



**ҚазМұнайГаз**  
NATIONAL COMPANY ҰЛТТЫҚ КОМПАНИЯСЫ

# National Company KazMunayGas Operational and financial results 1H 2018



# Disclaimer

## Forward-looking statements

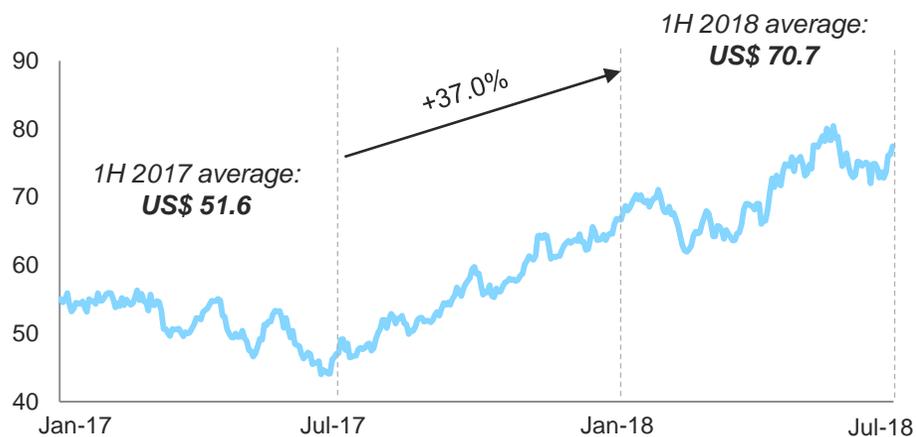
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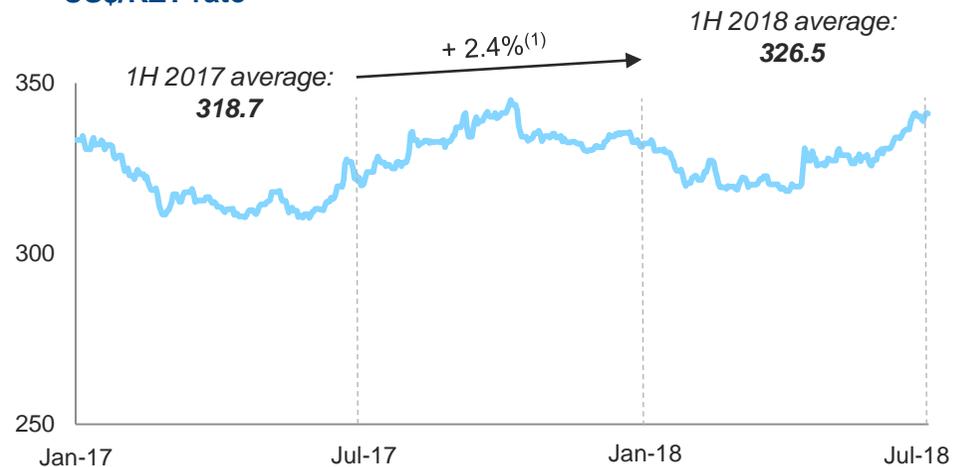
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# Macroeconomic environment

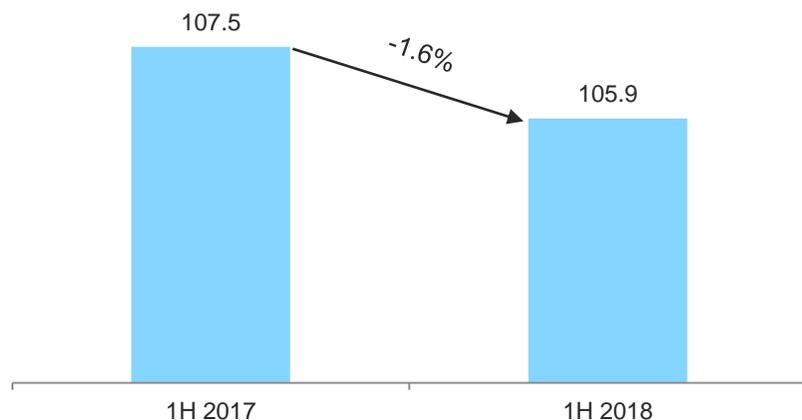
**Brent price (US\$/bbl)**



**US\$/KZT rate**



**Inflation(%)**



**Credit rating**

Moody's	S&P	Fitch
<b>Baa3</b>	BBB-	<b>BBB-</b>
Ba1	BB+	BB+
Ba2	BB	BB
Ba3	<b>BB-</b>	BB-

# 1H 2018 key developments

## Operational

- In 1H 2018, Kashagan's oil production significantly increased to 6,173 kt of oil (270 kbopd, 1H2018 average) or +76% YoY (KMG share - 511 kt). The growth was due to the commissioning of crude gas reinjection system at the end of August 2017, improvements in equipment reliability and production efficiency.
- Intergas Central Asia JSC started the project of "Construction of 3 compressor stations at the Beineu-Bozoi-Shymkent gas pipeline" aiming to increase the gas pipeline capacity for the Kazakhstan gas export to China up to 10 bcm per year.

## Corporate

- KMG EP delisting occurred on 10 May 2018. Now KMG owns 99.6% of KMG EP's common equity.
- In April 2018, Mr. Alik Aidarbayev became a member of KMG Board of Directors. Being the deputy Chairman of the Management Board of Samruk-Kazyna he represents the main shareholder of KMG.
- In June 2018, Mr. Philip John Dayer was elected to the KMG Board of Directors as an Independent Director.
- The transaction between KMG and CEFC China Energy on sale of 51% interest in KMG I was terminated. KMG will continue to own and operate KMG I with full consolidation of activities results.

## Financial

- In January and April 2018, in accordance with an amendment to TCO oil supply agreement signed in December 2017, KMG received an additional two prepayment tranches of USD 500 mln.
- In April and September 2018, KMG received dividends from TCO in the amount of US\$ 102 mln and US\$85 mln, respectively.
- In May 2018, KMG redeemed Eurobonds ahead of schedule with nominal value of US\$ 3.1 bln, which were financed by Eurobonds refinance in the amount of US\$ 3.25 bln.
- On July 2, 2018, KMG repaid bonds issued in 2008 in the amount of US\$ 1.6 bln.
- On August 6, 2018, in accordance with an amendment to Kashagan oil supply agreement signed in July 2018, KMG Kashagan B.V. received an additional tranche of USD 600 mln and repaid final debt tranche to consortium members for 8.44% stake in the North Caspian project in the amount of USD 844 mln.
- On August 13, 2018 KMG EP announced the intention to repurchase 100% of the total number of outstanding preferred shares in the free float. As of September 2018, KMG EP redeemed 294,702 out of 1,905,209 preferred shares with total amount of KZT 3.8 bln.

# Summary operating and financial highlights, 1H 2018

	Item	Unit	1H 2018	1H 2017	% change
Upstream	Oil and condensate production	kt	11,769	11,617	+1.3%
	Gas production <sup>(9)</sup>	mcm	4,123	4,032	+2.3%
Midstream	Oil transportation	kt	37,107	36,504	+1.7%
	Pipelines <sup>(8)</sup>	kt	33,661	33,408	+0.8%
	Sea transport	kt	3,446	3,096	+11.3%
Downstream	Gas transportation	mcm	54,877	47,666	+15.1%
	Refining volume <sup>(7)</sup>	kt	9,829	8,822	+11.4%
Financial highlights	Revenue <sup>(1)</sup>	KZTbln	3,356	2,071	+62.1%
		US\$mIn <sup>(5)</sup>	10,279	6,498	+58.2%
	EBITDA <sup>(1)(2)(3)</sup>	KZTbln	909	609	+49.2%
		US\$mIn <sup>(5)</sup>	2,784	1,911	+45.7%
	Net profit <sup>(1)</sup>	KZTbln	360	272	+32.1%
		US\$mIn <sup>(5)</sup>	1,102	854	+28.9%
	Capex <sup>(4)</sup>	KZTbln	177	266	-33.3%
		US\$mIn <sup>(5)</sup>	542	834	-34.9%
	FCF <sup>(10)</sup>	KZTbln	72	86	-16.3%
		US\$mIn <sup>(5)</sup>	220	269	-18.3%
	Net debt <sup>(2)(11)</sup>	KZTbln	2,163	1,344	+61.0%
	US\$mIn <sup>(6)</sup>	6,344	4,045	+56.8%	

(1) Recalculated for 1H 2018 and 1H 2017. As of 30-Jun-2018, the Group ceased recognition of KMG International N.V. (KMGI) as a discontinued operation. KMGI's assets and liabilities have been transferred to continuing oper-s.

(2) Calculated with relevant adjustments made for the assets classified as for sale.

(3) Starting from 1Q 2018, the Company calculates EBITDA for any relevant period as "Revenue + Finance income – Cost of sales – General and Administrative expenses – Transportation and selling expenses + Depreciation, depletion, amortisation + Profit in share of joint ventures and associates". (Previous methodology: "PBT+Finance cost+DD&A+Impairment for long-lived assets")

(4) Capital expenditure (accrual basis) as reported in segmental reporting disclosure to the financial statements.

(5) Converted from KZT to US\$ at the following average exchange rates (NBRK): for 1H 2018 – 326.49, for 1H 2017 – 318.75.

(6) Converted from KZT to US\$ at the following period-end exchange rates (NBRK): for 1H 2018 – 341.08, for 2017 – 332.33.

