

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**For the nine months ended September 30, 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 September 30, 2019 Samruk-Kazyna and National Bank of RK own 90.42% and 9.58% of the Company’s shares, respectively.

As at September 30, 2019, the Company has a direct interest in 54 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 Managing director – finance controller and the Chief accountant on November 19, 2019.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP ACCOUNTING POLICIES, SIGNIFICANT JUDGMENTS AND SEASONALITY OF OPERATIONS

The interim condensed consolidated financial statements for the six months ended September 30, 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.

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

**2. BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES,
SIGNIFICANT JUDGMENTS AND SEASONALITY OF OPERATIONS (continued)****Foreign currency translation (continued)***Transactions and balances*

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

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

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

Group companies, with functional currencies other than tenge

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 September 30, 2019 and December 31, 2018 were 387.99 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 September 30, 2019 and December 31, 2018. The weighted average rate for nine months ended September 30, 2019 was 381.52 tenge to 1 US dollar accordingly. The currency exchange rate of KASE as at November 19, 2019 was 387.16 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.

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

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

Following amendments and interpretations were applied for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group:

- 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*.

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

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.

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 and upon initial adoption of the standard, 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’).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES,
SIGNIFICANT JUDGMENTS AND SEASONALITY OF OPERATIONS (continued)****New and amended standards and interpretations (continued)***IFRS 16 Leases (continued)*

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

<i>In millions of tenge</i>	As at January 1, 2019
Assets	
Property, plant and equipment (Note 5)	(524)
Right-of-use assets (Note 6)	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 (Note 6)	46,688
Total equity and liabilities	41,510

(a) 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 at 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.

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.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****2. BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES,
SIGNIFICANT JUDGMENTS AND SEASONALITY OF OPERATIONS (continued)****New and amended standards and interpretations (continued)***IFRS 16 Leases (continued)*

The Group also applied all available exemptions.

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 (Note 6)	9,206
Lease liabilities as at January 1, 2019 (Note 6)	55,894

(b) 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. Mostly 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. In calculating the present value of lease payments, the Group uses the incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

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

**2. BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES,
SIGNIFICANT JUDGMENTS AND SEASONALITY OF OPERATIONS (continued)****Significant judgments in determining recoverability of long-lived assets**

The Group performs its annual impairment test in December and when circumstances indicated that the carrying value may be impaired at each reporting date. The Group’s impairment test is mostly based on value-in-use calculations, or fair value less costs of disposal, when the latter results in the *highest and best use* of the assets. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended December 31, 2018. Please refer to *Note 20* for results of updated impairment tests of cash generating units (CGUs) that had impairment indicators as of September 30, 2019.

For goodwill impairment testing in accordance with IFRIC 10, the Group does not make a detailed impairment calculation at the end of each interim period, rather, reviews for impairment indicators since the end of the most recent financial year to determine whether such calculation is needed. As at September 30, 2019 no indicators were identified.

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.

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 from the date of the first adoption and do not contain a purchase option). 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 amounts recognized in the statement of financial position and statement of comprehensive income are disclosed in *Note 6*.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****3. RESTATEMENTS, REVERSAL OF DISCONTINUED OPERATIONS**

As at September 30, 2018, the Company decided to sell 51% of its stake in KazMorTransFlot NMSK LLP (KMTF) in accordance with the Government plan for transfer of state-owned companies to the private sector. As at December 31, 2018, the Company ceased to classify KMTF as discontinued operations since KMTF no longer met IFRS 5 criteria. For the purposes of disclosing comparative information for the consolidated financial statements prepared as at September 30, 2019, financial information related to KMTF was reclassified from discontinued operations to continuing operations.

<i>In millions of tenge</i>	As at September 30, 2018		
	Before restatement	Restatement	After restatement
Revenue	5,206,760	18,557	5,225,317
Cost of sales	(3,966,300)	(21,824)	(3,988,124)
Gross profit	1,240,460	(3,267)	1,237,193
General and administrative expenses	(175,316)	(2,170)	(177,486)
Transportation and selling expenses	(481,660)	(46)	(481,706)
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets, other than goodwill	(41,556)	-	(41,556)
Loss on disposal of property, plant and equipment, intangible assets and investment property, net	(2,094)		(2,094)
Other operating income	14,465	334	14,799
Other operating expenses	(14,990)	(584)	(15,574)
Operating profit	539,309	(5,733)	533,576
Net foreign exchange loss	(21,392)	(1,040)	(22,432)
Finance income	139,227	510	139,737
Finance costs	(349,539)	(3,201)	(352,740)
Net income on disposal/acquisition on subsidiary	18,359	-	18,359
Share in profit of joint ventures and associates, net	532,917	-	532,917
Profit before income tax	858,881	(9,464)	849,417
Income tax expense	(202,973)	(1,311)	(204,284)
Profit for the period from continuing operations	655,908	(10,775)	645,133
Discontinued operations			
Profit after income tax for the period from discontinued operations	(7,681)	10,775	3,094
Net profit for the period	648,227	-	648,227
Net profit for the period attributable to:			
Equity holders of the Parent Company	625,789	-	625,789
Non-controlling interests	22,438	-	22,438
	648,227	-	648,227

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****3. RESTATEMENTS, REVERSAL FROM DISCONTINUED OPERATIONS (continued)**

<i>In millions of tenge</i>	As at September 30, 2018		
	Before restatement	Restatement	After restatement
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Exchange differences on translation of foreign operations	280,164	-	280,164
Accumulated differences on translation of disposal group	(476)	-	(476)
Other comprehensive income to be reclassified to profit or loss in subsequent periods	279,688	-	279,688
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gain on defined benefit plans of the Group	22	-	22
Actuarial loss on defined benefit plans of joint ventures	(170)	-	(170)
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods	(148)	-	(148)
Other comprehensive income for the period	279,540	-	279,540
Total comprehensive income for the period, net of tax	927,767	-	927,767
Total comprehensive income for the period attributable to:			
Equity holders of the Parent Company	899,417	-	899,417
Non-controlling interests	28,350	-	28,350
	927,767	-	927,767

The reclassification of KMTF from discontinued operations had insignificant effect on cash flow statement for the financial statement purposes.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****4. ASSETS CLASSIFIED AS HELD FOR SALE AND LOSS OF CONTROL****KMG Retail**

On February 8, 2019 the Company completed the sale of 100% interest in KMG Retail, which was classified as a disposal group held for sale since December 31, 2018, for 60,512 million tenge.

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

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

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

KBTU

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 its payment of 11,370 million tenge 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 lost control over KBTU due to transfer of 30% stake and in accordance with the terms of the trust agreement signed for the remaining 70% stake.

