

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)****For the three months ended March 31, 2019**

1. GENERAL

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

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

As at March 31, 2019, the Company has a direct interest in 55 operating companies (as of December 31, 2018: 57) (jointly the “Group”).

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

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

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

These interim condensed consolidated financial statements of the Group were approved by the Deputy Chairman of the Management Board – Chief Financial Officer, Managing director – finance controller and the Chief accountant on May 17, 2019.

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

The interim condensed consolidated financial statements for the three months ended March 31, 2019 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, 2018.

The Group changed the presentation unit of the consolidated financial statements from thousands tenge to millions tenge since the Group believes that it is more relevant to users of consolidated financial statements.

Foreign currency translation*Functional and presentation currency*

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

Transactions and balances

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

**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)*

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

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

Group companies

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

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

Exchange rates

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

The currency exchange rates of KASE as at March 31, 2019 and December 31, 2018 were 380.04 and 384.20 tenge to 1 US dollar accordingly. These rates were used for translation of monetary assets and liabilities denominated in US dollars at March 31, 2019 and December 31, 2018. The weighted average rate for three months ended March 31, 2019 was 378.04 tenge to 1 US dollar. The currency exchange rate of KASE as at May 17, 2019 was 378.93 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, 2018, except for the adoption of new standards and interpretations effective as of January 1, 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 *Lease*. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

**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)***IFRS 16 Leases (continued)*

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption IFRS 16 on interim condensed consolidated financial statements as at January 1, 2019 is as follows:

<i>In millions of tenge</i>	As at January 1, 2019
Assets	
Property, plant and equipment	(524)
Right-of-use assets	44,398
Advances for non-current assets	(2,364)
Total assets	41,510
Equity	
Retained earnings	(4,268)
Non-controlling interest	(910)
	(5,178)
Liabilities	
Lease liabilities	46,688
Total equity and liabilities	41,510

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under advances received, trade accounts payable and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

- Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 was applied to these leases from January 1, 2019.

**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)***IFRS 16 Leases (continued)*Nature of the effect of adoption of IFRS 16 (continued)

- Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related advances received and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied all available practical expedients.

The lease liabilities as at January 1, 2019 can be reconciled to the operating lease commitments as of December 31, 2018 as follows:

In millions of tenge

Operating lease commitments as at December 31, 2018	71,902
Effect of discounting using incremental borrowing rate as at January 1, 2019	(20,840)
Discounted operating lease commitments as at January 1, 2019	51,062
Less commitments relating to short-term leases and low-value assets	(4,374)
Add commitments relating to leases previously classified as finance leases	9,206
Lease liabilities as at January 1, 2019	55,894

Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

- Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

**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)***IFRS 16 Leases (continued)*Summary of new accounting policies (continued)

- Lease liabilities

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property, plant and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

- Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

- IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment*;
- Amendments to IFRS 9: *Prepayment Features with Negative Compensation*;
- Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement*;
- Amendments to IAS 28: *Long-term interests in associates and joint ventures*;
- Annual Improvements 2015-2017 Cycle:
 - IFRS 3 *Business Combinations*;
 - IFRS 11 *Joint Arrangements*;
 - IAS 12 *Income Taxes*;
 - IAS 23 *Borrowing Costs*.

All of these amendments had no impact on the interim consolidated financial statements of the Group.

3. SEASONALITY OF OPERATIONS

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****4. RESTATEMENTS**

As of December 31, 2018, the Group ceased to classify KMG International N.V. (KMGI) as discontinued operation as the participants did not complete procedures provided by sale and purchase agreement (the SPA) to sell a 51% interest in KMGI by the long stop date and the transaction was automatically terminated. As a result, KMGI does not meet the criteria of IFRS 5. The assets and liabilities of KMGI were transferred from discontinued operations to continuing operations.

Additionally, the Group made reclassification of gas transportation costs from cost of sales to transportation and selling expenses (for the three months ended March 31, 2018: 52,860 million tenge).

The effect of the change on comparative data is presented below:

