	2019 (unaudited)	2018 (unaudited)
<b>Cash flows from operating activities</b>		
Profit before income tax from continuing operations	765,132	464,956
Profit before income tax from discontinued operations	6	3,562
<b>Profit before income tax</b>	<b>765,138</b>	<b>468,519</b>
<b>Adjustments for:</b>		
Depreciation, depletion and amortization	167,215	135,468
Share in profit of joint ventures and associates, net	(445,250)	(337,319)
Finance costs	160,847	277,569
Finance income	(61,796)	(111,354)
Impairment of impairment assets, net	36,252	40,826
Adjustment for payments of advances on oil supply agreements	(477,122)	(163,265)
Provisions	3,901	21,173
Unrealized foreign exchange gain/(losses)	696	1,231
(Gain)/Loss from sale of subsidiary	(17,481)	252
Other non-cash adjustments	(10,720)	6,064
<b>Operating profit before working capital changes</b>	<b>121,680</b>	<b>339,163</b>
Change in inventory	41,036	(16,444)
Change in VAT receivable	(9,770)	1,117
Change in trade accounts receivable and other assets	(94,230)	(212,678)
Change in other taxes payable	803	(7,363)
Change in trade accounts payable	(37,979)	111,354
Change in advances under oil supply agreement	-	163,073
Change in other liabilities	(55,534)	(61,624)
<b>Cash generated from operations</b>	<b>(33,994)</b>	<b>316,599</b>
Cash received from derivatives, net	-	(2,242)
Income taxes paid	(78,896)	(61,531)
Interest received	56,588	72,028
Interest paid	(126,211)	(110,699)
<b>Net cash flow from operating activities</b>	<b>(182,513)</b>	<b>214,155</b>

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

(in KZT mln)

	For the six months ended June 30	
	2019 (unaudited)	2018 (unaudited)
<b>Cash flows from investing activities</b>		
Withdrawal of bank deposits, net	(166,257)	1,170,309
Purchase of PPE, intangible assets, investment property and exploration and evaluation assets	(210,689)	(221,198)
Proceeds from sale of PPE, intangible assets, investment property, exploration and evaluation assets	4,962	3,296
Proceeds from sale of subsidiaries	56,760	3,494
Dividends received from joint ventures and associates	42,306	78,726
Bonds repayment	168	94
Loans given to related parties	(28,024)	(35,451)
Repayment of loans and receivables due from related parties	10,934	14,159
Cash attributable to assets classified as held for sale	-	2,000
<b>Net cash flows used in investing activities</b>	<b>(289,840)</b>	<b>1,015,429</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	333,670	1,316,683
Repayment of borrowings	(445,088)	(1,331,016)
Dividends paid to Samruk-Kazyna and National Bank of RK	-	(36,273)
Dividends paid to non-controlling interests	(157)	(6,272)
Distributions to Samruk-Kazyna	(33,956)	-
Payment of lease liabilities	(7,337)	-
Buyback of shares	(1,729)	(628,004)
<b>Net cash flows from / (used in) financing activities</b>	<b>(154,597)</b>	<b>(684,882)</b>
Effects of exchange rate changes on cash and cash equivalents	(19,650)	43,166
Changes in allowance of impairment	82	(19)
<b>Net change in cash and cash equivalents</b>	<b>(646,518)</b>	<b>587,849</b>
Cash and cash equivalents at the beginning of the period	1,545,848	1,266,605
<b>Cash and cash equivalents at the end of the period</b>	<b>899,330</b>	<b>1,854,454</b>

# Abbreviations list

AG – CJSC Amangeldy Gas

AGP – Asia gas pipeline

bbf – barrel

bcm – billion cubic meters

bln – billion

BSGP – Beineu-Shymkent gas pipeline

Caspi – JSC “Caspi Bitum JV”

KBM – JSC Karazhanbasmunai

CEFC - China Energy Company Limited

CIS - Commonwealth of Independent States

CPC - Caspian pipeline consortium

DD&A - Depreciation, depletion and amortisation

EMG – JSC EmbaMunaiGas

ICA – JSC Intergas Central Asia

JV - Joint Venture

KazGPZ – Kazakhstan gas production plant

KCP – Kazakhstan-China pipeline

KCP - Kazakhstan-China Pipeline LLP

KGM – JV Kazgermunai LLP

KMG EP - JSC KazMunayGas Exploration Production

KMG I – KMG International

KMG RM - JSC KazMunayGas Refinery and Marketing

KOA - Kazakhoil Aktobe LLP

KPO - Karachaganak Petroleum Operating B.V.

kt – thousand tonnes

KTG – JSC KazTransGas

KTM - Kazakhturkmunai LLP

KTO – JSC KazTransOil

KZT –Tenge (national currency)

LPG – liquefied petroleum gas

mcm – million cubic meters

MET - mineral extraction tax

mln - million

MMG – JSC Mangystaumunaigaz

mt – million tonnes

MT – LLPMunayTas North-West Pipeline Company

KMG – KazMunayGas Group

NCOC – North Caspian Operating Company N.V.

OMG – JSC OzenMunaiGas

PKKR – JSC PetroKazakhstan Kumkol Resources

PKOP – PetroKazakhstan Oil Products LLP

PSA - Purchase-sale agreement

TCO – Tengizchevroil LLP

TP - JSC Turgai Petroleum

US\$ - US dollars