(7) 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%).

(8) The volume includes KTO (100%) + MT (51%) + KCP (50%) + CPC (20.75%). Consolidated crude oil transportation volume takes into account crude oil transportation volume of each individual pipeline company multiplied by KMG operating share. Please note that some volumes can be transported by two or three pipeline companies and these volumes are counted more than once in the consolidated crude oil transportation volume.

(9) Gas production includes the volumes of reinjected gas.

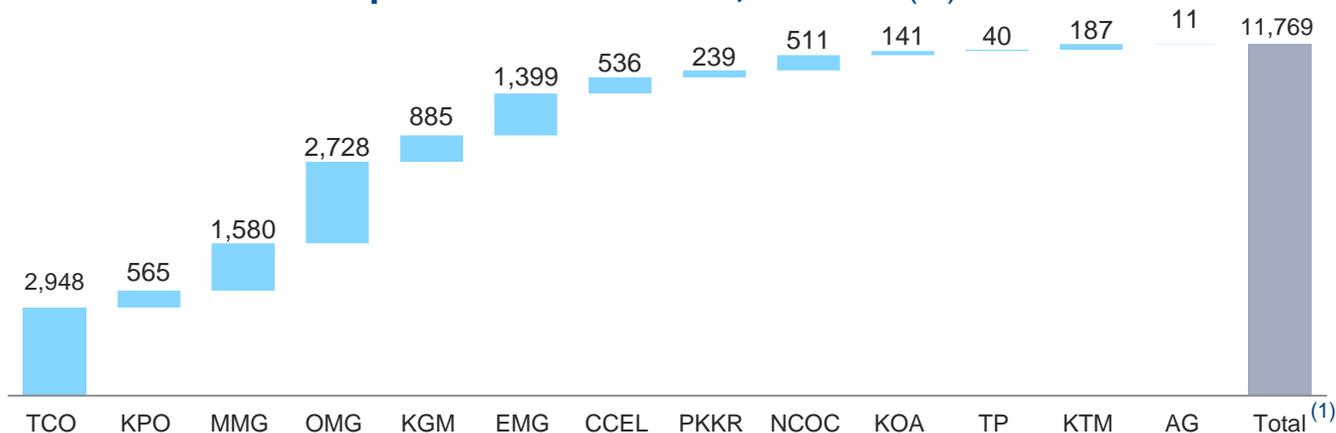
(10) The Company calculates FCF for any relevant period as CFO – Capex (cash basis) + Dividends received from joint ventures and associates (cash basis).

(11) Net Debt is shown as at 30-Jun-2018 and 31-Dec-2017.

# Key operating results: upstream (1/2)

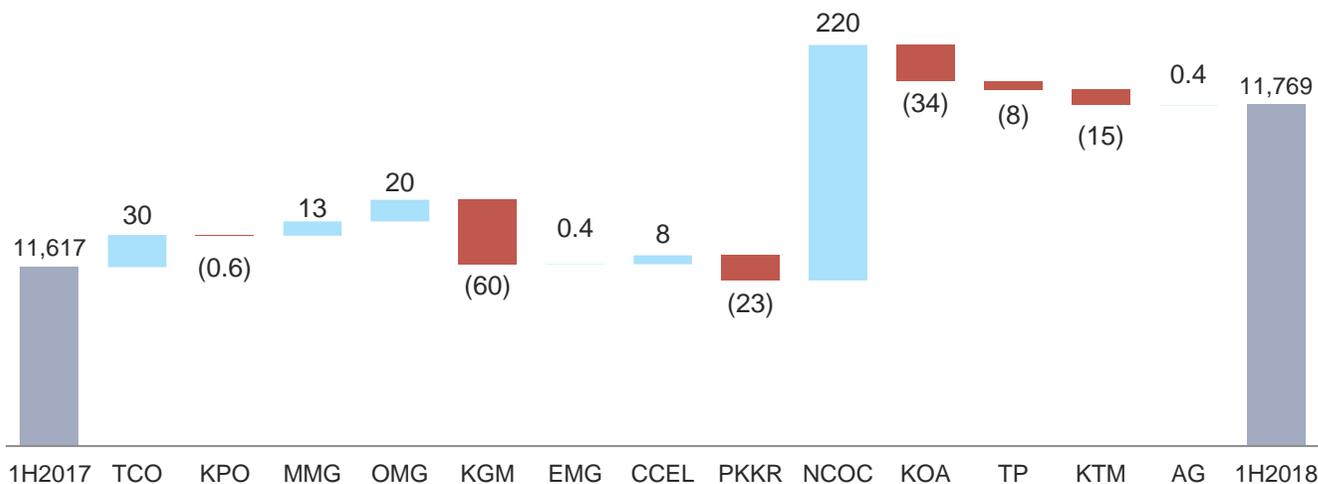
## Oil and gas condensate

Oil and condensate production structure, 1H 2018 (kt)



- In 1H 2018, total oil and condensate production of KMG reached to 11.8 mt (494 kbopd), which is +1% YoY.
- NCOC's production growth by 76% YoY was the main driver of 1H 2018 total production increase. Average production in 1H 2018 is 270 kbopd.
- KGM and KOA decreased oil production (net to KMG) by 60 kt and by 34 kt, respectively, due to technical limitations on the gas acceptance from fields and limitations on gas flaring at the field.

Dynamics of oil and condensate production, 1H 2018 vs 1H 2017 (kt)

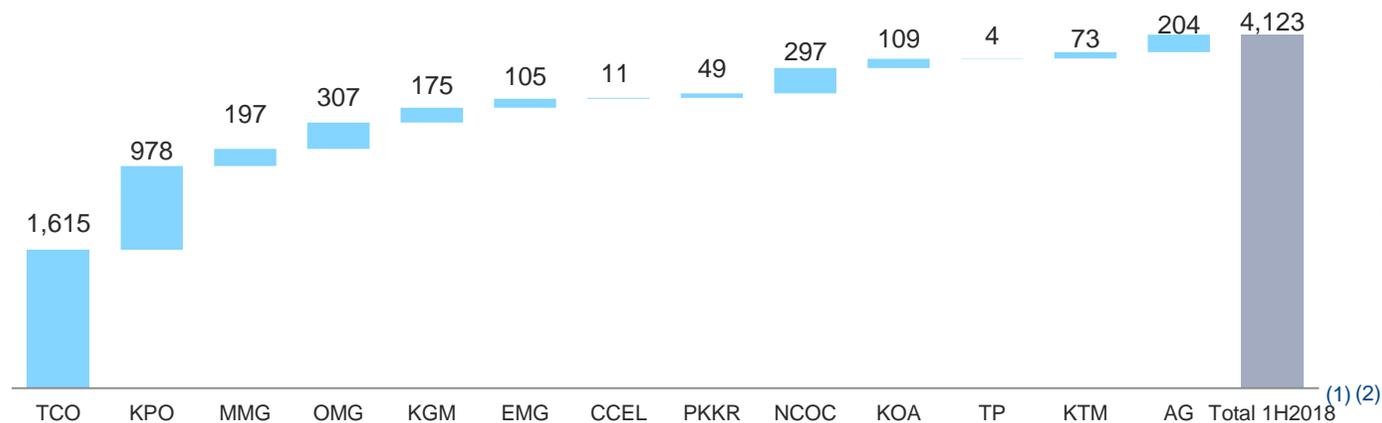


(1) Consolidated production volume of crude oil and gas condensate includes proportionate share of KMG in the respective associate companies and JVs.

# Key operating results: upstream (2/2)

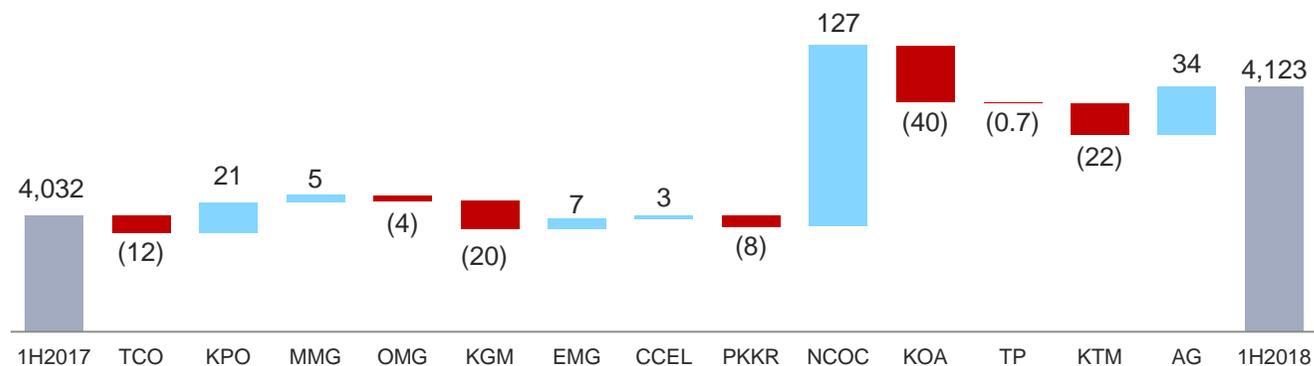
## Natural and associated gas

Gas production structure , 1H 2018 (mcm)



- Total production of natural and associated gas was 4,123 mcm or 2% higher YoY.
- NCOC's gas production growth by 75% YoY was due to corresponding increase in oil production.
- Reduction (net to KMG) in KOA by 40 mcm or -27% YoY and in KGM by 20 mcm or -10% YoY was due to corresponding decrease in oil production.