<i>In millions of tenge</i>	For the three months ended March 31, 2018 (unaudited)			
	Before restatement	Restatement KMGI	Other	After restatement
Revenue	783,700	680,651	–	1,464,351
Cost of sales	(796,554)	(382,710)	52,860	(1,126,404)
Gross profit	(12,854)	297,941	52,860	337,947
General and administrative expenses	(32,002)	(11,342)	–	(43,344)
Transportation and selling expenses	(80,195)	(15,028)	(52,860)	(148,083)
Impairment of property, plant and equipment, intangible assets	(388)	(546)	–	(934)
Loss on disposal of property, plant and equipment, intangible assets and investment property, net	(2,698)	–	–	(2,698)
Other operating income	8,024	2,074	–	10,098
Other operating expenses	(7,179)	–	–	(7,179)
Operating (loss)/profit	(127,292)	273,099	–	145,807
Net foreign exchange gain/(loss)	(21,375)	43	–	(21,332)
Finance income	29,971	338	–	30,309
Finance costs	(77,233)	(3,066)	–	(80,299)
Share in profit of joint ventures and associates, net	164,694	–	–	164,694
(Loss)/profit before income tax	(31,235)	270,414	–	239,179
Income tax expenses	(41,150)	132	–	(41,018)
Loss/profit for the year from continuing operations	(72,385)	270,546	–	198,161
Discontinued operations				
Profit/(loss) after income tax for the year from discontinued operations	276,471	(270,421)	–	6,050
Net profit for the year	204,086	125	–	204,211
Net profit for the year attributable to:				
Equity holders of the Parent Company	200,859	125	–	200,984
Non-controlling interest	3,227	–	–	3,227
	204,086	125	–	204,211

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)****5. LOSS OF CONTROL****KMG Retail LLP**

On February 8, 2019 the Company completed the sale of 100% interest in KMG Retail LLP, which was classified as a disposal group held for sale, for 60,512 million tenge.

At the date of loss of control net assets of KMG Retail LLP were as follows:

<i>In millions of tenge</i>	Net assets at the date of disposal (unaudited)
Property, plant and equipment	34,266
Intangible assets	42
Cash and cash equivalents	2,288
Other current assets	6,694
	43,290
Current liabilities	259
	259
Net assets	43,031

The resulting gain on disposal of KMG Retail LLP amounted to 17,481 million tenge.

KBTU JSC

As of December 31, 2018, KMG classified Kazakhstan-British University JSC (KBTU) as a discontinued operation. In January 2019, a sale agreement on 100% shares in KBTU between KMG and the Public Foundation “Nursultan Nazarbayev Education Fund” came into force. According to the terms of the agreement, the transfer of stake and payment of 11,370 million tenge for them are made in three tranches within two years. On February 6, 2019 KMG received a payment for the first 30% stake of 3,339 million tenge. KMG believes that it has lost control over KBTU due to transfer of 30% stake and the signing of the trust agreement for the remaining 70% stake.

At the date of loss of control net assets of KBTU were as follows:

<i>In millions of tenge</i>	Net assets at the date of disposal
Property, plant and equipment	6,367
Intangible assets	1,964
Bank deposits	2,091
Cash and cash equivalents	4,732
Other current assets	1,097
	16,251
Current liabilities	5,030
	5,030
Net assets	11,221

The resulting gain on disposal of KBTU amounted to 6 million tenge and was included into the profit from discontinued operations net of loss of 143 million tenge incurred by KBTU for the period from January 1, 2019 till the date of sale.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)**6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improvements	Machinery and equipment	Vehicles	Other	Total	Lease liabilities
As at December 31, 2018	–	–	–	–	–	–	–	–	9,206
Change in accounting policy (Note 2)	257	4,806	753	29,921	103	4,706	3,852	44,398	46,688
As at January 1, 2019 (restated)	257	4,806	753	29,921	103	4,706	3,852	44,398	55,894
Foreign currency translation	–	(54)	(8)	(270)	(1)	(2)	12	(323)	(860)
Additions	–	–	–	857	342	–	249	1,448	1,468
Depreciation charge	–	(401)	(62)	(1,495)	(37)	(336)	(354)	(2,685)	–
Interest expense	–	–	–	–	–	–	–	–	990
Payments	–	–	–	–	–	–	–	–	(4,847)
Transfers and reclassifications	–	–	–	–	–	–	–	–	147
Net book value as at March 31, 2019 (unaudited)	257	4,351	683	29,013	407	4,368	3,759	42,838	
As at March 31, 2019 (unaudited)									52,792
At cost	257	4,754	745	30,513	444	4,704	4,431	45,848	–
Accumulated depreciation and impairment	–	(403)	(62)	(1,500)	(37)	(336)	(672)	(3,010)	–
Net book value as at March 31, 2019 (unaudited)	257	4,351	683	29,013	407	4,368	3,759	42,838	–

For the three months, ended March 31, 2019 the Group recognized in the consolidated statement of comprehensive income rent expense from short-term leases, leases of low-value assets and variable lease payments in the amount of 19,278 million tenge, 1 million tenge and 566 million tenge, respectively.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****7. BANK DEPOSITS**

<i>In millions of tenge</i>	March 31, 2019 (unaudited)	December 31, 2018 (audited)
Denominated in US dollar	845,604	414,578
Denominated in tenge	21,046	22,031
Denominated in other currency	–	2,707
Less: allowance for expected credit loss	(551)	(560)
	866,099	438,756

As at March 31, 2019, the weighted average interest rate for long-term bank deposits was 1.04% in US dollars and 2.83% in tenge (as at December 31, 2018: 1.05% in US dollars and 3.73% in tenge).

