

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)****For the three and nine months ended September 30, 2022**

1. GENERAL

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

Starting from June 8, 2006, the sole shareholder of the Company was joint stock company “Kazakhstan Holding Company for State Assets Management “Samruk”, which in October 2008 was merged with the state-owned Sustainable Development Fund “Kazyna” and formed joint stock company “National Welfare Fund Samruk-Kazyna”, now renamed to joint stock company “Sovereign Wealth Fund Samruk-Kazyna” (further Samruk-Kazyna). The Government is the sole shareholder of Samruk-Kazyna. On August 7, 2015, the National Bank of RK purchased 9.58% plus one share of the Company from Samruk-Kazyna.

As at September 30, 2022, the Company has interest in 59 operating companies (as of December 31, 2021: 60) (jointly “the Group”).

The Company has its registered office in the RK, Astana, Dinmukhamed Kunayev, 8.

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

- Participation in the development and implementation of the uniform public policy in 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, oil servicing, processing, petrochemistry, transportation and sale of hydrocarbons and the designing, construction and maintenance of oil pipeline and field infrastructure.

The interim condensed consolidated financial statements comprise the financial statements of the Company and its controlled subsidiaries.

These interim condensed consolidated financial statements of the Group were approved for issue by the Deputy Chairman of the Management Board for Economy and Finance and the Chief accountant on November 18, 2022.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three and nine months ended September 30, 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. 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, 2021.

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 (further the functional currency). The interim condensed consolidated financial statements are presented in Kazakhstan tenge (further tenge or KZT), which is the Company’s functional and presentation currency.

Transactions and balances

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

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

2. BASIS OF PREPARATION (continued)**Foreign currency translation (continued)***Transactions and balances (continued)*

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

Differences arising on settlement or translation of monetary items are recognized 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 a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Group Companies

The results and financial position of all of the Group’s subsidiaries, joint ventures and associates 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 presented 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 date of the transaction); 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 (further KASE) are used as official currency exchange rates in the RK. The currency exchange rate of KASE as at September 30, 2022 and December 31, 2021 were 476.71 and 431.80 tenge to 1 United States dollar (further US dollar), respectively. These rates were used to translate monetary assets and liabilities denominated in US dollar as at September 30, 2022 and December 31, 2021. The weighted average rate for nine months ended September 30, 2022 was 458.60 tenge to 1 US dollar (for the nine months ended September 30, 2021: 424.70 tenge to 1 US dollar). The currency exchange rate of KASE as at November 18, 2022 was 459.04 tenge to 1 US dollar. For the nine months ended September 30, 2022, the Group had net foreign exchange loss of KZT 1,407 million due to fluctuations in foreign exchange rates to tenge.

Renegotiation of loans in the context of IBOR reform

In the context of IBOR reform, some financial instruments have already been amended or will be amended as they transition from IBORs to risk free rates (further RFR). In addition to the interest rate of a financial instrument changing, there may be other changes made to the terms of the financial instrument at the time of transition. For financial instruments measured at amortised cost, the Group first applies the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Second, for any changes not covered by the practical expedient, the Group applies judgement to assess whether the changes are substantial and if they are, the financial instrument is derecognized and a new financial instrument is recognized. If the changes are not substantial, the Group adjusts the gross carrying amount of the financial instrument by the present value of the changes not covered by the practical expedient, discounted using the revised effective interest rate.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Business combinations and goodwill***Acquisition of joint ventures and associates from parties under common control*

Acquisition of joint ventures and associates from parties under common control are accounted for using the pooling of interest method.

The Group’s share in the assets and liabilities of the joint ventures and associates transferred under common control is recorded in the consolidated financial statements at the carrying amounts of the transferring entity (the Predecessor) at the date of the transfer. Any difference between the Group’s share in the total book value of net assets, and the consideration paid is accounted for in the consolidated financial statements as an adjustment to equity.

Changes in accounting policies and disclosures*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, 2021, except for the adoption of new standards and interpretations effective as of January 1, 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

The Group presented only the list of standards effective and applicable for the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no onerous contracts identified.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the *Conceptual Framework*, to determine whether a present obligation exists at the acquisition date. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Changes in accounting policies and disclosures (continued)***New and amended standards and interpretations (continued)**IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group’s financial instruments during the period.

4. DISCONTINUED OPERATIONS IN COMPARATIVE PERIOD

On November 8, 2021, the Company classified its subsidiary KazTransGas JSC (further KTG) as a disposal group held for sale. On November 9, 2021, the Company transferred to Samruk-Kazyna 100% shares of KTG for 1 tenge. Accordingly, in the consolidated financial statements of the Group for the year ended 31 December 2021, KTG was classified as a discontinued operation.

In order to reflect effect of such classification in these interim condensed consolidated financial statements, the Group restated retrospectively the interim consolidated statement of comprehensive income and the interim consolidated statement of cashflows, as well as the related notes to the interim condensed consolidated financial statements for the three and nine months ended September 30, 2021.

The business of KTG represented the entirety of the Group’s *Gas trading and transportation* segment. With KTG being classified as discontinued operation, the *Gas trading and transportation* segment is no longer presented in the segment reporting note, including the comparative period.

The results of KTG for the three and nine months ended September 30, 2021 are presented below:

<i>In millions of tenge</i>	For the three months ended September 30, 2021	For the nine months ended September 30, 2021
Revenue from contracts with customers	164,607	614,698
Share in profit of joint ventures, net	81,449	238,508
Finance income	5,523	16,965
Other operating income	794	19,998
Total revenue and other income from discontinued operations	252,373	890,169
Cost of purchased gas and other materials	(43,623)	(111,476)
Production expenses	(20,007)	(57,968)
Taxes other than income tax	(4,369)	(11,724)
Depreciation, depletion and amortization	(18,393)	(55,705)
Transportation and selling expenses	(51,436)	(220,082)
General and administrative expenses	(4,673)	(16,338)
Finance costs	(10,273)	(31,638)
Foreign exchange loss, net	(1,259)	(5,697)
Other expenses	(768)	(2,106)
Total expenses from discontinued operations	(154,801)	(512,734)
Profit before income tax from discontinued operations	97,572	377,435
Income tax expenses	(12,160)	(37,278)
Profit for the period from discontinued operations	85,412	340,157

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****4. DISCONTINUED OPERATIONS IN COMPARATIVE PERIOD (continued)**

The net cash flows incurred by KTG for the nine months ended September 30, 2021 were as follows:

<i>In millions of tenge</i>	For the nine months ended September 30, 2021
Operating	155,509
Investing	7,664
Financing	(37,148)
Net increase in cash and cash equivalents	125,541

5. ACQUISITIONS UNDER COMMON CONTROL**Acquisition of joint venture under common control***Kazakhstan Petrochemical Industries Inc. LLP (further KPI)*

On June 13, 2022, Samruk-Kazyna transferred 49.50% of the shares KPI to the Company. The cost of the acquisition was 91,175 million tenge. KPI is engaged in the implementation of the investment project “Construction of the first integrated petrochemical complex in Atyrau region”.