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

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

The resulting gain on disposal of KBTU amounted to 149 million tenge and the loss incurred by KBTU for the period from January 1, 2019 until the date of disposal equaled to 143 million tenge were recognized in the profit from discontinued operations.

As of September 30, 2019, assets classified as held for sale included gas related and other assets with carrying amount of 29,301 million tenge, which are to be disposed during twelve months after the reporting date.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**5. PROPERTY, PLANT AND EQUIPMENT**

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improvements	Machinery and equipment	Vehicles	Other	Capital work in progress	Total
Net book value as at December 31, 2018 (audited)	1,081,676	787,813	1,551,204	263,204	394,602	116,561	44,124	275,986	4,515,170
Change in accounting policy (Note 2)	-	-	(524)	-	-	-	-	-	(524)
As at January 1, 2019 (restated)	1,081,676	787,813	1,550,680	263,204	394,602	116,561	44,124	275,986	4,514,646
Foreign currency translation	6,672	396	4,939	1,058	788	90	160	308	14,411
Additions	24,880	944	195	591	5,639	2,340	1,281	219,281	255,151
Change in estimate	5,598	3,291	-	22	-	-	-	-	8,911
Disposals	(17,058)	(1,040)	(2,823)	(9,963)	(5,078)	(1,388)	(4,866)	(598)	(42,814)
Depreciation charge	(67,188)	(21,861)	(88,154)	(13,106)	(28,926)	(9,078)	(6,987)	-	(235,300)
Accumulated depreciation and impairment on disposals	9,405	960	2,775	6,729	4,668	1,240	4,472	486	30,735
(Impairment)/impairment reversal (Note 20)	1,748	517	(86,946)	(4,709)	(29,469)	(805)	(260)	(2,117)	(122,041)
Transfers to assets classified as held for sale (Note 4)	44	-	(60)	(10,108)	(18,361)	(97)	(61)	-	(28,643)
Transfers from /(to) investment property	215	-	-	16,769	146	-	2,354	(6)	19,478
Transfers from/(to) inventory, net	25	(25)	2,936	1	695	13	38	1,709	5,392
Transfers from exploration and evaluation assets	1,735	-	-	-	-	-	-	1,034	2,769
Transfers (to)/from intangible assets	-	-	-	-	-	-	68	(2,144)	(2,076)
Transfers and reclassifications	117,240	2,370	33,172	34,835	124,432	2,000	5,708	(319,757)	-
Net book value as at September 30, 2019 (unaudited)	1,164,992	773,365	1,416,714	285,323	449,136	110,876	46,031	174,182	4,420,619
At cost	2,297,221	991,922	2,424,770	558,780	826,618	237,991	126,342	225,215	7,688,859
Accumulated depreciation and impairment	(1,132,229)	(218,557)	(1,008,056)	(273,457)	(377,482)	(127,115)	(80,311)	(51,033)	(3,268,240)
Net book value as at September 30, 2019 (unaudited)	1,164,992	773,365	1,416,714	285,323	449,136	110,876	46,031	174,182	4,420,619
At cost	2,154,422	985,787	2,381,309	526,180	720,221	234,740	121,458	324,851	7,448,968
Accumulated depreciation and impairment	(1,072,746)	(197,974)	(830,105)	(262,976)	(325,619)	(118,179)	(77,334)	(48,865)	(2,933,798)
Net book value as at December 31, 2018 (audited)	1,081,676	787,813	1,551,204	263,204	394,602	116,561	44,124	275,986	4,515,170

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

5. PROPERTY, PLANT AND EQUIPMENT (continued)

For the nine months ended September 30, 2019, additions are mainly attributable to development drilling at Ozenmunaigas, Embamunaigas and Karachaganak, the subsidiaries, and construction of four compressor stations at KTG, the subsidiary, within the framework of modernization of gas transportation system. Mainly due to the latter an increase in advances paid for non-current assets occurred, in particular, 42,951 million tenge was prepaid for construction of high-tech compressor oil-gear stations for the main gas pipeline “Beineu-Bozoi-Shymkent”, and two gas-measuring stations and rotational settlements for another main gas pipelines “Bukhar-Gas-Region – Tashkent-Bishkek-Almaty” and “Gasli-Shymkent”.

For the nine months ended September 30, 2019, the Group capitalized in the carrying amount of property, plant and equipment borrowing costs at the weighted average interest rate of 3.62% in the amount of 2,198 million tenge related to the construction of new assets (for the nine months ended September 30, 2018: 17,972 million tenge at the weighted average interest rate of 2.35%).

During the nine months ended September 30, 2019, the Group recorded total impairment loss attributable to property, plant and equipment of 122,041 million tenge mainly attributable to cash-generating units of KMG International, Satti jackup rig and Batumi Oil Terminal (*Note 20*).

During the nine months ended September 30, 2019, the Group classified gas compressor station and related fixed assets with net book value of 28,643 million tenge as assets held for sale.

As at September 30, 2019 the cost of fully depreciated but still in use property, plant and equipment was 369,157 million tenge (as at December 31, 2018: 334,533 million tenge).

As at September 30, 2019, property, plant and equipment with the net book value of 1,097,941 million tenge (as at December 31, 2018: 1,108,419 million tenge) were pledged as collateral to secure borrowings and payables of the Group.

Capital commitments disclosed in *Note 26*.

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 improve- ments	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) (unaudited)	257	4,806	753	29,921	103	4,706	3,852	44,398	55,894
Foreign currency translation	-	16	5	240	196	1	53	511	(589)
Additions	81	-	90	1,227	1,992	-	342	3,732	3,772
Depreciation charge	(29)	(1,073)	(319)	(3,694)	(1,159)	(1,001)	(1,222)	(8,497)	-
Change in estimate	-	(802)	-	-	(8)	-	-	(810)	(810)
Interest expense	-	-	-	-	-	-	-	-	2,923
Payments	-	-	-	-	-	-	-	-	(11,403)
Transfers and reclassifications	-	-	-	-	-	-	-	-	125
Net book value as at September 30, 2019 (unaudited)	309	2,947	529	27,694	1,124	3,706	3,025	39,334	49,912
Minus the short-term portion of lease obligations	-	-	-	-	-	-	-	-	13,789
At cost	338	4,039	851	31,420	2,302	4,709	4,264	47,923	-
Accumulated depreciation and impairment	(29)	(1,092)	(322)	(3,726)	(1,178)	(1,003)	(1,239)	(8,589)	-
Net book value as at September 30, 2019 (unaudited)	309	2,947	529	27,694	1,124	3,706	3,025	39,334	-

For the nine months ended September 30, 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 39,899 million tenge, 0.3 million tenge and 3,947 million tenge, respectively.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****7. INVESTMENT PROPERTY**

Investment property mainly represents buildings and warehouse facilities leased out under operating lease terms. On July 3, 2019 the Group transferred an office building with the carrying value of 19,588 million tenge from investment property to property, plant and equipment as the Company and its subsidiaries moved to this building making it a corporate headquarter, thereby changing the use of the building from leased out property to third parties to owner occupied property.