Dynamics of gas production, 1H 2018 vs 1H 2017 (mcm)



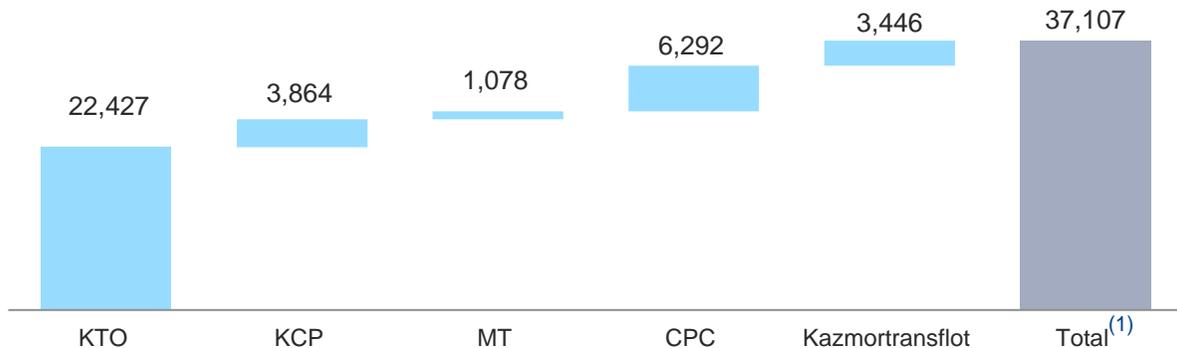
(1) Consolidated production volume of gas includes proportionate share of KMG in the respective associate companies and JVs.

(2) Gas production includes the volumes of reinjected gas.

# Key operating results: midstream (1/3)

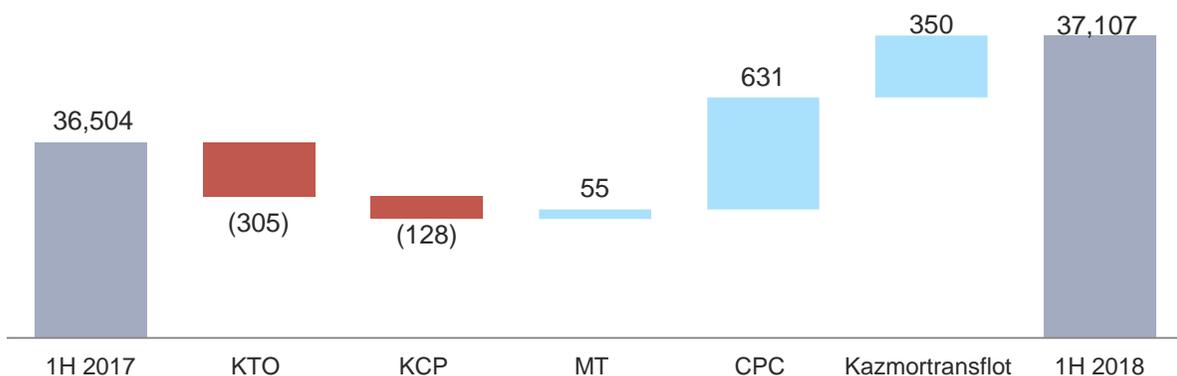
## Transportation of crude oil

Oil transportation structure, 1H 2018 (kt)

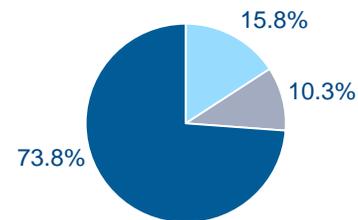


- Total volume of oil transportation reached 37.1 mt, posting +2% YoY growth.
- Increase of transportation volumes at CPC and MT by 11% (631 kt) and 5% (55kt), respectively, was due to an increase in oil production at Kashagan.
- Decline of transportation volume at KTO by 1% (305 kt) occurred as a result of redistribution of Kashagan's oil to the CPC system.

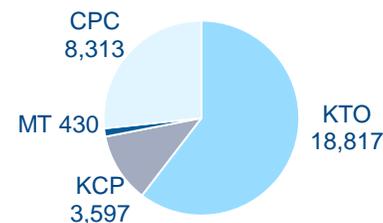
Dynamics of oil transportation, 1H 2018 vs 1H 2017 (kt)



Domestic Transit Export



Oil transportation turnover, 1H 2018 (31,157 mt\*km)

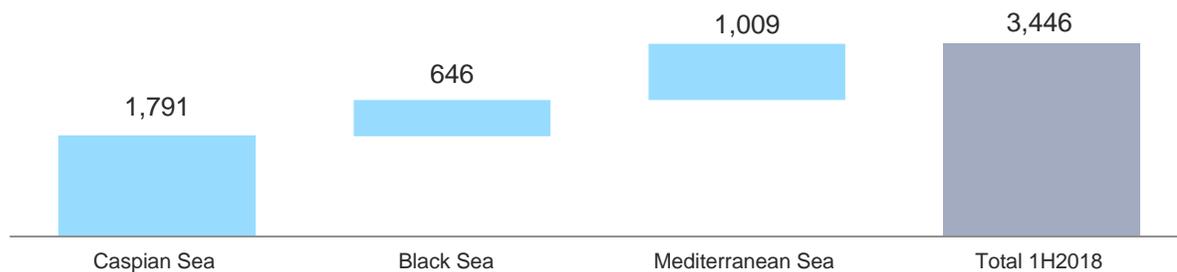


(1) Consolidated crude oil transportation volume includes crude oil transportation volume of each individual pipeline company in accordance with KMG operating share. Some volumes can be transported by two or three pipeline companies.

# Key operating results: midstream (2/3)

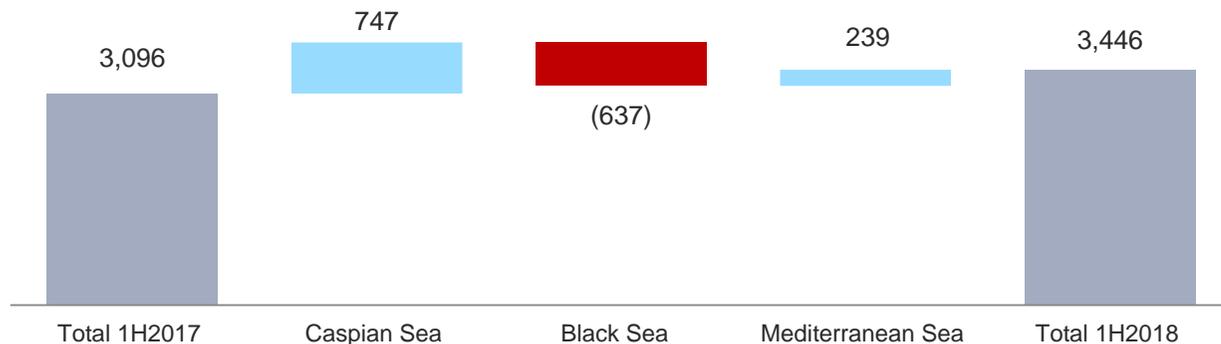
## Marine transportation of crude oil

### Oil transportation structure, marine fleet, 1H 2018 (kt)



- Total volume of oil transportation by marine fleet amounted to 3.4 mt or +11% YoY.
- The Black Sea accounted for 19% of the total volume, the Mediterranean Sea - 29%, the Caspian Sea - 52%.
- Overall increase was due to reorientation of routes and growth of transportation in Caspian and Mediterranean seas.

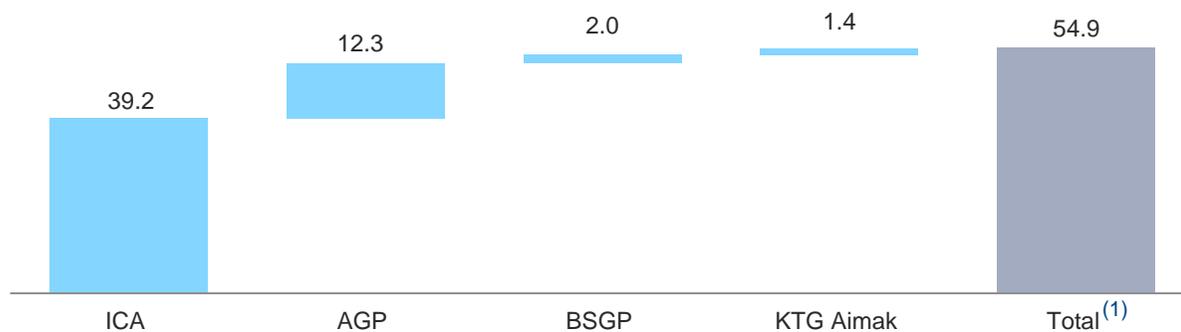
### Dynamics of oil transportation, marine fleet, 1H 2018 vs 1H 2017 (kt)