49.50% interest in KPI was accounted for as an acquisition of the joint venture from the parties under common control and accounted for under the pooling of interest method based on its carrying value. Samruk-Kazyna Ondeu LLP (further SKO), subsidiary of Samruk-Kazyna, and the Company have joint control over the KPI where decisions about the relevant activities of KPI require unanimous consent.

The difference between the consideration paid and carrying value of identifiable assets and liabilities of KPI at the date of acquisition was recognized as distribution to Samruk-Kazyna and presented in the line «*Acquisition of joint ventures*» in interim consolidated statement of changes in equity in the amount of 74,743 million tenge.

The following table illustrates the carrying value of KPI assets and liabilities as at the date of the acquisition (based on Predecessor’s accounting books):

<i>In millions of tenge</i>	
Non-current assets	898,524
Current assets	81,276
Non-current liabilities	(868,850)
Current liabilities	(77,754)
Net assets	33,196
Share of ownership	49.5%
The Group’s share in net assets	16,432
Purchase consideration transferred	91,175
Difference between consideration and carrying value of the investment in joint venture recognized in equity	74,743

Acquisition of subsidiary under common control*KMG Kashagan B.V. (further Kashagan)*

On October 16, 2015, Coöperatieve KazMunaiGaz U.A. (further Cooperative), a subsidiary of the Company, sold 50% of its shares in Kashagan to Samruk-Kazyna with a right to buy back all or part of the shares (further Option) effective from January 1, 2018 to December 31, 2020 which was later extended to December 31, 2022.

In 2017, the Amsterdam Court imposed certain restrictions on 50% of shares in Kashagan owned by Samruk-Kazyna (further Restrictions). During the Restrictions period, these shares of Kashagan cannot be sold, transferred or pledge. As of December 31, 2021 the Restrictions remained in force.

On June 14, 2022 the Amsterdam Court lifted the Restrictions. Based on the analysis, the Group concluded that the Option does not give the Group substantive voting rights and the Group does not consider exercising the Option economically viable on the existing term as at June 30, 2022.

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

5. ACQUISITIONS UNDER COMMON CONTROL (continued)**Acquisition of subsidiary under common control (continued)***KMG Kashagan B.V. (further Kashagan) (continued)*

On September 14, 2022 the Cooperative and Samruk-Kazyna signed an Amendment to Share Option Agreement and Exercise of Option (further Amendment Agreement), which set the exercise price of the Option in the amount of 3,782 million US dollars (equivalent to 1,777,076 million tenge presented in interim statement of changes in equity).

Amendment Agreement and Agreement on Transfer of Debt and Set-Off dated 14 September 2022 between the Company, Samruk-Kazyna and Cooperative determine the following way for consideration payment:

- The amount of 2,476.25 million US dollars to be converted at the agreed exchange rate of 475.00 tenge to 1 US dollar for subsequently setting off a part of the amount against the provided financial aid from the Company to Samruk- Kazyna for 424,587 million tenge, and paying the rest of the amount by the Company from the proceeds of the sale of bonds for 751,631 million tenge (*Note 21 and 26*);
- The amount of 566.7 million US dollars to be paid with 10 business days after the completion of the deal (paid as at 30 September 2022; equivalent to 271,032 million tenge per exchange rate at the date of payment);
- The amount of 375.2 million US dollars to be paid by 31 December 2022 and the amount of 363.6 million US dollars to be paid by 30 June 2023 (as at 30 September 2022: 352,747 million tenge) (*Note 24 and 26*).

On September 15, 2022 the Group fulfilled conditions of the Amendment Agreement, completing the transaction, exercised the Option and 50% of Kashagan shares were re-registered in favor of Cooperative.

As a result of exercising the Option, the Group has control over Kashagan and recognized Kashagan as a subsidiary. The acquisition accounted for as an acquisition of the subsidiary from the parties under common control and accounted for under the pooling of interest method based on the carrying value of assets and liabilities of Kashagan based on Predecessor’s accounting books. Comparative consolidated financial position as at 31 December 2021, interim consolidated statement of comprehensive income for the three and nine months ended 30 September 2021 and interim consolidated statement of cash flows for the nine months ended 30 September 2021, as well as the related notes to the interim condensed consolidated financial statements for the three and nine months ended September 30, 2021, were restated, as if the acquisition has occurred from the beginning of the earliest period presented.

The difference between the consideration and net assets of Kashagan was recognized in equity.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited) (continued)****5. ACQUISITIONS UNDER COMMON CONTROL (continued)****Acquisition of subsidiary under common control (continued)***KMG Kashagan B.V. (further Kashagan) (continued)*

Impact on comparative data due to acquisition of Kashagan is presented below:

<i>In millions of tenge</i>	As at 31 December, 2021
Impact on financial position:	
Increase in assets	
Increase in non-current assets	
Increase in property, plant and equipment	3,301,832
Increase in right-of-use assets	27,594
Increase in exploration and evaluation assets	191,463
Increase in intangible assets	707,161
Decrease in investments in joint ventures and associates	(2,404,820)
	1,823,230
Increase in current assets	
Increase in inventories	41,095
Increase in VAT receivable	6,534
Increase in income tax prepaid	223
Increase in trade accounts receivable	83,139
Increase in short-term bank deposits	51,839
Increase in other current financial assets	269
Increase in other current non-financial assets	8,997
Increase in cash and cash equivalents	164,701
	356,797
Increase in total assets	2,180,027
Increase in non-current liabilities	
Increase in provisions	107,723
Increase in lease liabilities	20,306
Increase in other current non-financial liabilities	219
Increase in deferred income tax liabilities	157,437
	285,685
Increase in current liabilities	
Increase in provisions	2,202
Increase in trade accounts payable	36,924
Increase in other taxes payable	10,276
Increase in lease liabilities	9,021
Increase in other current non-financial liabilities	175
	58,598
Increase in total liabilities	344,283
Increase in equity	
Increase in currency translation reserve	1,478,048
Increase in retained earnings	357,696
Increase in equity, attributable to equity holders of the Parent Company	1,835,744
Increase in total equity	1,835,744

Increase in equity, attributable to equity holders of the Parent Company due to the acquisition of Kashagan amounted to 1,931,565 million tenge as at December 31, 2020.