As at March 31, 2019, the weighted average interest rate for short-term bank deposits was 2.71% in US dollars and 7.90% in tenge (as at December 31, 2018: 2.40% in US dollars, 8.20% in tenge and 0.06% in other foreign currencies).

<i>In millions of tenge</i>	March 31, 2019 (unaudited)	December 31, 2018 (audited)
Maturities under 1 year	814,714	386,459
Maturities between 1 and 2 years	294	155
Maturities over 2 years	51,091	52,142
	866,099	438,756

As at March 31, 2019 bank deposits include cash pledged as collateral of 49,204 million tenge (as at December 31, 2018: 51,538 million tenge), which are represented mainly by 36,895 million tenge (as at December 31, 2018: 37,729 million tenge) at restricted bank accounts designated as a liquidation fund per requirements of subsoil use contracts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)**8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

<i>In millions of tenge</i>	Main activity	Place of business	March 31, 2019 (unaudited)		December 31, 2018 (audited)	
			Carrying value	Percentage ownership	Carrying value	Percentage ownership
Joint ventures						
Kashagan B.V.	Oil and gas exploration and production	Kazakhstan	2,036,587	50.00%	2,053,621	50.00%
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	2,055,491	20.00%	1,970,533	20.00%
Mangistau Investments B.V.	Oil and gas development and production	Kazakhstan	162,052	50.00%	138,549	50.00%
Ural Group Limited BVI	Oil and gas exploration and production	Kazakhstan	68,360	50.00%	70,874	50.00%
KazGerMunay LLP	Oil and gas exploration and production	Kazakhstan	44,850	50.00%	38,349	50.00%
Valsera Holding BV	Oil refining	Kazakhstan	18,997	50.00%	23,790	50.00%
Beineu-Shymkent Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	57,667	50.00%	34,411	50.00%
Kazakhoil-Aktobe LLP	Production of crude oil	Kazakhstan	19,923	50.00%	25,773	50.00%
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	66,062	50.00%	65,116	50.00%
Asia Gas Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	30,856	50.00%	–	50.00%
Teniz Services LLP	Design, construction and operation of infrastructure facilities, support of offshore oil operations	Kazakhstan	20,598	48.996%	16,945	48.996%
Other			28,647		28,258	
Associates						
Caspian Pipeline Consortium (CPC)	Transportation of liquid hydrocarbons	Kazakhstan / Russia	304,063	20.75%	289,586	20.75%
PetroKazakhstan Inc. (“PKI”)	Exploration, production and processing of oil and gas	Kazakhstan	118,403	33.00%	116,577	33.00%
Other			22,520		23,062	
			5,055,076		4,895,444	

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

As at March 31, 2019 the Group’s share in unrecognized losses of joint ventures and associates was equal to 27,213 million tenge (as at December 31, 2018: 77,440 million tenge). Decrease in unrecognized losses is mainly attributable to the net profit of Asia Gas Pipeline LLP of 76,872 million tenge.

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

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following table summarizes the movements in equity investments in joint ventures and associates during the three months ended March 31, 2019:

In millions of tenge

At December 31, 2018 (audited)	4,895,444
Share in profits of joint ventures and associates, net (Note 19)	219,022
Other changes in the equity of the joint venture	359
Dividends received	(1,696)
Change in dividends receivable	(8,569)
Adjustment of unrealized income	(1,169)
Foreign currency translation	(48,315)
At March 31, 2019 (unaudited)	5,055,076

9. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

<i>In millions of tenge</i>	March 31, 2019 (unaudited)	December 31, 2018 (audited)
Advances paid and prepaid expenses	84,110	96,510
Taxes receivable, other than VAT	33,283	35,556
Dividends receivable	24,417	15,848
Restricted cash	15,473	15,321
Other current assets	72,857	70,017
Less: allowance for expected credit losses	(28,289)	(28,528)
Total other current assets	201,851	204,724
Trade accounts receivable	729,929	540,669
Less: allowance for expected credit losses	(46,505)	(46,692)
Trade accounts receivable	683,424	493,977

As at March 31, 2019 and at December 31, 2018 the above assets were non-interest bearing.

As at March 31, 2019 trade accounts receivable of 137,039 million tenge are pledged as collateral (as at December 31, 2018: 72,695 million tenge).