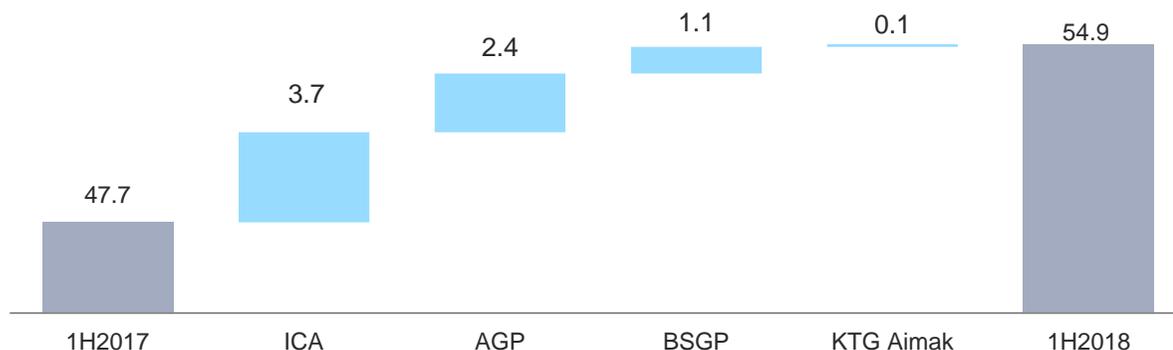
# Key operating results: midstream (3/3)

## Transportation of gas

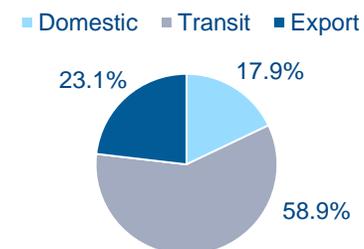
### Gas transportation structure, 1H 2018 (bcm)



### Dynamics of gas transportation, 1H 2018 vs 1H 2017 (bcm)

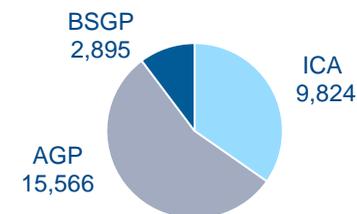


- Volume of gas transportation amounted to 54.9 bcm vs 47.7 bcm in 1H 2017.
- The volume of gas transported using KMG's main gas pipelines increased by 15% YoY (7.2 bcm) mainly due to the growth of export volumes.



- Gas export volumes increased by 60% year-on-year to 12.7 bcm, mostly due to increases in exports to China starting from October 2017 under the export agreement signed between KazTransGas and PetroChina International Company Limited.

### Gas transportation turnover, 1H 2018 (28,284 mcm\*km)

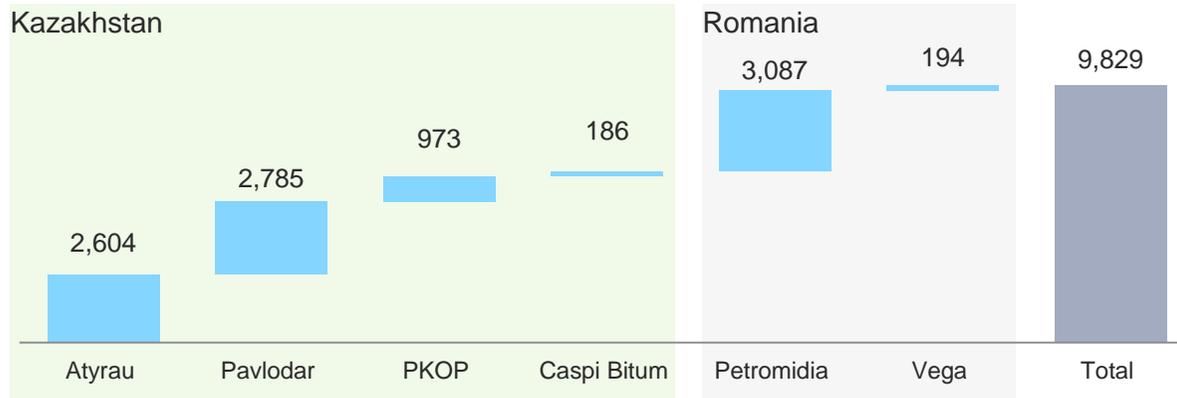


(1) Consolidated gas transportation volume includes gas transportation volume of each individual pipeline company in accordance with KMG operating share. Some volumes can be transported by two or three pipeline companies.

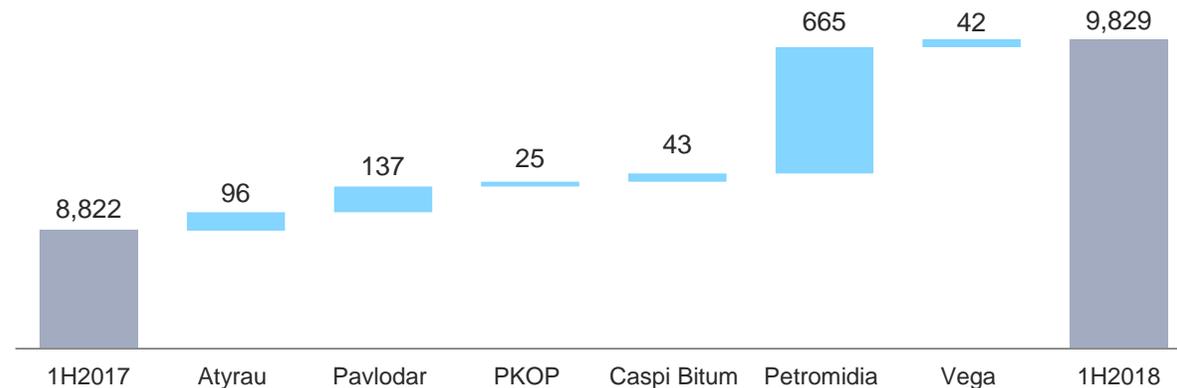
# Key operating results: downstream

## Refining volumes

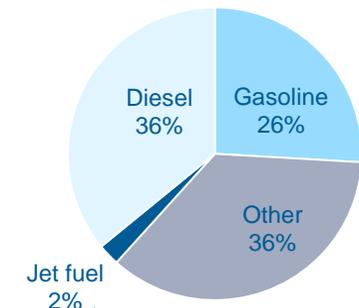
### Hydrocarbon refining volumes structure, 1H 2018 (kt)



### Dynamics of hydrocarbon refining, 1H 2018 vs 1H 2017 (kt)

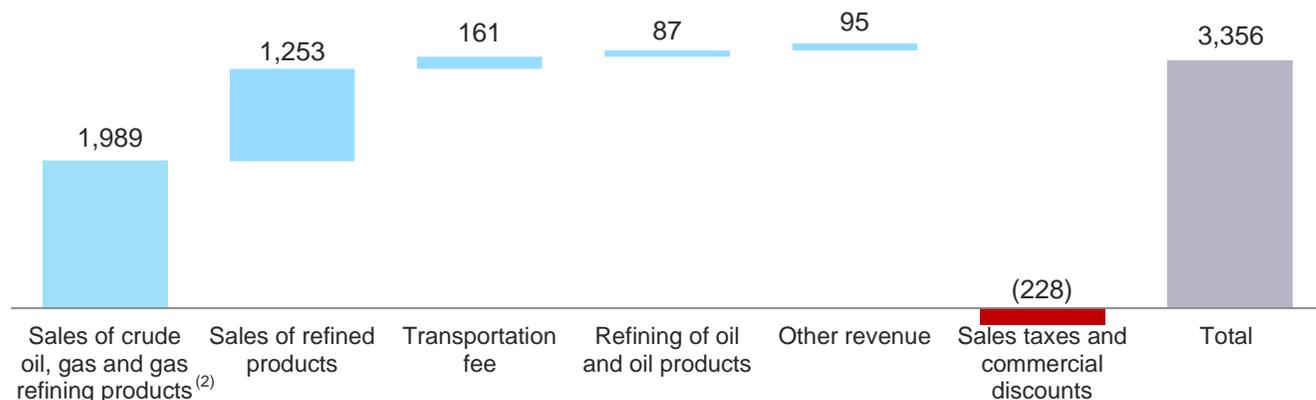


- Refining volumes (net to KMG), including KMG I (Petromidia+Vega) amounted to 9.8 mt, +13% YoY.
- Breakdown by assets: Pavlodar refinery (28%), Atyrau refinery (26%), KMG I (33%), PKOP (10%) and Caspi Bitum (3%).
- Growth in refining volumes at Atyrau, Pavlodar, PKOP and CaspiBitum is in line with domestic supply obligations for oil producers and increase in production capacity of the refineries.
- KMG International's increase came from adverse weather conditions and unplanned stop of the Petromidia refinery in 1H 2017.
- Gasoline and diesel fuel amounted to 62% in the refining products structure of KMG.