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

5. ACQUISITIONS UNDER COMMON CONTROL (continued)

Acquisition of subsidiary under common control (continued)

KMG Kashagan B.V. (further Kashagan) (continued)

<i>In millions of tenge</i>	For the three months ended September 30, 2021	For the nine months ended September 30, 2021
The results of Kashagan:		
Revenue and other income		
Revenue from contracts with customers	162,761	419,470
Share in profit of a joint venture	(26,937)	(57,735)
Finance income	106	392
Total revenue and other income	135,930	362,127
Costs and expenses		
Cost of purchased oil, gas, petroleum products and other materials	5,326	(11,712)
Production expenses	(7,831)	(24,581)
Taxes other than income tax	(9,114)	(17,788)
Depreciation, depletion and amortization	(53,878)	(151,779)
Transportation and selling expenses	(12,439)	(36,032)
General and administrative expenses	(364)	(981)
Finance costs	(4,418)	(12,159)
Foreign exchange gain/(loss), net	8	(167)
Other expenses	(3,492)	(390)
Total costs and expenses	(86,202)	(255,589)
Profit before income tax	49,728	106,538
Income tax expenses	(21,530)	(46,215)
Profit for the period	28,198	60,323
Other comprehensive income/(loss)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		
<i>Exchange differences on translation of foreign operations</i>	(9,003)	19,331
Net other comprehensive income to be reclassified to profit or loss in the subsequent periods, net of tax	(9,003)	19,331
Total comprehensive income for the period, net of tax	19,195	79,654
Net profit for the period attributable to:		
Equity holders of the Parent Company	28,198	60,323
	28,198	60,323
Total comprehensive income attributable to:		
Equity holders of the Parent Company	19,195	79,654
	19,195	79,654

The net cash flows effect for the nine months ended September 30, 2021 were as follows:

<i>In millions of tenge</i>	2021
Operating	8,546
Investing	72,709
Financing	5,789
Net increase in cash and cash equivalents	68,510

The business of Kashagan represented in the Group’s Exploration and production of oil and gas segment in these interim condensed consolidated financial statements.

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

6. ACQUISITION OF JOINT VENTURE

PETROSUN LLP (further Petrosun)

On July 1, 2022, in accordance with the minutes of the meeting of the Commission under the chairmanship of the Prime-Minister of RK for the demonopolization of the economy, namely the market of fuels and lubricants, the Company acquired 49% interest in Petrosun, that specializes in the sale of liquefied petroleum gas and petroleum products. The acquisition price was 1 tenge. The difference between the consideration paid and the fair value of identifiable assets and liabilities of Petrosun at the date of acquisition was recognized as a contribution from the sole shareholder of Samruk- Kazyna based on instruction in minutes above and presented in the line «*Acquisition of joint ventures*» in interim consolidated statement of changes in equity in the amount of 10,989 million tenge. 49% interest in Petrosun is recognized as a joint venture and accounts for using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures. CNPC INTERNATIONAL IN KAZAKHSTAN LLP (the second owner of Petrosun) and the Company have joint control over Petrosun where decisions about the relevant activities of Petrosun require the unanimous consent.

These interim condensed consolidated financial statements include share in Petrosun's profits for the three months since the acquisition date in the amount of 12,587 million tenge (*Note 8*).

The fair values of the identifiable assets and liabilities of Petrosun as at the date of acquisition are as presented below:

In millions of tenge

Non-current assets	35
Current assets, including:	103,762
<i>Inventories</i>	33,770
<i>Advanced paid</i>	54,930
Current liabilities, including:	(81,371)
<i>Contract liabilities</i>	34,237
<i>Borrowings</i>	38,198
Total identifiable net assets at fair value	22,426
Share of ownership	49%
The Group's share in net assets at fair value	10,989
Purchase consideration transferred	-
Difference between consideration and fair value of the investment in joint venture recognized in equity	10,989

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

	For the three months ended September 30,		For the nine months ended September 30,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
<i>In millions of tenge</i>				
Type of goods and services				
Sales of crude oil and gas	953,052	1,010,368	3,759,307	2,644,270
Sales of refined products	988,659	492,921	2,502,673	1,468,521
Refining of oil and oil products	50,495	52,720	157,884	155,179
Oil transportation services	45,853	43,785	129,722	127,742
Other revenue	95,611	68,725	225,938	201,544
	2,133,670	1,668,519	6,775,524	4,597,256
Geographical markets				
Kazakhstan	338,310	261,227	873,331	702,996
Other countries	1,795,360	1,407,292	5,902,193	3,894,260
	2,133,670	1,668,519	6,775,524	4,597,256
Timing of revenue recognition				
At a point in time	2,059,684	1,623,303	6,605,730	4,473,453
Over time	73,986	45,216	169,794	123,803
	2,133,670	1,668,519	6,775,524	4,597,256

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

8. 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,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
Joint ventures				
Tengizchevroil LLP	190,220	104,921	591,311	303,926
Mangistau Investments B.V.	15,655	20,724	56,242	47,518
KazGerMunay LLP	3,897	1,172	14,655	5,271
Kazakhstan – China Pipeline LLP	3,953	3,814	12,930	10,695
Petrosun (Note 6)	12,587	–	12,587	–
Valseira Holdings B.V.	2,724	6,126	8,261	10,677
Kazakhoil-Aktobe LLP	1,818	4,256	6,988	6,993
KazRosGas LLP	(5,352)	6,585	3,160	15,750
Teniz Service LLP	280	4,909	(1,735)	1,813
Ural Group Limited	(2,286)	(571)	(6,777)	(5,791)
KPI (Note 5)	(18,096)	–	(18,096)	–
Other	2,715	881	3,802	2,709
Associates				
Caspian Pipeline Consortium	17,728	17,111	81,437	56,432
PetroKazakhstan Inc.	2,840	(769)	5,585	5,063
Other	3,580	1,793	8,158	3,263
	232,263	170,952	778,508	464,319