8. BANK DEPOSITS

<i>In millions of tenge</i>	September 30, 2019 (unaudited)	December 31, 2018 (audited)
Denominated in US dollar	527,883	414,578
Denominated in tenge	24,269	22,031
Denominated in other currency	-	2,707
Less: allowance for expected credit loss	(637)	(560)
	551,515	438,756

As at September 30, 2019, the weighted average interest rate for long-term bank deposits was 1.08% in US dollars and 2.45% in tenge (as at December 31, 2018: 1.05% in US dollars and 3.73% in tenge).

As at September 30, 2019, the weighted average interest rate for short-term bank deposits was 2.11% in US dollars and 8.12% 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>	September 30, 2019 (unaudited)	December 31, 2018 (audited)
Maturities under 1 year	500,471	386,459
Maturities between 1 and 2 years	258	155
Maturities over 2 years	50,786	52,142
	551,515	438,756

As at September 30, 2019 bank deposits include cash pledged as collateral of 49,199 million tenge (as at December 31, 2018: 51,538 million tenge), which are represented mainly by 37,804 million tenge (as at December 31, 2018: 37,729 million tenge) at restricted bank accounts designated as liquidation fund per requirements of subsoil use contracts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**9. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

<i>In millions of tenge</i>	Main activity	Place of business	September 30, 2019 (unaudited)		December 31, 2018 (audited)	
			Carrying value	Percentage ownership	Carrying value	Percentage ownership
Joint ventures						
Tengizchevroil LLP (TCO)	Oil and gas exploration and production	Kazakhstan	2,307,648	20.00%	1,970,533	20.00%
Kashagan B.V.	Oil and gas exploration and production	Kazakhstan	2,088,554	50.00%	2,053,621	50.00%
Mangistau Investments B.V.	Oil and gas development and production	Kazakhstan	174,286	50.00%	138,549	50.00%
Asia Gas Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	110,455	50.00%	-	50.00%
KazRosGaz LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	86,717	50.00%	65,116	50.00%
Beineu-Shymkent Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	84,061	50.00%	34,411	50.00%
Ural Group Limited BVI	Oil and gas exploration and production	Kazakhstan	66,879	50.00%	70,874	50.00%
Kazakhoil-Aktobe LLP (KOA)	Production of crude oil	Kazakhstan	23,835	50.00%	25,773	50.00%
KazGerMunay LLP	Oil and gas exploration and production	Kazakhstan	22,432	50.00%	38,349	50.00%
Teniz Services LLP	Design, construction and operation of infrastructure facilities, support of offshore oil operations	Kazakhstan	20,477	48.996%	16,945	48.996%
Valsera Holding BV	Oil refining	Kazakhstan	8,526	50.00%	23,790	50.00%
Other			32,119		28,258	
Associates						
Caspian Pipeline Consortium (CPC)	Transportation of liquid hydrocarbons	Kazakhstan / Russia	346,252	20.75%	289,586	20.75%
PetroKazakhstan Inc. (PKI)	Exploration, production and processing of oil and gas	Kazakhstan	120,101	33.00%	116,577	33.00%
Other			24,359		23,062	
			5,516,701		4,895,444	

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

As at September 30, 2019 the Group’s share in unrecognized losses of joint ventures and associates amounted to 19,245 million tenge (December 31, 2018: 77,440 million tenge). Decrease in unrecognized losses is mainly attributable to the Group share in net comprehensive income of Asia Gas Pipeline LLP of 156,470 million tenge (Note 22).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****9. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)**

The following table summarizes the movements in equity investments in joint ventures and associates during the nine months ended September 30, 2019:

In millions of tenge

At December 31, 2018 (audited)	4,895,444
Share in profits of joint ventures and associates, unadjusted to unrealized profit from upstream sale of gas	637,441
Guarantee issued for borrowings received by the JV	11,162
Contribution to charter capital without change in ownership	789
Other changes in the equity of the joint venture	1,017
Dividends received	(88,577)
Change in dividends receivable	11,091
Adjustment for unrealized profit related to capitalized borrowing costs	(3,240)
Foreign currency translation	51,574
At September 30, 2019 (unaudited)	5,516,701

On October 16, 2015, the Group sold 50% of its shares in KMG Kashagan B.V. to Samruk-Kazyna with a right to buy back all or part of the shares effective from January 1, 2018 to December 31, 2020 (further “Option”). On December 20, 2017, the exercise period for the call option was changed to January 1, 2020 and December 31, 2022. As of September 30, 2019 and December 31, 2018, the price of the option was insignificant.

The Amsterdam Court imposed certain restrictions on 50% of shares in Kashagan B.V. owned by Samruk-Kazyna (further restrictions). During the restriction period, these shares of Kashagan B.V. cannot be sold, transferred or pledged. As of September 30, 2019 the restrictions remained in force.

10. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

<i>In millions of tenge</i>	September 30, 2019 (unaudited)	December 31, 2018 (audited)
Advances paid and prepaid expenses	102,030	96,510
Taxes receivable	37,039	35,556
Dividends receivable	4,254	15,848
Restricted cash	16,078	15,321
Other current assets	78,260	70,016
Less: allowance for impairment	(38,712)	(28,528)
Total other current assets	198,949	204,723
Trade accounts receivable	581,525	540,669
Less: allowance for expected credit losses	(47,606)	(46,692)
Trade accounts receivable	533,919	493,977

As at September 30, 2019 and December 31, 2018 trade accounts receivable and other assets were non-interest bearing. As at September 30, 2019 trade accounts receivable of 78,028 million tenge are pledged as collateral for liabilities of the Group (as at December 31, 2018: 72,695 million tenge). Movements in the allowance for expected credit losses of trade accounts receivable and allowance for impairment of other current assets were as follows:

In millions of tenge

At December 31, 2018 (audited)	75,220
Charge for the period	18,499
Recovered	(3,670)
Written-off	(3,343)
Transfers and reclassifications	77
Foreign currency translation	(465)
At September 30, 2019 (unaudited)	86,318

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****11. CASH AND CASH EQUIVALENTS**

<i>In millions of tenge</i>	September 30, 2019 (unaudited)	December 31, 2018 (audited)
Term deposits with banks – US dollars	163,608	743,646
Term deposits with banks – tenge	185,002	195,093
Current accounts with banks – US dollars	370,446	538,440
Current accounts with banks – tenge	47,318	39,137
Current accounts with banks – other currencies	9,773	9,658
Term deposits with banks – other currencies	3,970	3,492
Cash in transit	5,157	8,914
Cash-on-hand	1,488	1,204
Less: allowance for expected credit losses	(47)	(131)
	786,715	1,539,453
Cash and cash equivalents attributable to discontinued operations	–	6,395
	786,715	1,545,848

Term deposits with banks are made for periods between one day to three months, depending on cash requirements of the Group. As at September 30, 2019 the weighted average interest rate for time deposits with banks was 2.25% in US dollars and 8.01% in tenge, respectively (as at December 31, 2018: 2.84% in US dollars, 7.58% in tenge, respectively). As at September 30, 2019 cash and cash equivalents were not pledged as collateral.