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

In millions of tenge

At December 31, 2018 (audited)	75,220
Charge for the period	3,020
Recovered	(1,647)
Written off	(461)
Transfers and reclassifications	33
Foreign currency translation	(1,371)
At March 31, 2019 (unaudited)	74,794

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

10. CASH AND CASH EQUIVALENTS

<i>In millions of tenge</i>	March 31, 2019 (unaudited)	December 31, 2018 (audited)
Term deposits with banks – US dollars	213,084	743,646
Term deposits with banks – tenge	210,502	195,093
Current accounts with banks – US dollars	327,641	538,440
Current accounts with banks – tenge	50,863	39,137
Current accounts with banks – other currencies	11,240	9,658
Term deposits with banks – other currencies	1,532	3,492
Cash in transit	21,149	8,914
Cash-on-hand	1,487	1,204
Less: allowance for expected credit losses	(108)	(131)
	837,390	1,539,453
Cash and cash equivalents attributable to discontinued operations	–	6,395
	837,390	1,545,848

Cash in transit includes 17,823 million tenge transferred to the Agent for paying to the holders of four Eurobond issues for agreeing to bring the conditions for issuing Eurobonds by 2018 to the conditions for issuing Eurobonds 2018 and for the early redemption of Eurobonds with a maturity in 2044 in the amount of 11,534 million tenge and 6,289 million tenge, respectively.

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

As at March 31, 2019 the weighted average interest rate for time deposits with banks was 2.81% in US dollars, 7.84% in tenge and 0.21% in other currencies, respectively (as at December 31, 2018: 2.84% in US dollars, 7.58% in tenge and 0.07% in other currencies, respectively).

11. EQUITY

Book value per share

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

<i>In millions of tenge</i>	March 31, 2019 (unaudited)	December 31, 2018 (audited)
Total assets	14,010,343	14,015,281
Less: intangible assets	172,428	173,077
Less: total liabilities	6,609,018	6,872,213
Net assets	7,228,897	6,969,991
Number of ordinary shares	610,119,493	610,119,493
Book value per ordinary share	0.012	0.011

Earnings per share

<i>In million tenge</i>	For the three months ended March 31,	
	2019 (unaudited)	2018 (unaudited)
Weighted average number of common shares for basic and diluted earnings per share	610,119,493	601,486,325
Basic and diluted share in net profit for the period	0.0005	0.0003
Basic and diluted share in loss from continuing operations	0.0005	0.0003

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

<i>In millions of tenge</i>	March 31, 2019 (unaudited)	December 31, 2018 (audited)
Fixed interest rate borrowings	3,085,839	3,029,688
Weighted average interest rates	5.37%	5.42%
Floating interest rate borrowings	973,723	1,123,550
Weighted average interest rates	6.12%	5.70%
	4,059,562	4,153,238

<i>In millions of tenge</i>	March 31, 2019 (unaudited)	December 31, 2018 (audited)
US dollar-denominated borrowings	3,775,379	3,927,512
Tenge-denominated borrowings	258,313	207,276
Euro-denominated borrowings	2,902	1,866
Borrowings denominated in other currencies	22,968	16,584
	4,059,562	4,153,238

<i>In millions of tenge</i>	March 31, 2019 (unaudited)	December 31, 2018 (audited)
Current portion	348,226	330,590
Non-current portion	3,711,336	3,822,648
	4,059,562	4,153,238

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**12. BORROWINGS (continued)**

As at March 31, 2019 and December 31, 2018, the debt securities issued and loans comprised:

Bonds	Issuance amount	Redemption date	Interest	As at March 31, 2019 (unaudited)	As at December 31, 2018 (audited)
Bonds LSE 2013	1 billion USD	2023	4.40%	154,613	155,214
Bonds LSE 2014	1 billion USD	2044	6.00%	11,266	11,211
Bonds LSE 2017	0.5 billion USD	2022	3.88%	191,908	193,026
Bonds LSE 2017	1 billion USD	2027	4.75%	381,798	384,384
Bonds LSE 2017	1.25 billion USD	2047	5.75%	472,240	477,347
Bonds LSE 2018	0.5 billion USD	2025	4.75%	193,705	193,533
Bonds LSE 2018	1.25 billion USD	2030	5.375%	485,516	484,362
Bonds LSE 2018	1.5 billion USD	2047	6.375%	579,431	576,571
Bonds KASE 2009	120 billion KZT	2019	6M Libor + 8.5%	20,645	42,721
Bonds ISE 2017	0.75 billion USD	2027	4.375%	284,364	290,607
JSC SWF Samruk-Kazyna	56 billion KZT	2024	5.00%	57,639	–
Others				4,362	4,440
Total				2,837,487	2,813,416

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**12. BORROWINGS (continued)**