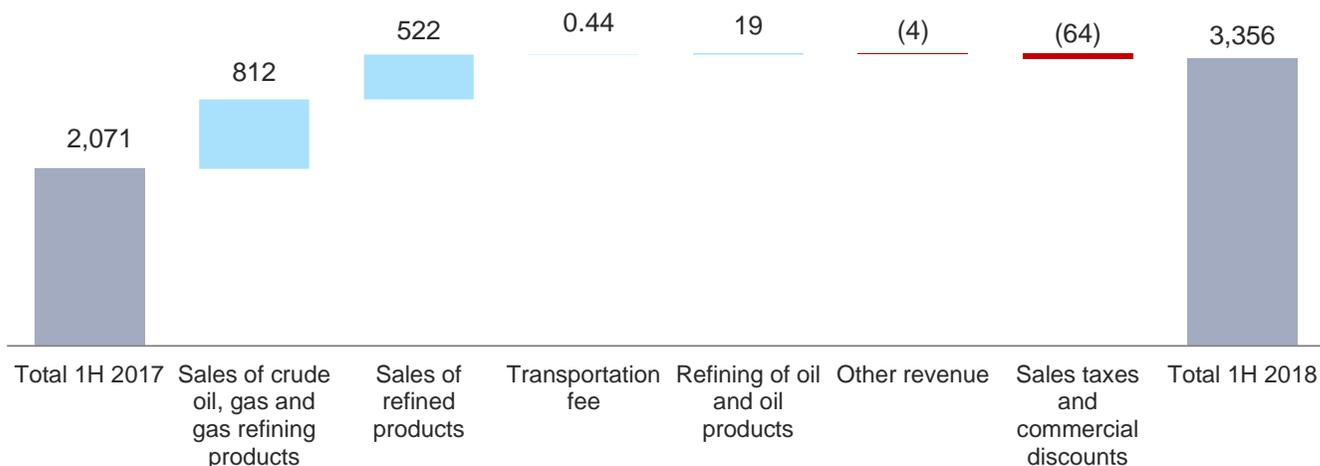


# Key financial results: revenue

## Composition of revenue, 1H 2018<sup>(1)</sup> (KZT bln)



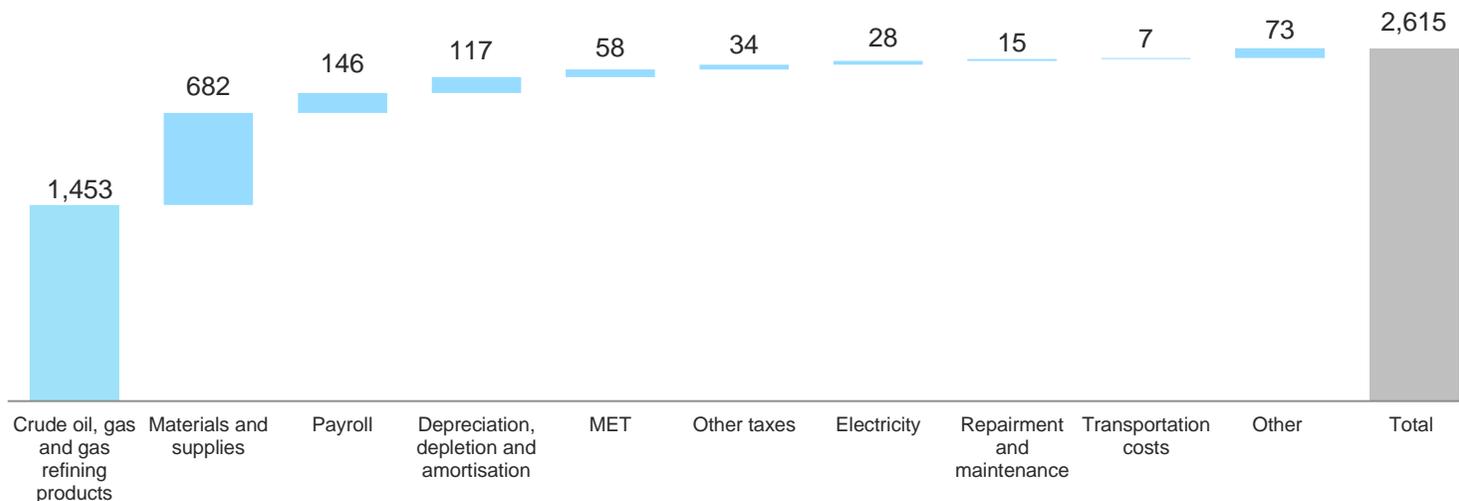
## Dynamics of revenue, 1H 2018<sup>(1)</sup> vs 1H 2017<sup>(1)</sup> (KZT bln)



- In 1H 2018, total sales volume of oil and gas condensate was 9,330 kt.
- Total sales volume of gas was 12,003 mcm. Export sales accounted for about 37%, domestic - 63%.
- A 62% YoY increase in revenue is primarily driven by:
  - Higher oil prices in 1H 2018 compared to 1H 2017 (average Brent price was up 36.7% YoY to US\$ 70.67/bbl).
  - KZT 232 bln growth in sales of crude oil and LPG under TCO Advance Oil Sale Transaction or 43% YoY.
  - Crude oil and hydrocarbon sales volume increase attributable to KMG I.
  - Sale of gas and gas products went up by KZT 199 bln. Both export and domestic sales increased.

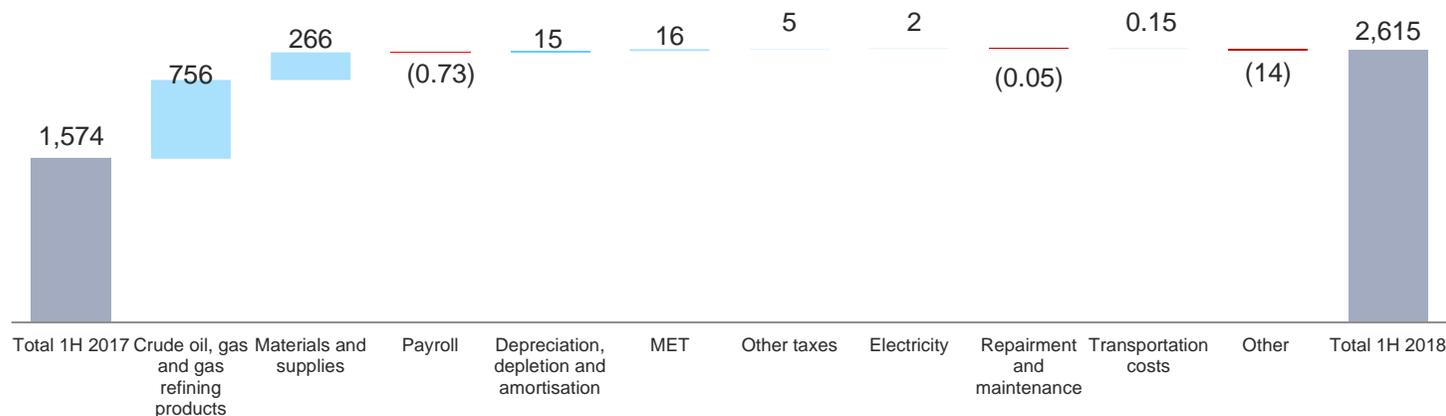
# Key financial results: cost of sales

## Composition of cost of sales, 1H 2018<sup>(1)</sup> (KZT bln)



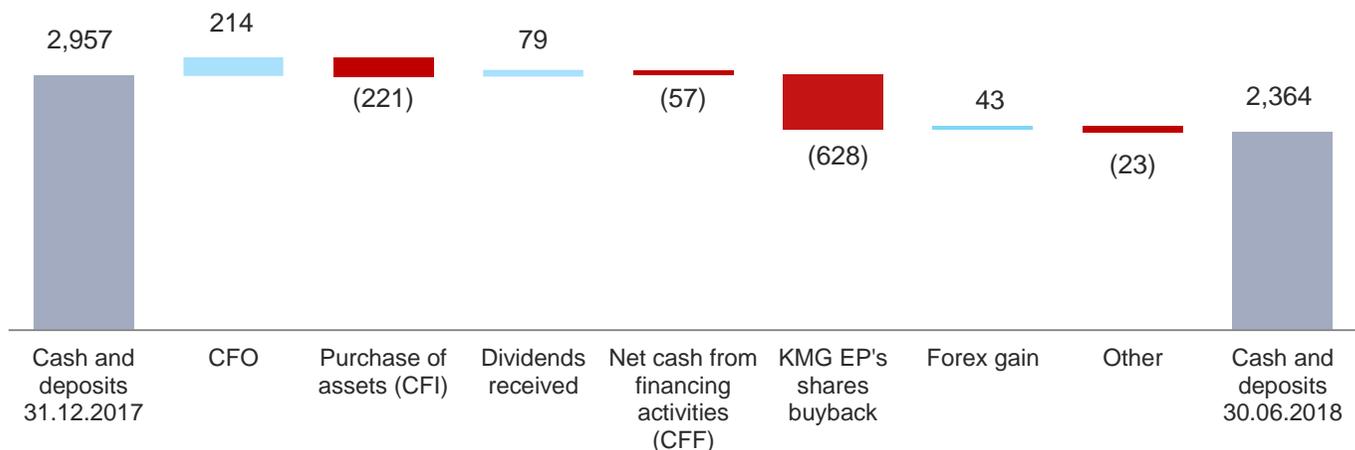
- Growth in cost of crude oil, gas and gas products by KZT 756 bln is explained by:
  - in 1H 2018 compared to 1H 2017 (average Brent price was up 36.7% YoY to US\$ 70.67/bbl);
  - increase in purchased gas volumes for further export sales to China (export sales started in October 2017);
  - Increase in crude oil and hydrocarbon purchase volumes by KMG I;
  - Increase in cost of crude oil relating to the TCO Advanced Oil Sale transaction;