12. EQUITY**Transactions with Samruk-Kazyna**

During the nine months ended September 30, 2019, the Company provided to Samruk-Kazyna additional tranches of 42,039 million tenge (for the nine months ended September 30, 2018: 38,889 million tenge) under interest-free loan agreement signed on December 25, 2015, with a current maturity in 2022. The difference between the fair value and nominal value of additional tranche of 11,053 million tenge (nine months, ended September 30, 2018: 84,449 million tenge) was recognized as transactions with Samruk-Kazyna in the interim condensed consolidated statement of changes in equity.

Distributions to Samruk-Kazyna

During the nine months ended September 30, 2019, the Company transferred to Samruk-Kazyna its non-core assets sale proceeds of 3,853 million tenge, which was recognized as distribution to Samruk-Kazyna, within the framework of Government decrees on transfer of KMG’s non-core assets to the competitive environment and in accordance with the decision of the Management Board of Samruk-Kazyna. In addition, for the nine months ended September 30, 2019, the Group fully settled its commitments of 20,900 million tenge for social facilities construction in Turkestan city recognized within distributions to Samruk-Kazyna in 2018, and additional distribution of 1,774 million tenge recognised in 2019. In addition, the Group transferred cash payments of 9,203 million tenge to fulfill its commitments of constructing Palace of martial arts in Nur-Sultan city recognized within distributions to Samruk-Kazyna in 2016-2017.

For the nine months ended September 30, 2018, distributions to Samruk-Kazyna, included results of operations of PSA LLP of 3,510 million tenge and the adjustment for the fair value of gas pipelines received as a payment for the issued common shares of 10 million tenge.

Dividends

For the nine months ended September 30, 2019, based on the decision of Samruk-Kazyna and National Bank of the Republic of Kazakhstan, the Company declared dividends for 2018 of 60.64 tenge per common share in the total amount of 36,998 million tenge (for the nine months ended September 30, 2018: 36,272 million tenge). Additionally, for the nine months ended September 30, 2019, the Group declared dividends to the non-controlling interests holders in KTO, KMG EP and KMG EP (subsidiaries of the Company) in the amount of 4,138 million tenge (for the nine months ended September 30, 2018: 6,201 million tenge to non-controlling interest holders in KMG EP and KTO).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****12. EQUITY (continued)****Share buyback of subsidiary – KMG EP**

On 22 February 2019, KMG EP completed its preferred shares buyback program. On May 14, 2019, preferred shares were delisted from KASE. In accordance with the buyback program, for the nine months ended September 30, 2019, KMG EP made a total buyback of outstanding preferred and ordinary shares for 1,735 million tenge (for the nine months ended September 30, 2018: 634,210 million tenge).

Book value per share

In accordance with the decision of KASE dd. 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>	September 30, 2019 (unaudited)	December 31, 2018 (audited)
Total assets	13,920,547	14,015,280
Less: intangible assets	166,982	173,077
Less: total liabilities	6,008,915	6,872,212
Net assets	7,744,650	6,969,991
Number of ordinary shares	610,119,493	610,119,493
Book value per ordinary share, tenge	12,694	11,424

Earnings per share

<i>In millions of tenge</i>	For the nine months ended September 30,	
	2019 (unaudited)	2018 (unaudited) (restated*)
Weighted average number of common shares for basic and diluted earnings per share	610,119,493	598,608,602
Basic and diluted share in net profit for the period	0.00130	0.001083
Basic and diluted share profit from continuing operations	0.00130	0.001078

Non-controlling interest

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

	Country of incorporation and operation	September 30, 2019 (unaudited)		December 31, 2018 (audited)	
		Share	Carrying value	Share	Carrying value
KMG EP	Kazakhstan	0.48%	10,024	0.50%	9,056
KazTransOil JSC (KTO)	Kazakhstan	10.00%	43,831	10.00%	43,382
Rompetrol Rafinare S.A.	Romania	45.37%	(53,027)	45.37%	(9,855)
Rompetrol Downstream S.R.L.	Romania	45.37%	50,779	45.37%	49,330
Rompetrol Petrochemicals S.R.L.	Romania	45.37%	(9,671)	45.37%	(3,316)
Rompetrol Vega	Romania	45.37%	(19,320)	45.37%	(21,181)
Other			17,059		13,063
			39,675		80,480

The decrease in non-controlling interest attributable to Rompetrol Rafinare S.A. is due to impairment recognized during nine months ended September 30, 2019 (Note 20).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****13. BORROWINGS**

<i>In millions of tenge</i>	September 30, 2019 (unaudited)	December 31, 2018 (audited)
Fixed interest rate borrowings	3,161,432	3,029,688
Weighted average interest rates	5.46%	5.42%
Floating interest rate borrowings	839,577	1,123,550
Weighted average interest rates	5.52%	5.70%
	4,001,009	4,153,238

<i>In millions of tenge</i>	September 30, 2019 (unaudited)	December 31, 2018 (audited)
US dollar – denominated borrowings	3,679,262	3,927,512
Tenge-denominated borrowings	309,318	207,276
Euro-denominated borrowings	2,778	1,866
Borrowings denominated in other currencies	9,651	16,584
	4,001,009	4,153,238

<i>In millions of tenge</i>	September 30, 2019 (unaudited)	December 31, 2018 (audited)
Current portion	264,487	330,590
Non-current portion	3,736,522	3,822,648
	4,001,009	4,153,238

As at September 30, 2019 and December 31, 2018, the bonds placed comprised of the following:

Bonds	Issuance amount	Redemption date	Interest	As at September 30, 2019 (unaudited)	As at December 31, 2018 (audited)
Bonds KASE 2009	120 billion KZT	2019	6M Libor + 8.5%	-	42,721
Bonds LSE 2013	1 billion USD	2023	4.40%	158,187	155,214
Bonds LSE 2014	1 billion USD	2044	6.00%	-	11,211
Bonds LSE 2017	1.25 billion USD	2047	5.75%	482,393	477,347
Bonds LSE 2017	1 billion USD	2027	4.75%	390,187	384,384
Bonds ISE 2017	0.75 billion USD	2027	4.375%	290,099	290,607
Bonds LSE 2017	0.5 billion USD	2022	3.88%	196,160	193,026
Bonds LSE 2018	0.5 billion USD	2025	4.75%	197,778	193,533
Bonds LSE 2018	1.5 billion USD	2048	6.375%	591,590	576,571
Bonds LSE 2018	1.25 billion USD	2030	5.375%	495,703	484,362
AIX 2019	56 billion KZT	2024	5.00%	52,925	-
Others				4,399	4,440
Total				2,859,421	2,813,416

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****13. BORROWINGS (continued)**

As at September 30, 2019 and December 31, 2018, the borrowings received comprised of the following:

Loans	Issuance amount	Redemption date	Interest	As at September 30, 2019 (unaudited)	As at December 31, 2018 (audited)
The Export-Import Bank of China (Eximbank)	1.13 billion USD	2027	6M Libor + 4.1%	348,687	398,978
The Syndicate of banks	560 million USD	2022	1M Libor + 2.75%, 1M Libor + 2.5%, 1M Robor + 2.00%, 3M Libor + 1.35% 1W Libor + 2.5% ON Libor + 2.5% ON Euribor + 2.5%	179,587	175,456
Development bank of Kazakhstan (DBK)	1.1 billion USD	2023-2025	6M Libor + 4.00%;5%;10.99%	137,704	292,594
DBK	152 billion KZT	2022-2028	7%-10.2%	114,962	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%	111,208	106,246
Japan Bank for International Cooperation (JBIC)	297.5 million USD	2025	2.19% + CIRR, 6M Libor + 1.10%	72,720	76,452
Halyk bank JSC (Halyk bank)	150 million USD	2024	5.00%	52,815	-
European Bank for Reconstruction and Development	68 billion KZT	2023	3M CPI + 50 basis points + 3.15%	45,665	54,408
European Bank for Reconstruction and Development	39 billion KZT	2026	6M CPI + 100 basis points + 3.15%	25,515	20,359
Natixis	300 million USD	2020	COF (2.28%) + 2.00%	13,258	-
Halyk bank	100 million USD ¹	2020	5.00%	11,662	26,939
BNP Paribas	368 million USD	2020	COF (3.18%) + 2.00%	-	25,199
Club loan (Raiffeisen/BCR/ING/Unicredit)	200 million USD	2019	3M Libor + 2.5%	-	17,684
Other	-	-	-	27,805	25,282
Total				1,141,588	1,339,822

On January 10, 2019, Atyrau Refinery LLP (ANPZ) placed bonds at the Astana International Exchange (AIX) for the total amount of 56,223 million tenge (equivalent to 150 million US dollars) with interest rate of 5% and maturity of 5 years. On January 10, 2019, Samruk-Kazyna purchased these bonds for 56,223 million tenge (*Note 24*). On January 11, 2019, ANPZ received long-term loan from Halyk bank of 150 million US dollars (equivalent to 56,195 million tenge), with 5% interest rate and maturity of 5 years.

¹ Revolving credit facility

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

13. BORROWINGS (continued)

Proceeds from the borrowings above in the total amount of 300 million US dollars (equivalent to 113,016 million tenge) were used to make an early repayment of loan principal of ANPZ borrowings from DBK, raised to fund a strategic investment project – construction of the aromatic hydrocarbons production unit. During the nine months ended September 30, 2019, the Group made an additional redemption of borrowings from DBK for 62,712 million tenge and 16 million bonds held by DBK (Bonds KASE 2009) for 43,868 million tenge, including accrued interest (*Note 24*).

During the nine months ended September 30, 2019, ANPZ has made partial repayment of the loan from Eximbank for 196 million US dollars (equivalent to 74,968 million tenge), including accrued interest.

During the nine months ended September 30, 2019, ANPZ has used the revolving credit facilities received from Halyk bank, the net repayment amounted to 40 million US dollars (equivalent to 15,687 million tenge), including accrued interest.

In May 2019, KMG International N.V. made a full early repayment of its Club loan for 47 million US dollars (equivalent to 17,739 million tenge), including accrued interest.

The increase in placed bonds during the nine months ended September 30, 2019, is due to accrued interest of bonds placed at the London Stock Exchange (LSE) for 58,881 million tenge that are payable semiannually, in April and October.

Hedge of net investment in the foreign operations

As at September 30, 2019 certain borrowings denominated in foreign currency were designated as hedge instrument for the net investment in the foreign operations. For the nine months ended September 30, 2019 loss of 23,301 million tenge (for the nine months ended September 30, 2018 loss of 223,782 million tenge) on the translation of these borrowings were transferred to other comprehensive income and offset translation differences 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 lenders the right to demand early repayment of loans. As of September 30, 2019 and December 31, 2018, the Group complied with all financial and non-financial covenants.

14. OIL SUPPLY AGREEMENT

In 2016, the Group entered into long-term crude oil and liquefied petroleum gas ("LPG") supply agreement, which involves a prepayment. The total minimum delivery volume approximates 38.4 million tons of crude oil and 1.25 million ton of LPG in the period from the date of the contract to June and August 2021. On November 4, 2019, the Company decided to settle the prepayment on November 29, 2019, and, as such classified them within current liabilities.

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

As at September 30, 2019, the Group settled prepayments for oil and LPG supply in the total amount of 1,846 million US dollars (equivalent to 708,864 million tenge). Also the Group accrued interest in amount of 18,775 million tenge with interest rate of LIBOR + 1.85% (*Note 21*).

Prepayments for oil represent contract liability and accounted for in accordance with IFRS 15.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****15. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES**

<i>In millions of tenge</i>	September 30, 2019 (unaudited)	December 31, 2018 (audited)
Contract liabilities	56,469	106,385
Due to employees	44,839	51,362
Dividends payable	1,908	1,750
Other	58,810	74,835
Total other current liabilities	162,026	234,332
Trade accounts payable	621,359	632,739

As at September 30, 2019 and December 31, 2018 trade accounts payable and other current liabilities were non-interest bearing.