Loans	Issuance amount	Redemption date	Interest	As at March 31, 2019 (unaudited)	As at December 31, 2018 (audited)
Development bank of Kazakhstan JSC	1.1 billion USD	2023-2025	6M Libor + 4.5% – 5%	147,428	292,594
The Export-Import Bank of China	1 billion USD	2027	6M Libor + 4.1%	364,184	398,978
Development bank of Kazakhstan JSC	152 billion KZT	2022-2027	7-10.2%	117,275	120,225
Loan from partners (Project Pearl)	Financing for share of costs KMT in execution of subsoil use contract	From beginning of commercial exploration	6M Libor + 1%	106,298	106,246
The Syndicate of banks	560 million USD	2021	3M Libor + 1.35%, 1M Libor + 2.75%, 1M Libor + 2.5%, 1M Robor + 2%, 1M Robor + 2.5%,	182,624	175,456
European Bank for Reconstruction and Development	68 billion KZT	2023	3M CPI + 3.15%	51,518	54,408
Japan Bank for International Cooperation	298 million USD	2025	4.64%, 6M Libor + 1.10%	76,617	76,452
BNP Paribas	368 million USD	2019	COF (3.65%) + 2.25%	50,651	25,199
European Bank for Reconstruction and Development	39 million USD	2026	½ of prevailing Base interest rate + 3.15%	19,681	20,359
Club loan (Raiffeisen/BCR/ING/Unicredit)	200 million USD	2019	3M Libor + 2.5%	11,640	17,684
Natixis	375 million USD	2019	COF (2.53%) + 2.5%	11,155	–
Halyk bank JSC	150 million USD	2024	5%	57,394	–
Halyk bank JSC	70 million USD	2019	5%	–	26,939
Other	–	–	–	25,610	25,282
Total				1,222,075	1,339,822

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

12. BORROWINGS (continued)

On January 10, 2019, Atyrau Refinery LLP (“ANPZ”) issued bonds at the Astana International Financial Exchange for the total amount of 150 million US dollars and interest rate 5% for a period 5 years. On January 10, 2019, bonds were purchased by Samruk-Kazyna JSC for 56,223 million tenge.

During three months ended March 31, 2019, ANPZ received loan from Halyk bank JSC of 150 million US dollars (equivalent to 56,195 million tenge) and fully redeemed loan from Halyk bank JSC of 70 million US dollars (equivalent to 25,992 million tenge), including accrued interest.

During three months ended March 31, 2019, KMGI received additional loan from BNP Paribas for 94 million US dollars (equivalent to 35,396 million tenge).

During three months ended March 31, 2019, the Group redeemed borrowings from Development bank of Kazakhstan JSC (DBK) in the total amount of 148,490 million tenge, including interest. Additionally, the KMG made a partial scheduled repayment of issued bonds held by DBK (Bonds KASE 2009) of 22,284 million tenge, including interest.

Hedge of net investment in the foreign operations

As at March 31, 2019 certain borrowings denominated in foreign currency were designated as hedge instrument for the net investment in the foreign operations. For the three months ended March 31, 2019, income of 26,971 million tenge (for the three months ended March 31, 2018 income of 112,103 million tenge) on the translation of these borrowings was transferred to other comprehensive income and offset the loss on translation of foreign operations.

Covenants

The Group is required to ensure execution of the financial and non-financial covenants under the terms of the loan agreements. Failure to comply with financial covenants gives the lenders the right to demand early repayment of loans. As of March 31, 2019 and December 31, 2018, the Group complied with all financial and non-financial covenants.

13. OIL SUPPLY AGREEMENT

In 2016 the Group entered into long-term crude oil and liquefied petroleum gas (“LPG”) supply agreement, which involves the prepayment. The total minimum delivery volume approximates 38 million tons of crude oil and 1 million tons of LPG in the period from the date of the contract to March 2021 (*Note 23*).

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

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

For the three months ended March 31, 2019 the Group has partially settled the prepayments by oil supply in the total amount of 407 million US dollars (equivalent to 153,862 million tenge).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****14. REVENUE**

<i>In millions of tenge</i>	For the three months ended March 31,	
	2019 (unaudited)	2018 (unaudited) (restated)
Type of goods and services		
Sales of crude oil, gas and gas products	1,081,750	854,039
Sales of refined products	621,058	541,785
Oil and gas transportation services	78,374	83,438
Refining of oil and oil products	50,950	42,313
Other revenue	56,794	42,373
Quality bank for crude oil	(1,002)	(2,614)
Less: sales taxes and commercial discounts	(122,653)	(96,983)
	1,765,271	1,464,351
Geographical markets		
Kazakhstan	316,189	288,634
Other countries	1,449,082	1,175,717
	1,765,271	1,464,351

15. COST OF SALES

<i>In millions of tenge</i>	For the three months ended March 31,	
	2019 (unaudited)	2018 (unaudited) (restated)
Crude oil, gas and gas products	743,463	540,839
Materials and supplies	323,349	336,490
Payroll	78,599	74,791
Depreciation, depletion and amortization	73,867	57,506
Mineral extraction tax	30,713	25,606
Electricity	22,387	20,018
Other taxes	16,892	17,562
Repair and maintenance	7,803	8,533
Transportation costs	7,311	4,353
Other	46,799	40,706
	1,351,183	1,126,404

16. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In millions of tenge</i>	For the three months ended March 31,	
	2019 (unaudited)	2018 (unaudited) (restated)
Payroll	16,775	16,433
Depreciation and amortization	5,307	5,624
Consulting services	4,193	4,414
Other taxes	3,256	2,111
Allowance for expected credit losses of trade accounts receivable	1,383	734
Social payments	909	2,428
VAT that cannot be offset	901	(725)
Allowance for fines, penalties and tax provisions	342	377
(Recovery of) / allowance for provision for obsolete and slow-moving inventories	(2,667)	510
(Recovery of) / allowance for expected credit losses of other current assets	(10)	1,305
Other	10,271	10,133
	40,660	43,344

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****17. TRANSPORTATION AND SELLING EXPENSES**

<i>In millions of tenge</i>	For the three months ended March 31,	
	2019 (unaudited)	2018 (unaudited) (restated)
Transportation	100,946	74,316
Rent tax on crude oil export	34,171	29,060
Customs duty	33,645	29,306
Payroll	4,237	3,591
Depreciation and amortization	3,602	2,888
Other	10,372	8,922
	186,973	148,083

18. FINANCE INCOME / FINANCE COSTS**Finance income**

<i>In millions of tenge</i>	For the three months ended March 31,	
	2019 (unaudited)	2018 (unaudited) (restated)
Interest income on bank deposits, loans and bonds	17,583	16,550
Amortization of discount on loans due from related parties	8,023	9,563
Other	4,000	4,196
	29,606	30,309

Finance costs

<i>In millions of tenge</i>	For the three months ended March 31,	
	2019 (unaudited)	2018 (unaudited) (restated)
Interest and amortization of discount on loans and debt securities issued	57,916	59,444
Interest under oil supply agreement (Note 13)	8,792	7,910
Unwinding of discount on asset retirement obligations and provision for environmental obligation	2,983	2,791
Adjustments of fair value of debt securities	2,799	–
Commission for the early redemption of loans	2,316	–
Discount on assets with non-market interest rate	110	839
Allowance of expected credit losses of bank deposits and cash and cash equivalents	184	414
Other	10,293	8,901
	85,393	80,299

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****19. SHARE IN PROFIT OF JOINT VENTURES AND ASSOCIATES, NET**

<i>In millions of tenge</i>	For the three months ended March 31,	
	2019 (unaudited)	2018 (unaudited) (restated)
Tengizchevroil LLP	105,735	104,756
Asian Gas Pipeline LLP	30,856	–
Mangistau Investments B.V.	23,269	21,342
Beineu-Shymkent Gas Pipeline	23,256	16,867
Caspian Pipeline Consortium	17,520	11,552
KazGerMunay LLP	6,795	6,959
Kashagan B.V.	5,175	9,603
Tenizservice LLP	3,653	760
PetroKazakhstan Inc.	1,877	3,585
Kazakhoil-Aktobe LLP	1,650	1,600
KazRosGas LLP	1,637	(5,985)
Ural Group Limited	(1,806)	(9,016)
Share in profit of other joint ventures and associates	(595)	2,671
	219,022	164,694

20. INCOME TAX EXPENSE

<i>In millions of tenge</i>	For the three months ended March 31,	
	2019 (unaudited)	2018 (unaudited) (restated)
Current income tax		
Corporate income tax	28,042	26,689
Excess profit tax	86	(2,764)
Withholding tax on dividends and interest income	3,475	3,429
Deferred income tax		
Corporate income tax	15,327	14,338
Excess profit tax	7	(7,590)
Withholding tax on dividends and interest income	12,744	6,916
Income tax expense	59,681	41,018

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****21. RELATED PARTY DISCLOSURES**

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

The following table provides the balances of transactions with related parties as at March 31, 2019 and December 31, 2018:

<i>In millions 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	March 31, 2019 (unaudited)	282,545	3,342	89	57,639
	December 31, 2018 (audited)	268,396	3,656	52	–
Associates	March 31, 2019 (unaudited)	117,495	979	–	–
	December 31, 2018 (audited)	116,670	2,089	–	–
Other related parties	March 31, 2019 (unaudited)	439	7,611	–	285,348
	December 31, 2018 (audited)	157	8,813	–	455,540
Joint ventures in which the Group is a venturer	March 31, 2019 (unaudited)	536,066	162,674	–	–
	December 31, 2018 (audited)	508,260	174,042	–	–

Borrowings payable to related parties

On January 10, 2019, Samruk-Kazyna JSC purchased the bonds issued by ANPZ at the Astana International Financial Exchange for 56,223 million tenge and interest rate 5% for a period 5 years (*Note 12*).