9. COST OF PURCHASED OIL, GAS, PETROLEUM PRODUCTS AND OTHER MATERIALS

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
Purchased oil for resale	817,520	681,136	2,967,355	1,897,604
Cost of oil for refining	181,784	153,455	595,745	404,870
Materials and supplies	95,119	57,304	270,165	170,139
Purchased petroleum products for resale	29,490	56,041	65,736	72,875
Purchased gas for resale	8,891	2,220	51,761	42,831
	1,132,804	950,156	3,950,762	2,588,319

10. PRODUCTION EXPENSES

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
Payroll	115,246	77,131	305,982	229,215
Repair and maintenance	55,306	33,889	119,841	84,750
Realized losses from derivatives on petroleum products	21,338	2,503	100,246	10,382
Energy	28,609	15,935	92,106	59,512
Transportation costs	23,497	12,003	56,248	36,792
Short-term lease expenses	13,319	6,044	48,456	19,427
Environmental protection	5,707	2,453	16,698	6,427
Write off of inventories to net realizable value	5,416	(768)	16,482	3,842
Others	68,192	31,776	70,325	60,185
	336,630	180,966	826,384	510,532

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

11. TAXES OTHER THAN INCOME TAX

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
Rent tax on crude oil export	64,298	33,806	167,658	89,389
Mineral extraction tax	39,566	31,448	124,419	81,336
Export customs duty	36,705	25,918	96,837	75,148
Excise	30,164	11,688	64,250	24,761
Property tax	7,323	7,009	21,305	19,937
Other taxes	11,619	9,145	33,840	27,035
	189,675	119,014	508,309	317,606

12. TRANSPORTATION AND SELLING EXPENSES

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
Transportation	33,627	32,339	108,402	100,083
Payroll	3,852	3,094	11,008	9,111
Other	9,337	7,913	25,220	23,297
	46,816	43,346	144,630	132,491

13. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
Payroll	16,353	15,293	48,517	43,068
Consulting services	3,902	3,477	10,650	10,064
Maintenance	1,319	1,832	4,171	3,999
Social payments	1,674	1,236	3,729	3,092
VAT that could not be offset	541	703	2,018	1,902
Accrual of expected credit losses for trade receivables and other current financial assets	170	24	1,098	3,129
Communication	580	1,915	1,341	2,687
Accrual/(reversal) of impairment of other current non-financial assets	128	109	390	184
Allowance for fines, penalties and tax provisions	90	436	327	1,949
Accrual/(reversal) of impairment of VAT receivable	25	(372)	80	(2,447)
Other	11,375	5,720	31,343	20,442
	36,157	30,373	103,664	88,069

For the nine months ended September 30, 2022, the total payroll amounted to 365,507 million tenge (for the nine months ended September 30, 2021: 281,394 million tenge) and was included in production expenses, transportation and selling expenses and general and administrative expenses in these interim condensed consolidated financial statements.

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

14. 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,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
Interest income on bank deposits, financial assets, loans and bonds	36,340	18,258	87,108	50,434
Amortization of issued financial guarantees	–	566	–	1,697
Total interest income	36,340	18,824	87,108	52,131
Revaluation of financial assets at fair value through profit or loss	362	12,009	516	12,009
Other	981	4,041	4,239	5,665
	37,683	34,874	91,863	69,805

Finance costs

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
Interest expense on loans and bonds	62,235	52,919	195,423	155,161
Commission for the early redemption of the loan (Note 21)	–	–	4,498	–
Interest expense on lease liabilities (Note 22)	762	1,432	3,030	4,387
Remuneration under an oil supply agreement	22	769	21	7,267
Total interest expense	63,019	55,120	202,972	166,815
Unwinding of discount on asset retirement obligations, for environmental obligation and other provisions (Note 23)	3,275	2,646	9,717	8,118
Unwinding of discount on employee benefits obligations (Note 23)	904	794	2,920	2,575
Other	4,324	3,078	12,012	7,695
	71,522	61,638	227,621	185,203

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

15. INCOME TAX EXPENSES

	For the three months ended September 30,		For the nine months ended September 30,	
	2022 (unaudited)	2021 (unaudited) (restated)	2022 (unaudited)	2021 (unaudited) (restated)
<i>In millions of tenge</i>				
Current income tax				
Corporate income tax	31,048	27,502	109,739	94,333
Withholding tax on dividends and interest income	6,978	2,027	17,709	8,032
Excess profit tax	121	1	3,710	39
Deferred income tax				
Withholding tax on dividends	34,445	15,738	104,608	45,589
Corporate income tax	19,001	18,183	67,259	44,233
Excess profit tax	–	(142)	239	(153)
Income tax expenses	91,593	63,309	303,264	192,073

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**16. 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, 2020 (audited) (restated)	4,453,484	808,757	1,171,110	289,702	453,821	84,661	111,968	366,132	7,739,635
Foreign currency translation	44,752	480	3,009	619	551	442	793	2,465	53,111
Additions	30,454	2,877	8,828	1,299	33,745	5,241	1,782	198,899	283,125
Change in estimate	(11,608)	(644)	-	(4)	-	-	-	-	(12,256)
Disposals	(21,690)	(7,012)	(36,013)	(2,437)	(5,545)	(4,390)	(3,768)	(487)	(81,342)
Loss of control over subsidiaries	-	-	-	(426)	(416)	(221)	(184)	(38)	(1,285)
Depreciation charge	(212,283)	(22,334)	(85,244)	(14,116)	(29,662)	(8,042)	(8,484)	-	(380,165)
Accumulated depreciation and impairment on disposals	18,521	6,580	8,171	1,738	4,608	3,476	3,572	359	47,025
(Impairment)/reversal	(563)	-	(2,973)	2	13	-	(9)	25	(3,505)
Transfers to assets classified as held for sale	-	-	(24)	(11,455)	(33,558)	(1,920)	(450)	-	(47,407)
Transfers from investment property	-	-	-	2,515	-	-	7	-	2,522
Transfers from exploration and evaluation assets	145	-	-	-	-	-	-	-	145
Other changes	1,034	1,582	4,600	1	10	(1)	700	(591)	7,335
Transfers	74,977	9,418	11,430	12,114	52,423	1,271	19,319	(180,952)	-
Net book value as at September 30, 2021 (unaudited) (restated)	4,377,223	799,704	1,082,894	279,552	475,990	80,517	125,246	385,812	7,606,938
At cost	6,337,901	1,070,493	2,540,251	593,844	923,303	213,710	263,210	440,101	12,382,813
Accumulated depreciation and impairment	(1,960,678)	(270,789)	(1,457,357)	(314,292)	(447,313)	(133,193)	(137,964)	(54,289)	(4,775,875)
Net book value as at September 30, 2021 (unaudited) (restated)	4,377,223	799,704	1,082,894	279,552	475,990	80,517	125,246	385,812	7,606,938