Trade accounts payable are denominated in the following currencies as at September 30, 2019 and as at December 31, 2018:

<i>In millions of tenge</i>	September 30, 2019 (unaudited)	December 31, 2018 (audited)
US dollars	308,716	301,784
Tenge	247,537	260,094
Romanian leu	40,017	45,125
Euro	2,605	7,188
Other currency	22,484	18,548
Total	621,359	632,739

16. REVENUE

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
Sales of crude oil, gas and gas refining products	986,564	1,106,929	3,010,122	3,102,615
Sales of oil refined products	687,430	735,612	1,958,983	1,988,758
Oil and gas transportation services	110,760	75,568	270,527	236,144
Refining services for oil and oil products	48,045	41,924	144,343	128,619
Other revenue	65,852	60,390	190,824	155,718
Quality bank for crude oil	(3,806)	(5,121)	(11,483)	(12,162)
Less: sales taxes and commercial discounts	(169,474)	(146,245)	(435,365)	(374,375)
	1,725,371	1,869,057	5,127,951	5,225,317
Geographical markets				
Kazakhstan	280,853	292,831	871,749	851,103
Other countries	1,444,518	1,576,226	4,256,202	4,374,214
	1,725,371	1,869,057	5,127,951	5,225,317

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****17. COST OF SALES**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
Crude oil, gas and gas refining products	854,168	806,135	2,168,115	2,259,431
Materials and supplies	121,571	222,258	667,796	638,928
Payroll	84,514	80,350	235,621	226,571
Depreciation, depletion and amortization	76,949	65,707	225,355	182,763
Oil products for resale	20,205	78,721	102,110	344,161
Repair and maintenance	37,758	23,700	90,668	52,144
Mineral extraction tax	24,938	27,498	75,504	85,539
Electricity	20,579	17,474	63,364	45,711
Other taxes	23,123	18,504	56,938	52,436
Lease expenses	9,766	1,883	36,927	4,659
Transportation costs	7,715	6,146	22,059	13,149
Other	44,459	25,222	92,867	82,632
	1,325,745	1,373,598	3,837,324	3,988,124

18. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
Payroll	16,407	17,124	53,143	50,397
Depreciation and amortization	4,535	5,250	15,272	16,509
Consulting services	6,338	4,355	15,063	14,732
Impairment losses of other current assets	3,329	76	12,044	2,349
Allowance for VAT receivable	800	(1,921)	11,808	(795)
Other taxes	386	3,525	6,171	8,701
Allowance for fines, penalties and tax provisions	582	17,638	4,180	24,110
VAT receivable write-off	1,383	1,143	3,357	1,514
Social payments, out of payroll	1,204	9,507	3,168	21,050
Expected credit losses of trade accounts receivable	310	(318)	2,785	1,544
Rent of property, plant and equipment and intangible assets	612	1,522	1,739	4,368
Sponsorship	109	586	157	881
Allowance for inventory	(643)	178	(3,699)	940
Other	11,088	9,798	31,952	31,186
	46,440	68,463	157,140	177,486

19. TRANSPORTATION AND SELLING EXPENSES

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
Transportation	84,047	80,460	273,571	227,123
Rent tax on crude oil export	34,622	44,116	103,591	111,464
Customs duty	35,123	36,272	101,768	94,480
Payroll	2,618	4,184	10,818	11,821
Depreciation and amortization	3,318	3,425	10,204	8,949
Other	6,897	9,326	24,796	27,869
	166,625	177,783	524,748	481,706

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****20. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, EXPLORATION AND EVALUATION
ASSETS AND INTANGIBLE ASSETS, OTHER THAN GOODWILL**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
Property, plant and equipment (Note 5)	116,032	614	122,041	5,698
Exploration and evaluation assets	2,343	427	21,574	34,966
Investment property	–	814	–	892
Intangible assets	6,195	–	6,195	–
	124,570	1,855	149,810	41,556

The Group considers a number of factors when reviewing for indicators of impairment. As at September 30, 2019, several factors, such as deterioration of financial results, non-fulfillment of budgets and changes in business plans for asset of several CGUs were changed that could indicate a potential impairment. The management performed an impairment test as at September 30, 2019 and 2018 for the following CGUs that had prevailing impairment indicators:

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
CGUs of KMG International (KMGI)	93,587	–	93,587	–
Drilling jackup rig "Satti" (Satti rig)	24,505	–	24,505	–
CGU Batumi Oil Terminal (BNT)	6,478	–	12,583	3,743
Satpayev project	–	–	–	34,793
Brownfields at KMG EP	–	–	18,888	–
Other	–	1,855	247	3,020
	124,570	1,855	149,810	41,556

CGUs of KMGI

As of September 30, 2019 KMGI performed impairment tests of Petrochemical, Bulgaria, Refining and Other CGUs using the value-in-use method to determine recoverable value. As a result, recoverable values of CGUs exceeded their respective carrying values, except for Refining CGU. For the purposes of impairment test, KMGI updated projected cash flows to reflect the decrease in forecasted refinery margins and change in post-tax discount rate of 9.6% (2018: 9.7%). The capitalization rate used for residual values is 7.7% (2018: 7.8%). All other assumptions remained consistent with those disclosed in the audited consolidated financial statements of the Group for the year ended 31 December 2018.

Based on the results of analysis performed, KMGI recognized impairment loss of property, plant and equipment and intangible assets of 86,946 million tenge and 6,641 million tenge, respectively.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****20. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, EXPLORATION AND
EVALUATION ASSETS AND INTANGIBLE ASSETS, OTHER THAN GOODWILL (continued)***Satti rig*

The recoverable amount of *Satti rig* was determined on the basis of value-in-use method. Value-in-use was assessed as the present value of the future cash flows expected to be derived from the rig. The forecasted cash flows are based on financial budget approved by the Group management for the period of 2020-2024, and on estimated forecasts for the period of the useful life of the rig till 2041 extrapolated by inflation rates, at the discount rate of 12.5%. As a result of this analysis, management recognised an impairment loss of 24,505 million tenge.

CGU BNT

For nine months of 2019 ended on September 30, 2019 the Group recognized an impairment loss of 12,583 million tenge, which is mainly attributable to CGU BNT.

Satpayev project

As at September 30, 2018, the Group recognized impairment loss for exploration and evaluation assets related to the Satpayev project for 34,793 million tenge. The impairment occurred due to the withdrawal from project and ongoing return of contract territory to the Government by the Company and its partner, ONGC Videsh.

Brownfields at KMG EP

For nine months ended September 30, 2019, the Group wrote-off exploration and evaluation assets for the projects of KMG EP, whose subsoil use contracts were terminated and contract territories returned to the Government.