For the three months ended March 31, 2019 the Group redeemed bonds and loans payable to DBK in the total amount of 170,774 million tenge, including interest.

The following table provides the total amount of transactions, which have been entered into with related parties during three months ended March 31, 2019 and 2018:

<i>In millions of tenge</i>		Sales to related parties	Purchases from related parties	Interest earned from related parties	Interest incurred to related parties
Samruk-Kazyna entities	March 31, 2019 (unaudited)	14,165	5,271	5,375	643
	March 31, 2018 (unaudited)	21,290	6,776	7,087	–
Associates	March 31, 2019 (unaudited)	1,764	4,114	2,789	–
	March 31, 2018 (unaudited)	7,105	20,103	1,970	–
Other related parties	March 31, 2019 (unaudited)	5,490	600	–	7,809
	March 31, 2018 (unaudited)	14,296	–	–	7,033
Joint ventures in which the Group is a venturer	March 31, 2019 (unaudited)	75,235	418,502	8,836	143
	March 31, 2018 (unaudited)	64,406	357,387	7,716	285

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

21. RELATED PARTY DISCLOSURES (continued)**Borrowings payable to related parties (continued)**

Purchases transactions with joint ventures mainly represented by transactions with Tengizchevroil LLP under oil supply agreement (*Note 13*). Purchase transactions with Samruk-Kazyna, other state-controlled entities and joint ventures are mainly represented by transactions of the Group with NC Kazakhstan Temir Zholy JSC (railway services), NC Kazakhtelecom JSC (telecommunication services), NAC Kazatomprom JSC (energy services), KEGOC JSC (energy supply), Kazpost JSC (postal services) and Samruk-Energo JSC (energy supply). In addition, the Group sells and purchases crude oil and natural gas, refined products and provides transportation services to and from Samruk-Kazyna entities, associates and joint ventures.

Key management employee compensation

Total compensation to key management personnel included in general and administrative expenses in the accompanying interim consolidated statement of comprehensive income was equal to 1,448 million tenge and 1,959 million tenge for the three months ended March 31, 2019 and 2018, 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)**22. FINANCIAL INSTRUMENTS****Fair values of financial instruments and investment property**

The carrying amount of the Group financial instruments and investment property as at March 31, 2019 and December 31, 2018 are reasonable approximation of their fair value, except for the financial instruments and investment property disclosed below:

<i>In millions of tenge</i>	Carrying amount	Fair value	Fair value by level of assessment		
			Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
As at March 31, 2019 (unaudited)					
Bonds receivable from the Samruk-Kazyna	15,112	19,057	–	19,057	–
Fixed interest rate borrowings	3,085,839	3,203,432	2,896,171	307,261	–
Financial guarantee	12,813	12,813	–	12,813	–
Investment property	24,125	24,125	–	24,125	–

<i>In millions of tenge</i>	Carrying amount	Fair value	Fair value by level of assessment		
			Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
As at December 31, 2018 (audited)					
Bonds receivable from Samruk-Kazyna	15,315	20,444	–	20,444	–
Fixed interest rate borrowings	3,029,688	2,972,627	2,726,332	246,295	–
Financial guarantee	13,332	13,332	–	13,332	–
Investment property	24,188	24,188	–	24,188	–

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

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****23. 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, 2018, the following changes have taken place during the three months ended March 31, 2019:

Kazakhstan local market obligation

During three months ended March 31, 2019, in accordance with its obligations, the Group delivered 1,459,691 tons of crude oil (three months ended March 31, 2018: 1,487,355 tons), including joint ventures, to the Kazakhstan market.

Commitments under subsoil use contracts

As at March 31, 2019 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
2019	158,109	15,882
2020	39,806	4,378
2021	39,086	3,317
2022	9,920	4,795
2023-2048	8,003	26,792
Total	254,924	55,164

Oil supply commitments

As of March 31, 2019 the Group had commitments under the oil supply agreements in the total amount of 20.0 million ton (as at December 31, 2018: 22.6 million ton), including commitments of joint venture.