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**16. PROPERTY, PLANT AND EQUIPMENT (continued)**

<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, 2021 (audited) (restated)	4,428,347	262,717	1,121,420	211,823	239,191	75,225	109,051	260,038	6,707,812
Foreign currency translation	395,965	3,067	30,123	9,416	5,387	3,288	7,901	14,636	469,783
Change in estimate (Note 23)	(90,414)	(6,561)	-	(2,948)	-	-	-	-	(99,923)
Additions	65,762	142	605	14,230	3,507	2,330	522	222,579	309,677
Disposals	(12,394)	(1,389)	(701)	(514)	(3,499)	(3,092)	(2,085)	(233)	(23,907)
Depreciation charge	(187,626)	(10,357)	(81,538)	(12,642)	(22,090)	(6,959)	(8,072)	-	(329,284)
Accumulated depreciation and impairment on disposals	11,018	1,279	687	447	3,302	2,472	1,775	189	21,169
(Impairment)/reversal of impairment	-	(20)	-	-	28	534	131	(444)	229
Transfers from/(to) assets classified as held for sale	-	-	-	422	(25)	(38)	67	-	426
Transfers from investment property	-	-	-	1,973	-	-	-	-	1,973
Other changes	2,336	(54)	11	-	(783)	-	25	245	1,780
Transfers	104,127	6,161	18,459	10,087	28,509	812	2,325	(170,480)	-
Net book value as at September 30, 2022 (unaudited)	4,717,121	254,985	1,089,066	232,294	253,527	74,572	111,640	326,530	7,059,735
At cost	7,036,358	399,845	2,785,306	558,864	633,947	221,598	261,756	377,632	12,275,306
Accumulated depreciation and impairment	(2,319,237)	(144,860)	(1,696,240)	(326,570)	(380,420)	(147,026)	(150,116)	(51,102)	(5,215,571)
Net book value as at September 30, 2022 (unaudited)	4,717,121	254,985	1,089,066	232,294	253,527	74,572	111,640	326,530	7,059,735

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

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Additions

For the nine months ended September 30, 2022 additions to capital work in progress are mainly attributable to development drilling at Ozenmunaigas JSC, Embamunaigas JSC, subsidiaries of KazMunaiGas Exploration Production JSC, KMG Karachaganak LLP and Kashagan for the total of 186,628 million tenge, overhauls at the plant facilities at Rompetrol Rafinare, subsidiary of KMG International N.V. (further KMGI) for 40,401 million tenge, replacement of “Uzen-Atyray-Samara” and “Astrakhan-Mangyshlak” pipelines for the total amount of 24,700 million tenge at KazTransOil JSC.

Other

For the nine months ended September 30, 2022, the Group capitalized to the carrying amount of property, plant and equipment borrowing costs in the amount of 483 million tenge related to the construction of those property, plant and equipment at the average interest rate of 12.57% (for the nine months ended September 30, 2021: 339 million tenge at the average interest rate of 0.78%).

As at September 30, 2022, the cost of fully depreciated but still in use property, plant and equipment was 357,854 million tenge (December 31, 2021: 419,740 million tenge).

As at September 30, 2022, property, plant and equipment with the net book value of 820,325 million tenge (December 31, 2021: 837,744 million tenge) were pledged as collateral to secure borrowings of the Group.

Capital commitments are disclosed in *Note 28*.

17. BANK DEPOSITS

<i>In millions of tenge</i>	September 30, 2022 (unaudited)	December 31, 2021 (audited) (restated)
Denominated in US dollar	731,673	611,060
Denominated in tenge	10,560	7,549
Less: allowance for expected credit losses	(199)	(199)
	742,034	618,410

As at September 30, 2022, the weighted average interest rate for long-term bank deposits was 1.02% in US dollars and 1.27% in tenge (December 31, 2021: 1.04% in US dollars and 0.94% in tenge).

As at September 30, 2022, the weighted average interest rate for short-term bank deposits was 2.89% in US dollars and 0.63% in tenge (December 31, 2021: 0.26% in US dollars and 5.48% in tenge).

Bank deposits have maturities as detailed below:

<i>In millions of tenge</i>	September 30, 2022 (unaudited)	December 31, 2021 (restated) (audited)
Maturities under 1 year	681,152	562,352
Maturities between 1 and 2 years	119	140
Maturities over 2 years	60,763	55,918
	742,034	618,410

As at September 30, 2022 bank deposits include those pledged as collateral of 60,882 million tenge (December 31, 2021: 56,058 million tenge), which are represented mainly by 57,244 million tenge at restricted bank accounts designated as a liquidation fund per requirements of subsoil use contracts (December 31, 2021: 51,163 million tenge).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**18. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

<i>In millions of tenge</i>	Main activity	Place of business	September 30, 2022 (unaudited)		December 31, 2021 (audited) (restated)	
			Carrying value	Percentage ownership	Carrying value	Percentage ownership
Joint ventures						
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	3,976,902	20.000%	3,105,942	20.000%
Mangistau Investments B.V.	Oil and gas development and production	Kazakhstan	172,273	50.000%	207,410	50.000%
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	63,261	50.000%	54,317	50.000%
Ural Group Limited	Oil and gas exploration and production	Kazakhstan	43,282	50.000%	41,453	50.000%
Kazakhstan-China Pipeline LLP	Oil transportation	Kazakhstan	33,285	50.000%	25,355	50.000%
KazGerMunay LLP	Oil and gas exploration and production	Kazakhstan	31,813	50.000%	32,289	50.000%
Kazakhoil-Aktobe LLP	Production of crude oil	Kazakhstan	25,751	50.000%	25,262	50.000%
Petrosun (<i>Note 6</i>)	Sale of liquefied gas and oil products	Kazakhstan	23,576	49.000%	–	–
Teniz Service LLP	Design, construction and operation of infrastructure facilities, offshore oil operations support	Kazakhstan	15,159	48.996%	16,894	48.996%
Valseira Holdings B.V.	Oil refining	Kazakhstan	14,162	50.000%	9,590	50.000%
Other			31,469		30,525	
Associates						
Caspian Pipeline Consortium	Transportation of liquid hydrocarbons	Kazakhstan/Russia	533,464	20.750%	473,880	20.750%
PetroKazakhstan Inc.	Exploration, production and processing of oil and gas	Kazakhstan	95,425	33.000%	84,905	33.000%
Other			46,013		37,742	
			5,105,835		4,145,564	

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

18. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

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

As at September 30, 2022, the Group’s share in unrecognized losses of joint ventures and associates was equal to 13,871 million tenge (December 31, 2021: 1,811 million tenge).