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

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
Interest income on bank deposits, financial assets, loans and bonds	23,230	25,069	73,586	80,405
Derecognition of loan	-	677	546	52,480
Other	8,948	2,637	19,842	6,852
	32,178	28,383	93,974	139,737

During nine months ended as of September 30, 2018, the Company has fully derecognized a loan from ONGC Videsh, the partner at Satpayev project, for 52,480 million tenge, including interest. The derecognition of the loan occurred due to termination of the Satpayev subsoil use contract, upon which all Group debts are waived in accordance with the Satpayev production sharing agreement terms.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****21. FINANCE INCOME / FINANCE COSTS (continued)**

Finance costs

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
Interest on loans and debt securities issued	57,277	53,244	170,359	191,705
Interest under oil supply agreement (<i>Note 14</i>)	3,407	9,529	18,775	26,367
Issued financial guarantees	11,162	920	11,162	2,324
Unwinding of discount on asset retirement obligations and environmental obligations	3,112	3,026	9,443	8,531
Bonds redemption fee	846	-	3,162	89,612
Other	9,087	8,496	32,837	34,201
	84,891	75,215	245,738	352,740

On May 4 and 11, 2018, the Company made early redemption of Eurobonds for 3,463 million US dollars (equivalent to 1,143,982 million tenge at payment dates), including interest. In order to make these early redemptions, during nine months ended as of September 30, 2018, the Company recognized interest for the early redemption of 89,612 million tenge.

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

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
Tengizchevroil LLP (TCO)	88,762	118,770	312,380	338,574
Asian Gas Pipeline LLP (AGP)	42,937	-	110,455	-
Mangistau Investments B.V.	18,837	25,361	65,079	72,878
Caspian Pipeline Consortium	19,536	12,384	52,932	36,871
Beineu-Shymkent Gas Pipeline	4,648	(4,820)	38,488	6,744
KazRosGas LLP (KRG)	10,462	6,127	21,704	5,724
Kashagan B.V.	13,492	14,455	14,820	29,099
KazGerMunay LLP	2,520	10,352	14,383	21,788
Teniz Service LLP	(628)	8,783	7,942	16,981
Kazakhoil-Aktobe LLP	653	1,777	5,562	6,009
PetroKazakhstan Inc.	(888)	5,037	2,060	13,045
Ural Group Limited	(1,846)	(1,584)	(5,511)	(12,020)
Valsera Holdings B.V.	(7,851)	(3,861)	(11,239)	(10,163)
Other joint ventures and associates	2,621	2,817	9,450	7,387
	193,255	195,598	638,505	532,917

During the nine months ended September 30, 2019 unrecognized share in losses of AGP of 46,015 million tenge accumulated as at December 31, 2018 was fully recovered. For nine months ended September 30, 2019 unrealized profit from upstream sale of gas amounted to 1,064 million tenge.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****23. INCOME TAX EXPENSE**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
Current income tax				
Corporate income tax	37,586	66,016	109,438	129,465
Excess profit tax	(436)	55	6,906	(3,405)
Withholding tax on dividends and interest income	3,340	8,567	9,825	21,149
Deferred income tax				
Corporate income tax	(29,912)	(7,072)	(6,502)	3,419
Excess profit tax	(1,946)	(43)	(1,843)	(7,931)
Withholding tax on dividends and interest income	13,314	27,949	46,857	61,587
Income tax expense	21,946	95,472	164,681	204,284

24. 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.

Transaction balances

The following table provides the balances of transactions with related parties as at September 30, 2019 and December 31, 2018:

<i>In millions of tenge</i>	As at	Due from related parties	Due to related parties	Cash and deposits placed with related parties	Borrowings payable to related parties
Samruk-Kazyna entities	September 30, 2019	319,817	3,192	–	52,925
	December 31, 2018	268,396	3,656	52	–
Associates	September 30, 2019	73,403	598	–	–
	December 31, 2018	116,670	2,089	–	–
Other related parties	September 30, 2019	286	10,676	194,296	252,666
	December 31, 2018	157	8,813	–	455,540
Joint ventures	September 30, 2019	509,720	173,169	–	–
	December 31, 2018	508,260	174,042	–	–

Due from/to related parties

As at September 30, 2019 increase in due from Samruk-Kazyna entities is mainly due to additional financial aid provided to Samruk-Kazyna for total amount of 42,039 million tenge (Note 12).

As at September 30, 2019 changes in due from associates were mainly related to the interest repayment on the “Kazakhstan Note” of 34,459 million tenge.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****24. RELATED PARTY DISCLOSURES (continued)***Transaction balances (continued)***Cash and deposits placed with related parties**

As at September 30, 2019 the increase in cash and deposits placed with related parties is attributable to that, the Company placed a short-term deposit for 500 million US dollars (equivalent to 194,296 million tenge) at market rate.

Borrowings payable to related parties

Increase in borrowings from Samruk-Kazyna entities is primarily due to that Samruk-Kazyna purchased bonds placed by ANPZ for 56,223 million tenge (*Note 13*).

Decrease in borrowings from other related parties is mainly related to Group repayment of loans and bonds held by DBK for total amount of 219,596 million tenge, including interest (*Note 13*).

Transactions turnovers

The Company enters into a number of business arrangements with related parties, particularly with its equity affiliates.

The following table provides the total amount of transactions with related parties during the nine months ended September 30, 2019 and 2018:

<i>In millions of tenge</i>	Nine months ended as at	Sales to related parties	Purchases from related parties	Interest earned from related parties	Interest incurred to related parties
Samruk-Kazyna entities	September 30, 2019	31,663	16,409	17,399	2,024
	September 30, 2018	47,134	18,791	18,074	–
Associates	September 30, 2019	6,019	22,635	6,666	–
	September 30, 2018	29,078	43,093	7,547	–
Other related parties	September 30, 2019	3,679	1,502	398	18,377
	September 30, 2018	6	27,582	–	21,609
Joint ventures	September 30, 2019	235,981	1,105,732	21,867	5,935
	September 30, 2018	239,273	1,106,170	23,709	3,114

Sales to related parties

The decrease in sales to related parties is primarily driven by the decrease in the volume of oil products sold by the Group due to the fact that in February 2019 the Group sold off its KazMunayGas-branded fuelling station network to a third party.

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 6,601 million tenge and 5,888 million tenge for the nine months ended September 30, 2019 and 2018, respectively. Compensation to key management personnel consists of contractual salary and performance bonus based on operating results.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****25. FINANCIAL INSTRUMENTS****Fair values of financial instruments and investment property**

The carrying amount of the Group financial instruments as at September 30, 2019 and December 31, 2018 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

<i>In millions of tenge</i>	September 30, 2019					December 31, 2018				
	Carrying amount	Fair value	Fair value by level of assessment			Carrying amount	Fair value	Fair value by level of assessment		
			Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Bonds receivable from the Samruk- Kazyna	15,857	19,446	-	19,446	-	15,314	20,444	-	20,444	-
Loans issued to related parties at amortized cost	507,628	510,924	-	510,924	-	491,956	484,657	-	484,657	-
Fixed interest rate borrowing s	3,161,432	3,550,187	3,207,375	342,812	-	3,029,688	2,972,627	2,726,332	246,295	-

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

There were no transfers between Level 1 and Level 2 during the reporting period, and no transfers into or out of Level 3 the fair value measurement.