## Dynamics of cost of sales, 1H 2018<sup>(1)</sup> vs 1H 2017<sup>(1)</sup> (KZT bln)



# Cash & deposits

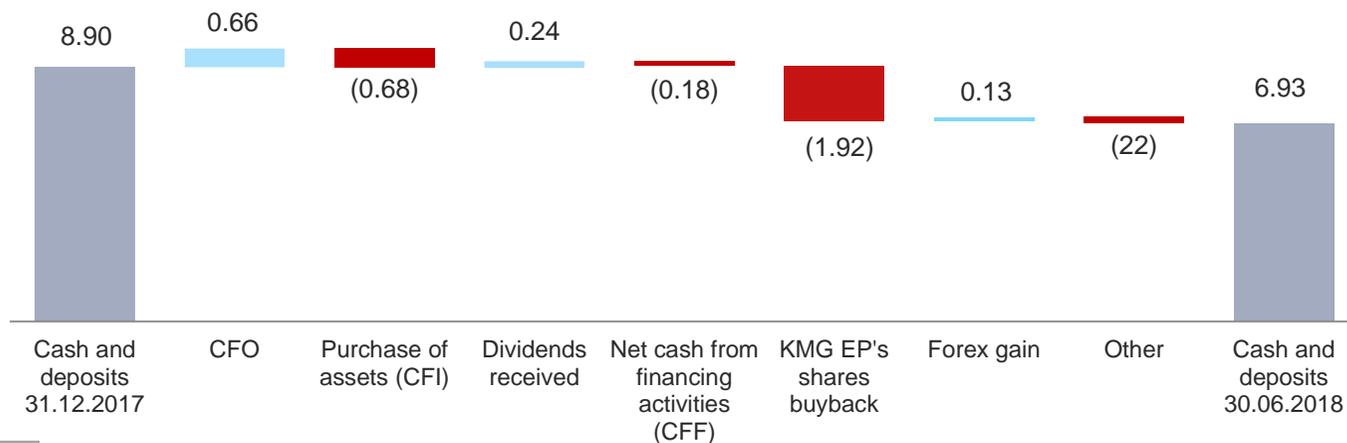
## Dynamics of cash and deposits, 1H 2018<sup>(1)</sup> (KZT bln)



## Cash and deposits as at 30-Jun-2018 By currency



## Dynamics of cash and deposits, 1H 2018<sup>(1)</sup> (US\$ bln)



- Free cash flow amounted to KZT 71.7 bln (US\$ 220 mln).

# Debt overview

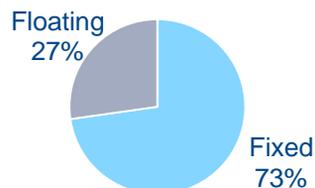
## Debt position

- Total debt as at 30-Jun-2018 is KZT 4,528 bln or US\$ 13.3 bln.

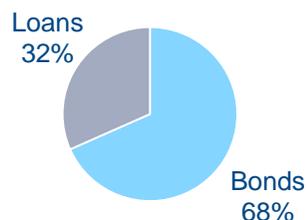
### By currency



### By interest rate



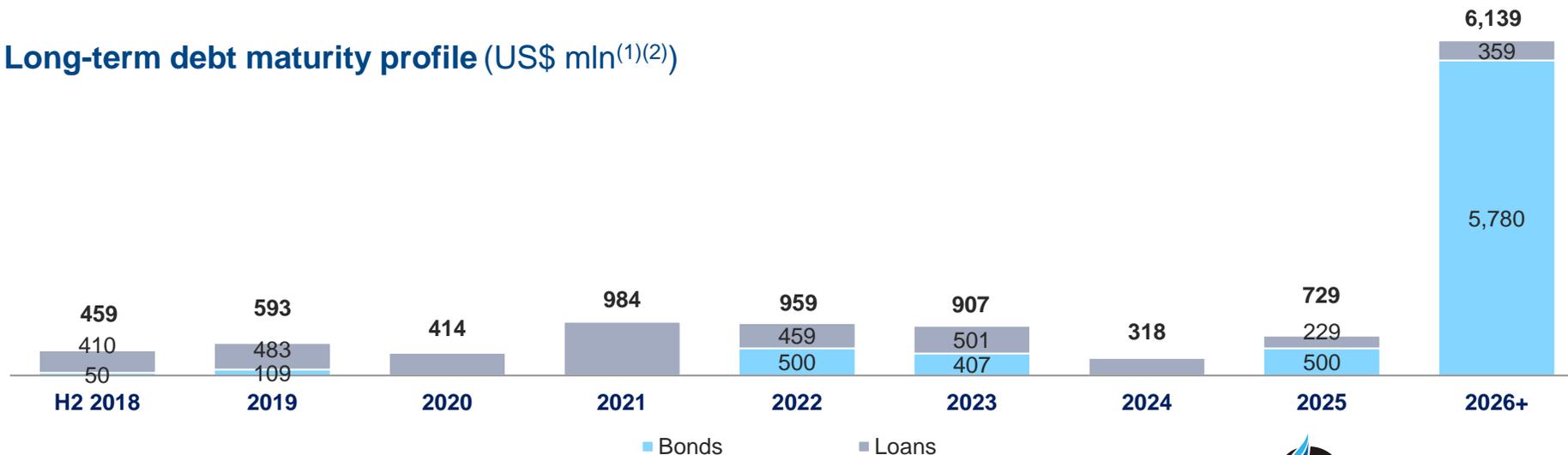
### By instrument type



## Highlights

- KMG made a repayment of US\$ 1.6 bln Eurobonds in July 2018.

## Long-term debt maturity profile (US\$ mln<sup>(1)(2)</sup>)



(1) Converted from KZT to US\$ at the exchange rate of 341.08 (as at 30 June 2018)

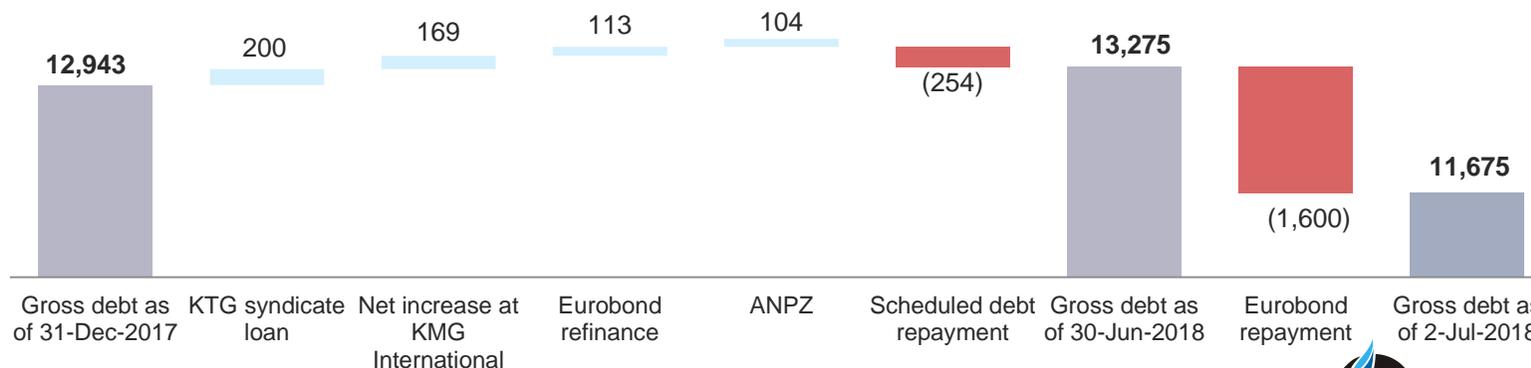
(2) After US\$ 1.6 bln Eurobonds repayment in 02-Jul-2018

# Leverage dynamics

Item <sup>(1)</sup>	Unit	YE2014	YE2015	YE2016	YE2017	June 30, 2018
<b>Gross debt</b>	US\$ mln	<b>17,018</b>	<b>10,197</b>	<b>9,825</b>	<b>12,943</b>	<b>13,275</b>
Cash and deposits	US\$ mln	8,878	5,309	6,433	8,898	6,931
<b>Net debt</b>	US\$ mln	<b>8,141</b>	<b>4,888</b>	<b>3,392</b>	<b>4,045</b>	<b>6,344</b>
Guaranteed obligations <sup>(2)</sup>	US\$ mln	545	566	718	352	313
<b>Net Debt, including guaranteed obligations</b>	US\$ mln	<b>8,686</b>	<b>5,454</b>	<b>4,110</b>	<b>4,397</b>	<b>6,657</b>
Net Debt/EBITDA <sup>(3)</sup>	x	3.18x	2.75x	1.66x	1.59x	1.79x

## Gross debt dynamics

- Growth of gross debt was due to debt drawdowns under existing credit facilities at Atyrau refinery and KMG International, new loan in the amount of US\$ 200mln raised by KTG to finance investment project and Eurobond refinance.
- Net debt increased mainly as a result of KMG EP's shares buyback.



(1) Calculated with relevant adjustments made for assets classified as for sale.

(2) Beineu-Shymkent Gas Pipeline LLP (50% owned by KMG) and others.

(3) In accordance with Bond definition for covenant testing. Tested on a semiannual basis.