The following table summarizes the movements in the investments of joint ventures and associates during the nine months ended September 30, 2022 and 2021:

<i>In millions of tenge</i>	2022	2021 (restated)
On January 1 (audited) (restated)	4,145,564	4,214,205
Share in profits of joint ventures and associates, net (Notes 4 and 8)	778,508	702,827
Acquisitions under common control (Note 5 and 26)	17,368	–
Acquisition (Note 6)	10,989	–
Dividends received	(250,381)	(156,793)
Change in dividends receivable	(11,443)	(32,657)
Other changes in the equity of the joint venture	5,067	3,353
Additional contributions without change in ownership	67	1,926
Eliminations and adjustments*	(1,511)	–
Foreign currency translation	411,607	37,840
On September 30 (unaudited)	5,105,835	4,770,701

* *Equity method eliminations and adjustments represent unrealized income from the sale of inventory from joint ventures to subsidiaries and capitalized borrowing costs on the loans provided by the Company and subsidiaries to joint ventures.*

19. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS

<i>In millions of tenge</i>	September 30, 2022 (unaudited)	December 31, 2021 (audited) (restated)
Trade accounts receivable		
Trade accounts receivable	602,551	528,639
Less: allowance for expected credit losses	(28,528)	(27,245)
Total trade accounts receivable	574,023	501,394
Other current financial assets		
Other receivables	105,095	102,968
Dividends receivable	3,754	6,375
Reservation of cash for repayment of borrowings (Note 21)	–	259,459
Less: allowance for expected credit losses	(41,956)	(39,030)
	66,893	329,772
Other current non-financial assets		
Advances paid and prepaid expenses	92,273	46,077
Taxes receivable, other than VAT	42,915	33,158
Other	6,445	6,479
Less: impairment allowance	(112)	(103)
	141,521	85,611
Total other current assets	208,414	415,383

As at September 30, 2022 and December 31, 2021 the above assets were non-interest bearing.

As at September 30, 2022 trade accounts receivable of 109,992 million tenge are pledged as collateral (December 31, 2021: 131,000 million tenge).

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

19. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS (continued)

As at December 31, 2021, the Group reserved cash in the amount of 259,459 million tenge for repayment of the loan from The Export-Import Bank of China (further Eximbank), including interest accrued. Cash reserved was used for early redemption of the loan from Eximbank, including interest accrued, in January 2022 (Note 21).

As of September 30, 2022 and December 31, 2021 trade accounts receivable is denominated in the following currencies:

<i>In millions of tenge</i>	September 30, 2022 (unaudited)	December 31, 2021 (audited) (restated)
US dollars	356,946	328,207
Tenge	118,543	104,660
Romanian Leu	89,679	60,616
Euro	7,500	3,615
Other currency	1,355	4,296
	574,023	501,394

Set out below is the information about credit risk exposure on the Group’s trade receivables using a provision matrix:

<i>In millions of tenge</i>	Days past due					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
September 30, 2022 (unaudited)						
Expected credit loss rate	0.53%	2.12%	0.65%	3.52%	71.19%	
Trade accounts receivable	524,955	38,357	3,558	732	34,949	602,551
Expected credit loss	(2,784)	(815)	(23)	(26)	(24,880)	(28,528)
December 31, 2021 (audited) (restated)						
Expected credit loss rate	0.32%	3.17%	18.42%	8.28%	94.05%	
Trade accounts receivable	488,607	11,088	617	1,661	26,666	528,639
Expected credit loss	(1,561)	(352)	(114)	(138)	(25,080)	(27,245)

20. CASH AND CASH EQUIVALENTS

<i>In millions of tenge</i>	September 30, 2022 (unaudited)	December 31, 2021 (audited) (restated)
Term deposits with banks – US dollar	750,397	654,591
Term deposits with banks – tenge	191,240	234,975
Term deposits with banks – other currencies	45,498	32,343
Current accounts with banks – US dollar	323,181	198,317
Current accounts with banks – tenge	4,802	7,504
Current accounts with banks – other currencies	13,432	10,097
The contracts of reverse repo with original maturities of three months or less	39,999	–
Cash in transit	3,485	1,557
Cash-on-hand and cheques	1,761	1,337
Less: allowance for expected credit losses	(62)	(171)
	1,373,733	1,140,550

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

As at September 30, 2022, the weighted average interest rate for term deposits with banks was 2.46% in US dollars, 12.66% in tenge and 0.06% in other currencies (December 31, 2021: 0.15% in US dollars, 8.56% in tenge and 5.00% in other currencies).

As at September 30, 2022 and December 31, 2021 cash and cash equivalents were not pledged as collateral for obligations of the Group.

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

21. BORROWINGS

<i>In millions of tenge</i>	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Fixed interest rate borrowings	3,715,190	3,041,001
Weighted average interest rates	6.40%	5.72%
Floating interest rate borrowings	586,493	705,326
Weighted average interest rates	8.00%	5.78%
	4,301,683	3,746,327

As at September 30, 2022 and December 31, 2021, borrowings are denominated in the following currencies:

<i>In millions of tenge</i>	September 30, 2022 (unaudited)	December 31, 2021 (audited)
US dollar	3,281,828	3,213,820
Tenge	667,628	294,581
Russian ruble	321,344	221,207
Euro	19,792	8,424
Other currencies	11,091	8,295
	4,301,683	3,746,327

<i>In millions of tenge</i>	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Current portion	378,540	484,980
Non-current portion	3,923,143	3,261,347
	4,301,683	3,746,327

As at September 30, 2022 and December 31, 2021 the bonds comprised:

<i>In millions of tenge</i>	Issuance amount	Redemption date	Interest	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Bonds					
KASE 2022	751.6 billion KZT	2035	3.00% (14.5% effective interest rate)	372,094	–
Bonds LSE 2020	750 million USD	2033	3.50%	362,782	325,735
AIX 2019	56 billion KZT	2024	5.00%	34,974	33,123
Bonds LSE 2018	1.5 billion USD	2048	6.375%	717,276	639,046
Bonds LSE 2018	1.25 billion USD	2030	5.375%	604,840	540,156
Bonds LSE 2018	0.5 billion USD	2025	4.75%	242,397	216,760
Bonds LSE 2017	1.25 billion USD	2047	5.75%	586,527	522,827
Bonds LSE 2017	1 billion USD	2027	4.75%	479,933	428,552
Total				3,400,823	2,706,199

In September 2022, the Company placed bonds for 751,631 million tenge at a coupon interest rate of 3.00% per annum and due in 2035. Samruk-Kazyna purchased the bonds. The difference between the fair value and nominal amount of bonds of 380,477 million tenge was recognized as a transaction with Samruk-Kazyna in the interim consolidated statement of changes in equity (Note 26).