As at September 30, 2019 investment property's fair value approximates its carrying amount at 3,096 million tenge (December 31, 2018: 24,188 million tenge) (Note 7).

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****26. 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 nine months ended September 30, 2019:

Litigations*KMG Drilling and Services LLP (hereinafter – “KMG DS”) against Consortium*

On April 11, 2018 the Consortium (Ersai Caspian Contractor LLP, Caspian Offshore and Marine Construction LLP) after negotiations reduced the initial claim amount (192,1 million US dollars) filed against KMG DS and amended the claim to 140 million dollars (equivalent to 54,3 billion tenge), handled by the London International Court of Arbitration. In 2019, KMG DS has filed a counter claim against the Consortium. The hearings that were scheduled to start from November 11, 2019 were suspended as the entities decided to resolve the dispute by peaceful means. There is uncertainty regarding the result of the resolution, as such, as at September 30, 2019 the Group did not recognize any provision on this case.

Commitments to the Kazakhstan local market

During nine months ended September 30, 2019, in accordance with its commitments, the Group delivered 4,574 thousand tons of crude oil (nine months ended September 30, 2018: 4,590 thousand tons), including joint ventures, to the Kazakhstan market.

Commitments under subsoil use contracts

As at September 30, 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	99,921	5,981
2020	16,077	4,975
2021	14,115	3,919
2022	13,976	4,803
2023-2048	8,003	26,872
Total	152,092	46,551

Oil supply commitments

As of September 30, 2019 the Group had commitments under the oil supply agreements in the total amount of 15.3 million ton (as at December 31, 2018: 22.6 million ton), including commitments of joint venture.

Other contractual commitments

As at September 30, 2019, the Group had other capital commitments of approximately 404,734 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**27. SEGMENT REPORTING**

The following represents information about operating segments of the Group as at September 30, 2019 and for the nine 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	73,736	176,686	782,696	3,830,007	252,645	12,181	-	5,127,951
Revenues from sales to other segments	1,047,443	75,256	687	413,249	85,636	11,092	(1,633,363)	-
Total revenue	1,121,179	251,942	783,383	4,243,256	338,281	23,273	(1,633,363)	5,127,951
Gross profit	601,245	101,392	376,647	198,763	92,361	7,154	(86,935)	1,290,627
Finance income	73,766	4,425	13,421	30,796	186,299	280	(215,013)	93,974
Finance costs	(16,060)	(4,964)	(36,889)	(98,834)	(197,325)	(6,023)	114,357	(245,738)
Depreciation, depletion and amortization	(75,161)	(30,128)	(31,091)	(107,822)	(2,853)	(5,562)	-	(252,617)
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets other than goodwill	(19,538)	(12,381)	682	(93,626)	(438)	(24,509)	-	(149,810)
Share in profit of joint ventures and associates, net	410,309	54,116	170,623	(9,203)	-	12,660	-	638,505
Income tax expenses	(109,887)	(19,357)	(29,239)	2,987	(8,860)	(239)	(86)	(164,681)
Net profit for the period	588,684	113,218	264,769	(63,039)	19,322	(31,514)	(97,089)	794,351
Other segment information								
Investments in joint ventures and associates	4,809,915	362,729	282,274	35,729	2	26,052	-	5,516,701
Capital expenditures	147,718	21,167	56,008	54,280	9,011	678	-	288,862
Allowances for obsolete inventories, expected credit losses on accounts receivable, impairment of advances paid and other assets	(6,492)	(4,968)	(10,466)	(60,251)	(22,155)	(7,610)	-	(111,942)
Assets of the segment	7,838,722	1,049,214	2,100,333	2,927,505	1,514,328	97,175	(1,606,730)	13,920,547
Liabilities of the segment	882,268	190,403	958,662	1,899,585	3,528,484	54,001	(1,504,488)	6,008,915

Eliminations represent the exclusion of intra-group turnovers.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**27. SEGMENT REPORTING (continued)**

The following represents information about operating segments of the Group as at December 31, 2018 and for the nine months ended September 30, 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	72,688	154,174	665,582	4,283,604	35,311	13,958	–	5,225,317
Revenues from sales to other segments	867,533	38,491	799	1,149,717	48,834	10,317	(2,115,691)	–
Total revenue	940,221	192,665	666,381	5,433,321	84,145	24,275	(2,115,691)	5,225,317
Gross profit	484,941	80,265	335,430	367,536	20,675	9,229	(60,883)	1,237,193
Finance income	19,819	4,361	16,238	36,382	198,124	724	(135,911)	139,737
Finance costs	(16,938)	(5,645)	(35,342)	(79,685)	(278,780)	(5,773)	69,423	(352,740)
Depreciation, depletion and amortization	(61,806)	(31,459)	(26,413)	(83,489)	(1,614)	(5,776)	–	(210,557)
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets other than goodwill	(785)	(3,745)	(534)	(719)	(34,966)	(807)	–	(41,556)
Share in profit of joint ventures and associates, net	469,837	38,697	12,517	(6,405)	–	18,271	–	532,917
Income tax expenses	(138,424)	(21,007)	(31,357)	(1,197)	(11,873)	(426)	–	(204,284)
Net profit for the period	433,139	83,717	131,854	115,782	(45,628)	16,545	(87,182)	648,227
Other segment information								
Investments in joint ventures and associates	4,420,827	304,880	100,631	49,493	2	19,611	–	4,895,444
Capital expenditures	111,945	49,183	21,777	63,098	23,909	2,223	–	272,135
Allowances for obsolete inventories, expected credit losses on accounts receivable, impairment of advances paid and other assets	(5,465)	(4,240)	(8,805)	(64,773)	(20,330)	162	–	(103,451)
Assets of the segment	7,261,002	1,021,946	1,820,133	4,013,226	1,803,259	174,265	(2,078,551)	14,015,280
Liabilities of the segment	804,510	210,930	950,954	2,761,445	4,055,671	73,126	(1,984,424)	6,872,212

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

28. SUBSEQUENT EVENTS

Pearls project

On October 2, 2019, the Participants of Pearls project did not approve the budget for further development of the project. The status of project is uncertain.

Settlement of oil supply agreement

On October 31, 2019, the Group settled prepayments (*Note 14*) through oil and LPG delivery for the total amount of 242 million US dollars (equivalent to 94,192 million tenge on the transaction date), including early settlements of 220 million US dollars (equivalent to 85,479 million tenge on the transaction date).

Repayment of borrowings

In October 2019, the Company paid Eurobonds coupon payments to bondholders in the total amount of 171,603 thousand US dollars (equivalent to 66,808 million tenge on transaction dates).