Other contractual commitments

As at March 31, 2019, the Group had other capital commitments of approximately 499,526 million tenge (as at December 31, 2018: 620,057 million tenge), including joint ventures, related to acquisition and construction of property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**24. SEGMENT REPORTING**

The following represents information about operating segments of the Group as at March 31, 2019 and for the three months then ended:

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Gas trading and transportation	Refining and trading of crude oil and refined products	KazMunayGas	Other	Elimination	Total
Revenues from sales to external customers	25,532	56,619	287,251	1,350,462	40,764	4,643	-	1,765,271
Revenues from sales to other segments	325,097	32,639	384	148,924	49,914	3,821	(560,779)	-
Total revenue	350,629	89,258	287,635	1,499,386	90,678	8,464	(560,779)	1,765,271
Gross profit	181,377	35,777	126,326	66,495	18,030	2,701	(16,618)	414,088
Finance income	17,681	1,912	4,597	13,573	111,465	83	(119,705)	29,606
Finance costs	(6,064)	(1,976)	(12,750)	(37,487)	(59,511)	(2,592)	34,987	(85,393)
Depreciation, depletion and amortization	(24,783)	(10,349)	(10,002)	(35,730)	(574)	(1,930)	-	(83,368)
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets other than goodwill	19	-	(110)	19	(292)	(4)	-	(368)
Share in profit of joint ventures and associates, net	146,686	17,959	55,739	(2,341)	-	979	-	219,022
Income tax expenses	(34,008)	(5,853)	(7,709)	(8,822)	(3,142)	(147)	-	(59,681)
Net profit for the period	195,911	43,635	77,215	60,775	16,021	(2,424)	(81,933)	309,200
Other segment information								
Investments in joint ventures and associates	4,532,303	319,795	155,641	44,115	2	3,220	-	5,055,076
Capital expenditures	37,902	5,122	22,829	5,126	1,756	478	-	73,213
Allowances for obsolete inventories, doubtful accounts receivable, advances paid, and other assets	(6,739)	(4,702)	(9,958)	(60,665)	(17,077)	(677)	-	(99,818)
Assets of the segment	7,379,936	1,053,368	1,846,368	3,742,601	1,987,053	127,606	(2,126,589)	14,010,343
Liabilities of the segment	862,410	203,771	899,034	2,643,364	3,974,042	58,378	(2,031,981)	6,609,018

Eliminations represent the exclusion of intra-group turnovers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**24. SEGMENT REPORTING (continued)**

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

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

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Gas trading and transportation	Refining and trading of crude oil and refined products	KazMunayGas	Other	Elimination	Total
Revenues from sales to external customers	29,134	43,869	209,441	1,181,197	–	710	–	1,464,351
Revenues from sales to other segments	223,703	11,213	459	129,668	–	11,482	(376,525)	–
Total revenue	252,837	55,082	209,900	1,310,865	–	12,192	(376,525)	1,464,351
Gross profit	115,206	22,827	91,011	120,005	–	3,477	(14,579)	337,947
Finance income	7,754	1,202	4,720	11,026	29,535	269	(24,197)	30,309
Finance costs	(5,325)	(1,888)	(10,698)	(25,840)	(58,315)	(1,860)	23,627	(80,299)
Depreciation, depletion and amortization	(21,669)	(7,259)	(8,931)	(26,391)	(531)	(2,092)	–	(66,873)
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets other than goodwill	(339)	(45)	–	(546)	–	(4)	–	(934)
Share in profit of joint ventures and associates, net	139,711	12,011	10,889	1,977	–	106	–	164,694
Income tax expenses	(20,658)	(4,779)	(7,795)	(12,663)	5,064	(187)	–	(41,018)
Net profit for the period	99,592	26,378	31,199	88,517	(38,882)	(589)	(2,004)	204,211
Other segment information								
Investments in joint ventures and associates	4,437,631	304,880	100,631	49,493	2	2,807	–	4,895,444
Capital expenditures	29,725	16,935	7,507	26,515	762	300	–	81,744
Allowances for obsolete inventories, doubtful accounts receivable, advances paid, and other assets	(5,465)	(4,240)	(8,805)	(64,773)	(20,330)	162	–	(103,451)
Assets of the segment	7,277,806	1,021,946	1,820,133	4,013,226	1,803,260	157,462	(2,078,552)	14,015,281
Liabilities of the segment	804,512	210,930	950,954	2,761,444	4,055,671	73,126	(1,984,424)	6,872,213

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

25. SUBSEQUENT EVENTS

On April 2, 2019, KMG paid to the holders of Eurobonds of 4 issues 30 million US dollars (equivalent to 11,535 million tenge) for agreeing to bring the conditions for issuing Eurobonds by 2018 to the conditions for issuing Eurobonds 2018 (excluding, among other changes, the covenants “Net Debt / EBITDA”).

On April 2 and 4, 2019, KMG made an early redemption of Eurobonds with a maturity date in 2044 in the total amount of USD 31 million US dollars (equivalent to 11,911 million tenge), including principal, coupon interest and agreement commission.

On May 6, 2019 KMG made payment for 6.500 million tenge to fulfill obligations on financing of the construction of social facilities in the city of Turkestan under the social economic development of Turkestan region.

On May 14, 2019 KMG EP received a notification from KASE on exclusion of preferred shares of the company from the official list.