The increase in carrying value of placed bonds during the nine months ended September 30, 2022, also is due to the effect of the foreign currency exchange rate on bonds placed at the London Stock Exchange (further LSE) and denominated in US dollars for 277,829 million tenge.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**21. BORROWINGS (continued)**

As at September 30, 2022 and December 31, 2021 the borrowings comprised:

<i>In millions of tenge</i>	Issuance amount	Redemption date	Interest	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Loans					
VTB Bank (PJSC)	38 billion RUB	2027	Key Rate of Central Bank of Russian Federation + 2.25%	321,344	221,207
Halyk bank JSC (Halyk bank)	151 billion KZT	2024-2025	11.00%	134,987	138,119
Development bank of Kazakhstan JSC (DBK)	157 billion KZT	2023-2026	7.00%-9.00%	111,373	119,243
The Syndicate of banks (Unicredit Tiriak Bank, ING Bank, BCR, Raiffeisen Bank)	435 million USD ¹	2022-2023	1M Libor+2.75%, ON Euribor+2.50% 1W Euribor+2.50%	106,055	84,096
Cargill	150 million USD	2023-2024	3M SOFR + 2.61%, 3M Libor + 2.50%, 3M SOFR + 2.98%	72,100	43,343
Halyk bank	100 million USD ²	2024	5.00% (USD), 16.00-16.5% (KZT)	48,072	43,302
DBK	843.6 million USD	2023	10.99%	19,935	34,138
Bank of Tokyo-Mitsubishi UFJ, Ltd (London Branch)	150 million USD	2022	COF (3.06%) + 1.70%	14,193	22,385
Credit Agricole	250 million USD	2022	COF (3.27%) + 2.00%	8,435	21,533
Eximbank	1.13 billion USD	2026	6M Libor + 4.10%	–	242,555
ING Bank NV	250 million USD	2022	COF ³ (3.45%) + 2.00%	–	24,034
Other	–	–	–	64,366	46,173
Total				900,860	1,040,128

¹ 75 million USD with revolving credit facility.

² Revolving credit facility.

³ Cost of funding.

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

21. BORROWINGS (continued)

In January 2022, Atyrau Refinery LLP (further Atyrau Refinery) made early full repayment of the loan from Eximbank for 604 million US dollars (equivalent to 259,459 million tenge), including accrued interest. For the repayment was used the cash reserved in November 2021 (*Note 19*).

The increase in carrying value of the loan from VTB Bank (PJSC) denominated in Russian ruble during the nine months ended September 30, 2022, is due to the effect of the foreign currency exchange rate for 100,061 million tenge.

During the nine months ended September 30, 2022, KMGI received and partially redeemed Syndicated loan used to finance its working capital for the total amount of 29 million US dollars (equivalent to 13,451 million tenge).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**21. BORROWINGS (continued)**

Changes in liabilities arising from financing activities for the nine months ended September 30:

<i>In millions of tenge</i>	2022				2021			
	Short-term loans	Long-term loans	Bonds	Total	Short-term loans	Long-term loans	Bonds	Total
On January 1 (audited)	162,772	877,356	2,706,199	3,746,327	184,370	916,265	2,977,813	4,078,448
Received in cash	28,160	97,775	751,631	877,566	97,141	57,123	–	154,264
Repayment of principal in cash	(114,074)	(38,054)	(1,092)	(153,220)	(84,713)	(139,033)	(12,685)	(236,431)
Repayment of principal and interest by reserved cash	–	(259,459)	–	(259,459)	–	(32,799)	–	(32,799)
Interest accrued	6,724	69,406	119,192	195,322	7,160	48,798	121,281	177,239
Commission for the early redemption of the loan (Note 14)	–	4,498	–	4,498	–	–	–	–
Interest paid*	(6,709)	(48,568)	(75,866)	(131,143)	(7,065)	(39,499)	(114,390)	(160,954)
Discount (Note 26)	–	–	(380,477)	(380,477)	–	–	–	–
Foreign currency translation	8,474	14,337	272,605	295,416	1,602	1,178	30,310	33,090
Foreign exchange loss	1,443	98,873	8,631	108,947	166	6,878	4,392	11,436
Other	–	(2,094)	–	(2,094)	–	(84)	–	(84)
On September 30 (unaudited)	86,790	814,070	3,400,823	4,301,683	198,661	818,827	3,006,721	4,024,209
Current portion	86,790	205,946	85,804	378,540	198,661	140,430	75,893	414,984
Non-current portion	–	608,124	3,315,019	3,923,143	–	678,397	2,930,828	3,609,225

* The repayment of the interest is classified in the interim consolidated statement of cash flows as operating cash flows.

Covenants

The Group is required to comply with the financial and non-financial covenants under the terms of loan agreements. As of September 30, 2022 and December 31, 2021 the Group complied with all financial and non-financial covenants.

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

21. BORROWINGS (continued)

Hedge of net investment in the foreign operations

As at September 30, 2022, certain borrowings denominated in foreign currency were designated as hedge instruments for the net investment in foreign operations. These borrowings are being used to hedge the Group’s exposure to the US dollar foreign exchange risk on these investments. For the nine months ended September 30, 2022, a loss of 272,605 million tenge (for the nine months ended, September 30, 2021: a loss of 30,310 million tenge) on the translation of these borrowings was transferred to other comprehensive income and offset against translation gains of the net investments in foreign operations.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the US Dollars borrowings. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the fixed rate borrowings. As at September 30, 2022 and December 31, 2021 there was no ineffective portion of the hedge.