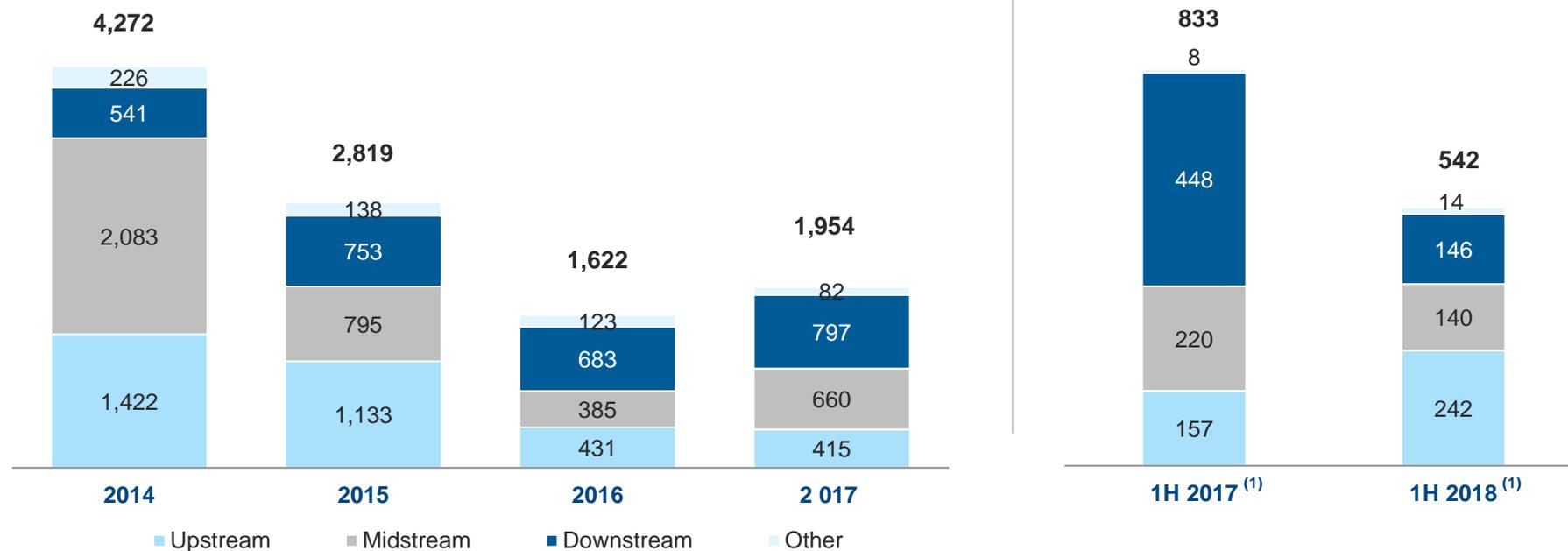
# Prepayments overview

Item	Unit	YE2016	YE2017	1H 2018
Prepayments for TCO crude oil deliveries	US\$ mln	3,000	2,750	2,750
Prepayments for Kashagan crude oil deliveries <sup>(1)</sup>	US\$ mln	1,000	1,600	1,600 <sup>(2)</sup>

- In accordance with an amendment of TCO oil supply agreement signed in December 2017, KMG Group received additional tranches of prepayments in January and April 2018 in the total amount of US\$ 500 mln.
- Simultaneously, during 1H 2018 KMG Group has partially settled the prepayments by TCO oil supply in the total amount of US\$ 500 mln.
- In accordance with an amendment of Kashagan oil supply agreement signed in July 2018, Kashagan B.V. received an additional tranche of prepayment in August 2018 in the amount of \$600 mln.

# Capex (accrual basis) overview

## Historical capex (US\$ mln)



Cash capex outflows as per CFS in 1H 2018 and 1H 2017 are equal to US\$ 677 mln and US\$ 529 mln, respectively.

## Key investment projects in 2018

- Completion of Shymkent refinery modernisation
- KMG EP production support and volume increase capex (upstream).
- Construction of three compressor stations on the Beineu-Bozoi-Shymkent Gas Pipeline



# Appendix

# Interim condensed consolidated balance sheet

	(000s of KZT)	
	as at 30 June 2018	as at 31 December 2017
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,132,186,459	4,080,164,484
Exploration and evaluation assets	236,276,229	253,326,100
Investment property	27,167,174	27,423,225
Intangible assets	185,072,061	185,205,427
Long-term bank deposits	49,986,275	48,523,034
Investments in joint ventures and associates	4,180,811,061	3,823,629,586
Deferred income tax assets	92,347,492	98,680,503
VAT receivable	112,516,412	96,666,045
Advances for non-current assets	212,903,600	124,906,942
Loans and receivables due from related parties	604,047,580	672,448,689
Other financial assets	4,422,658	4,161,312
Other non-current assets	18,456,496	17,401,423
<b>Total non-current assets</b>	<b>9,856,193,497</b>	<b>9,432,536,770</b>
<b>Current assets</b>		
Inventories	270,048,500	250,368,907
VAT receivable	51,301,302	69,605,981
Income tax prepaid	31,377,536	36,134,973
Trade accounts receivable	704,598,801	467,867,255
Short-term bank deposits	456,632,212	1,638,940,642
Loans and receivables due from related parties	179,773,254	169,501,500
Other current assets	179,576,806	196,110,129
Cash and cash equivalents	1,851,930,414	1,263,987,456
<b>Total current assets</b>	<b>3,725,238,825</b>	<b>4,092,516,843</b>
Assets classified as held for sale	18,272,019	24,904,588
	<b>3,743,510,844</b>	<b>4,117,421,431</b>
<b>Total assets</b>	<b>13,599,704,341</b>	<b>13,549,958,201</b>

# Interim condensed consolidated balance sheet (cont'd)

	(000s of KZT)	
	as at 30 June 2018	as at 31 December 2017
<b>Equity</b>		
Share capital	916,540,545	709,344,505
Additional paid-in capital	40,659,141	243,876,410
Other equity	83,185	83,185
Currency translation reserve	1,357,178,413	1,295,091,189
Retained earnings	3,970,124,111	3,665,191,668
<b>Attributable to equity holder of the Parent Company</b>	<b>6,284,585,395</b>	<b>5,913,586,957</b>
Non-controlling interest	162,297,771	870,017,901
<b>Total equity</b>	<b>6,446,883,166</b>	<b>6,783,604,858</b>
<b>Non-current liabilities</b>		
Borrowings	3,606,783,918	3,417,111,859
Provisions	208,431,003	203,774,487
Deferred income tax liabilities	411,455,537	380,738,225
Financial guarantee	11,063,374	10,767,166
Prepayment on oil supply agreements	596,890,001	581,577,501
Other non-current liabilities	45,713,246	46,426,823
<b>Total non-current liabilities</b>	<b>4,880,337,079</b>	<b>4,640,396,061</b>
<b>Current liabilities</b>		
Borrowings	920,903,520	884,140,278
Provisions	80,387,886	78,812,199
Income tax payable	14,936,357	10,081,239
Trade accounts payable	631,041,389	513,851,048
Other taxes payable	105,591,723	101,198,347
Financial guarantee	2,624,991	1,170,697
Prepayment on oil supply agreements	341,080,000	332,330,000
Other current liabilities	174,285,919	202,444,812
<b>Total current liabilities</b>	<b>1,719,805,236</b>	<b>1,732,667,505</b>
Liabilities directly associated with the assets classified as held for sale	1,632,311	1,928,662
<b>Total liabilities</b>	<b>7,152,821,175</b>	<b>6,766,353,343</b>
<b>Total equity and liabilities</b>	<b>13,599,704,341</b>	<b>13,549,958,201</b>

# Interim condensed consolidated income statement

	(000s of KZT)	
	6M 2018	6M 2017
<b>Revenue</b>	3,356,260,350	2,070,922,065
<b>Cost of sales</b>	(2,614,524,979)	(1,573,867,210)
<b>Gross profit</b>	<b>741,735,371</b>	<b>497,054,855</b>
General and administrative expenses	(109,023,225)	(53,986,888)
Transportation and selling expenses	(303,924,152)	(193,029,949)
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets, other than goodwill	(39,700,583)	(3,398,638)
Loss on disposal of property, plant and equipment, intangible assets and investment property, net	(1,463,030)	(1,020,522)
Other operating income	10,274,491	7,956,019
Other operating expenses	(9,003,902)	(14,196,543)
<b>Operating profit</b>	<b>288,894,970</b>	<b>239,378,334</b>
Net foreign exchange gain loss	1,664,862	18,719,818
Finance income	111,354,338	56,993,837
Finance cost	(277,525,987)	(143,369,513)
Reversal/ (impairment) of investments in joint ventures	-	14,686,162
Net income/ (loss) on disposal/acquisition of subsidiary	3,249,302	(3,249,292)
Share in profit of joint ventures and associates, net	337,319,011	179,681,671
<b>(Loss)/ Profit before income tax</b>	<b>464,956,496</b>	<b>362,841,017</b>
Corporate income tax	(108,811,857)	(89,836,483)
<b>Loss for the year from continuing operations</b>	<b>356,144,639</b>	<b>273,004,534</b>
(Loss)/ profit after income tax for the period from discontinued operations	3,562,054	(714,664)
<b>Net profit for the period attributable to:</b>	<b>359,706,693</b>	<b>272,289,870</b>
Equity holders of the Parent Company	348,548,888	240,722,108
Non-controlling interests	11,157,805	31,567,762

# Interim condensed consolidated income statement (cont'd)

	(000s of KZT)	
	6M 2018	6M 2017
<b>Other comprehensive loss</b>		
<b>Other comprehensive loss to be reclassified to profit or loss in subsequent periods</b>		
Exchange differences on translation of foreign operations	64,072,841	(114,243,111)
Accumulated differences on translation of disposal group	(475,673)	(423,776)
<b>Other comprehensive loss to be reclassified to profit or loss in subsequent periods</b>	<b>63,597,168</b>	<b>(114,666,887)</b>
<b>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods</b>		
Actuarial loss on defined benefit plans of the Group	22,422	(37,718)
Actuarial loss on defined benefit plans of joint ventures	133,712	(170,534)
Write-off deferred tax assets	-	(150,746)
<b>Other comprehensive (loss)/ income not to be reclassified to profit or loss in subsequent periods</b>	<b>156,134</b>	<b>(358,998)</b>
<b>Other comprehensive loss for the period</b>	<b>63,753,302</b>	<b>(115,025,885)</b>
<b>Total comprehensive income for the year, net of tax</b>	<b>423,459,995</b>	<b>157,263,985</b>
<b>Total comprehensive income for the period attributable to:</b>		
Equity holders of the Parent Company	410,792,132	132,644,218
Non-controlling interests	12,667,863	24,619,767
	<b>423,459,995</b>	<b>157,263,985</b>

# Interim condensed consolidated statement of cash flows

	(000s of KZT)	
	6M 2018	6M 2017
<b>Cash flows from operating activities</b>		
Receipts from customers	3,473,026,960	2,473,159,114
Payments to suppliers	(2,337,958,295 )	(1,646,611,125)
Other taxes and payments	(568,623,959)	(384,880,262)
Income tax paid	(61,530,812)	(48,044,202)
Interest received	72,028,261	44,898,915
Interest paid	(110,698,700)	(95,941,476)
Payments to employees	(187,231,622)	(170,949,138)
Taxes received from Tax authorities	9,782,183	47,321,875
Other payments, net	(74,623,791)	(26,304,900)
<b>Net cash flows from operating activities</b>	<b>214,170,225</b>	<b>192,648,801</b>
<b>Cash flows from investing activities</b>		
Withdrawal/(placement) of bank deposits, net	1,170,308,562	(711,377,929)
Purchase of PPE, intangible assets, investment property and exploration and evaluation assets, including advances paid	(221,198,143)	(168,647,760)
Proceeds from sale of PPE, intangible assets, investment property and exploration and evaluation assets	3,296,130	505,754
Proceeds from disposal of subsidiaries	3,494,379	180,678
Dividends received from joint ventures and associates	78,726,435	61,654,826
Disposal/(acquisition) of joint ventures and associates	1,999,889	(2,625)
Refund of contribution to joint ventures	-	489,960
Repayment of loans due from related parties	14,159,220	440,842
Repayment of debt securities	93,951	-
Loans given to related parties	(35,451,457)	(24,733,948)
<b>Net cash flows from/ (used in) investing activities</b>	<b>1,015,428,966</b>	<b>(841,490,202)</b>

# Interim condensed consolidated statement of cash flows

	(000s of KZT)	
	6M 2018	6M 2017
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,316,683,298	930,211,668
Repayment of borrowings	(1,331,016,313)	(221,282,206)
Dividends paid to Samruk-Kazyna and National Bank of RK	(36,273,040)	-
Dividends paid to non-controlling interests	(6,272,386)	(5,997,716)
Share buyback by subsidiary	(628,003,279)	-
Issue of shares	7	1
<b>Net cash flows from/ (used in) financing activities</b>	<b>(684,881,713)</b>	<b>702,931,747</b>
Effects of exchange rate changes on cash and cash equivalents	43,165,853	568,919
Change in the impairment of provision	(33,945)	-
<b>Net change in cash and cash equivalents</b>	<b>(103,663,944)</b>	<b>(434,362,732)</b>
Cash and cash equivalents, at the beginning of the period	1,266,604,815	905,452,511
<b>Cash and cash equivalents, at the end of the period</b>	<b>1,162,940,871</b>	<b>471,089,779</b>

(1) The Group changed method of presentation of consolidated cash flow statement  
Source: Consolidated financial statements for the six months ended 30 September 2017

# Interim condensed consolidated statement of cash flows (indirect) (not part of financial statements)

	(000s of KZT)	
	6M 2018	6M 2017
<b>Cash flows from operating activities</b>		
Profit before income tax from continuing operations	464,956,496	362,841,017
Profit before income tax from discontinued operations	3,562,055	(592,676)
<b>Profit before income tax</b>	<b>468,518,551</b>	<b>362,248,341</b>
Adjustments for:		
Depreciation, depletion and amortization	135,467,791	123,837,563
Share in profit of joint ventures and associates, net	(337,319,011)	(179,681,671)
Finance costs	277,525,987	143,369,513
Finance costs from discontinued operation	42,767	102,237
Finance income	(111,354,338)	(56,993,837)
Finance income from discontinued operation	-	(313,546)
Unrealized gain/(losses) from derivatives on petroleum products	106,449	(303,438)
Realized gain from derivatives on petroleum products	2,403,914	71,022
Loss on disposal of property, plant and equipment, intangible assets and investment property, net	1,463,030	1,020,522
Impairment of property, plant and equipment, intangible assets	39,700,583	3,398,638
Adjustment on the re-measurement to fair value less costs to sell	2,091,012	215,207
Impairment of investments in joint ventures	-	(14,686,162)
Impairment of VAT recoverable	1,125,804	(26,414,368)
(Profit)/ loss from sale of subsidiary	251,680	-
Revenue under oil supply agreement (settlement of advances)	(163,265,000)	(78,775,000)
Provisions	16,275,603	2,762,381
Allowance for impairment of trade accounts receivable and other current and non-current assets	4,134,379	1,218,420
Allowance for impairment of trade accounts receivable and other current assets from discontinued operation	-	389,035
(Reversal)/ Provision for obsolete and slow-moving inventories	762,552	1,376,055
Provision for obsolete and slow-moving inventories from discontinued operation	-	(246,188)
Recognition of share based payments	-	(12,678)
Unrealized foreign exchange gain	1,231,224	4,624,302
<b>Operating profit before working capital changes</b>	<b>339,162,977</b>	<b>287,206,348</b>

(1) The Group changed method of presentation of consolidated cash flow statement

# Interim condensed consolidated statement of cash flows (indirect) (not part of financial statements)

	(000s of KZT)	
	6M 2018	6M 2017
Change in inventory	(16,443,808)	(11,140,398)
Change in VAT receivable	1,117,481	(5,715,999)
Change in trade accounts receivable and other assets	(212,678,177)	56,210,531
Change in other taxes payable	(7,362,569)	37,319,963
Change in trade accounts payable	111,353,544	(69,021,409)
Change in advances under oil supply agreement	163,072,674	-
Change in other liabilities	(61,623,521)	(24,448,983)
<b>Cash generated from operations</b>	<b>316,598,601</b>	<b>270,410,053</b>
Cash received from derivatives, net	(2,242,282)	(75,886)
Income taxes paid	(61,530,812)	(26,642,806)
Interest received	72,028,260	44,898,915
Interest paid	(110,698,700)	(95,941,476)
<b>Net cash flow from operating activities</b>	<b>214,155,067</b>	<b>192,648,800</b>
<b>Cash flows from investing activities</b>		
Withdrawal of bank deposits, net	1,170,308,562	(711,377,929)
Purchase of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets	(221,198,143)	(168,647,760)
Proceeds from sale of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets	3,296,130	505,754
Sale of subsidiary	3,494,379	-
Dividends received from joint ventures and associates	78,726,436	61,654,826
Proceeds from acquisition of subsidiaries	-	180,678
Acquisition of and contribution to joint ventures	(111)	(2,625)
Bonds repayment	93,951	-
Loans given to related parties	(35,451,457)	(24,733,949)
Repayment of loans and receivable due from related parties	14,159,220	440,842
Refund of contribution to joint ventures	-	489,960
Cash attributable to assets classified as held for sale	2,000,000	-
<b>Net cash flow from / (used in) investing activities</b>	<b>1,015,428,967</b>	<b>(841,490,203)</b>

# Interim condensed consolidated statement of cash flows (indirect) (not part of financial statements)

	(000s of KZT)	
	6M 2018	6M 2017
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,316,683,298	930,211,669
Repayment of borrowings	(1,331,016,313)	(221,282,206)
Dividends paid to Samruk-Kazyna and National Bank of RK	(36,273,040)	-
Dividends paid to non-controlling interests	(6,272,386)	(5,997,716)
Acquisition of non-controlling interest	(628,003,278)	-
Issue of shares	7	1
<b>Net cash flow used in financing activities</b>	<b>(684,881,712)</b>	<b>702,931,748</b>
Effects of exchange rate changes on cash and cash equivalents	(18,790)	-
Changes in allowance of impairment	43,165,853	568,918
<b>Net change in cash and cash equivalents</b>	<b>587,849,385</b>	<b>54,659,263</b>
Cash and cash equivalents at the beginning of the year	1,266,604,815	905,452,511
<b>Cash and cash equivalents at the end of the year</b>	<b>1,854,454,200</b>	<b>960,111,774</b>

(1) The Group changed method of presentation of consolidated cash flow statement

# Abbreviations list

AG – CJSC Amangeldy Gas

AGP – Asia gas pipeline

bbl – barrel

bcm – billion cubic meters

bln – billion

BSGP – Beineu-Shymkent gas pipeline

Caspi – JSC “Caspi Bitum JV”

CCEL – CITIC Canada Energy Limited (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

mIn - 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