22. LEASE LIABILITIES

Future minimum lease payments under leases together with the present value of the net minimum lease payments comprised the following:

<i>In millions of tenge</i>	Minimum lease payments		Present value of minimum lease payments	
	September 30, 2022 (unaudited)	December 31, 2021 (audited) (restated)	September 30, 2022 (unaudited)	December 31, 2021 (audited) (restated)
Within one year	19,709	19,541	19,350	18,009
Two to five years inclusive	22,706	20,483	15,170	13,001
After five years	56,604	62,842	42,928	43,411
	99,019	102,866	77,448	74,421
Less: amounts representing finance costs	(21,571)	(28,490)	–	–
Present value of minimum lease payments	77,448	74,376	77,448	74,421
Less: amounts due for settlement within 12 months	(19,709)	(19,541)	(19,350)	(18,009)
Amounts due for settlement after 12 months	79,310	83,325	58,098	56,412

As at September 30, 2022 interest calculation was based on effective interest rates ranging from 2.95% to 17.30% (December 31, 2021: from 2.95% to 19.00%).

Changes in lease liabilities for the nine months ended September 30:

<i>In millions of tenge</i>	2022	2021 (restated)
On January 1 (audited) (restated)	74,421	106,109
Additions of leases	9,540	37,896
Interest accrued (Note 4 and 14)	3,030	6,550
Repayment of principal	(16,075)	(40,758)
Interest paid	(1,011)	(2,284)
Foreign exchange loss	(3,493)	(1,029)
Foreign currency translation	7,148	1,088
Other	3,888	(4,740)
On September 30 (unaudited)	77,448	102,832

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

23. PROVISION

<i>In millions of tenge</i>	Asset retirement obligations	Provision for environmental obligation	Provision for taxes	Provision for gas transportation	Employee benefit obligations	Other	Total
As at January 1, 2021 (audited) (restated)	270,229	65,001	10,435	30,766	69,918	13,528	459,877
Foreign currency translation	1,218	450	(1)	350	139	101	2,257
Change in estimate	(12,303)	(1,612)	-	-	-	-	(13,915)
Unwinding of discount (Note 4 and 14)	11,168	1,256	-	-	2,679	102	15,205
Provision for the period	676	-	1,775	-	(271)	2,563	4,743
Recovered	(1,191)	-	(13)	-	-	(624)	(1,828)
Use of provision	(257)	(5,219)	(1,567)	-	(4,870)	(7,816)	(19,729)
As at September 30, 2021 (unaudited) (restated)	269,540	59,876	10,629	31,116	67,595	7,854	446,610
As at January 1, 2022 (audited) (restated)	209,460	63,186	10,362	-	65,426	6,736	355,170
Foreign currency translation	10,801	4,719	332	-	911	606	17,369
Change in estimate	(101,311)	6,171	(25)	-	-	(141)	(95,306)
Unwinding of discount (Note 14)	8,489	1,140	-	-	2,920	88	12,637
Provision for the period (Note 28)	15,254	-	1,387	-	191	36,049	52,881
Recovered	(61)	-	(1,572)	-	-	(608)	(2,241)
Use of provision	(45)	(3,660)	(222)	-	(3,292)	(1,469)	(8,688)
As at September 30, 2022 (unaudited)	142,587	71,556	10,262	-	66,156	41,261	331,822

Change in the estimate of asset retirement obligations of 101,311 million tenge is mainly due to an increase in discount rate during the period.

Current portion and long-term portion are segregated as follows:

<i>In millions of tenge</i>	Asset retirement obligations	Provision for environmental obligation	Provision for taxes	Provision for gas transportation	Employee benefit obligations	Other	Total
Current portion	670	4,538	10,262	-	3,781	33,938	53,189
Long-term portion	141,917	67,018	-	-	62,375	7,323	278,633
As at September 30, 2022 (unaudited)	142,587	71,556	10,262	-	66,156	41,261	331,822
Current portion	734	4,498	10,629	31,116	3,525	5,926	56,428
Long-term portion	268,806	55,378	-	-	64,070	1,928	390,182
As at September 30, 2021 (unaudited) (restated)	269,540	59,876	10,629	31,116	67,595	7,854	446,610

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

24. TRADE ACCOUNTS PAYABLE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES

<i>In millions of tenge</i>	September 30, 2022 (unaudited)	December 31, 2021 (audited) (restated)
Trade accounts payable	711,710	556,125
Other financial liabilities		
Payables to Samruk-Kazyna for exercising the Option (<i>Note 5 and 26</i>)	345,321	–
Due to employees	54,726	44,401
Other trade payables	17,167	16,446
Derivative financial instruments	17,047	2,127
Other	23,051	22,172
	457,312	85,146
Current portion	440,834	69,231
Non-current portion	16,478	15,915
	457,312	85,146
Other non-financial liabilities		
Contract liabilities	132,257	154,696
Other	21,032	19,196
	153,289	173,892
Current portion	116,301	134,444
Non-current portion	36,988	39,448
	153,289	173,892

As of September 30, 2022 and December 31, 2021 trade accounts payable were denominated in the following currencies:

<i>In millions of tenge</i>	September 30, 2022 (unaudited)	December 31, 2021 (audited) (restated)
US dollars	544,122	387,913
Tenge	81,643	84,090
Romanian leu	51,667	71,932
Euro	28,760	3,387
Other currency	5,518	8,803
Total	711,710	556,125

As at September 30, 2022 and December 31, 2021 trade accounts payable and other financial liabilities were not interest bearing.

Derivative financial instruments

The Group uses different commodity derivatives as a part of price risk management in trading of crude oil and petroleum products.

Statement of financial position:

	September 30, 2022 (unaudited)	December 31, 2021 (audited)
Derivative financial asset (in other financial assets)	486	10,965
Derivative financial liability	17,047	2,127
Derivative financial (liability)/asset, net	(16,561)	8,838

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

24. TRADE ACCOUNTS PAYABLE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES (continued)

Derivative financial instruments (continued)

Statement of comprehensive income:

	For the nine months ended September 30, 2022 (unaudited)	For the nine months ended September 30, 2021 (unaudited)
Realized losses from derivatives on petroleum products in production expenses (Note 10)	100,246	10,382

A movement in derivatives assets/ (liabilities) is shown below:

	For the nine months ended September 30, 2022 (unaudited)	For the nine months ended September 30, 2021 (unaudited)
On January 1 (audited)	8,838	(128)
Hedge Reserve	(33,548)	(953)
Inventory	1,862	(4,768)
Translation difference	6,288	(64)
On September 30 (unaudited)	(16,560)	(5,913)

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.

The Group has the following hedge transactions that qualify for fair value hedge:

Transaction	Hedged item	Risk hedged	Hedging instrument
Commodity purchase / sell at fixed price	Base operating stock (BOS) – meaning crude oil, feedstock, diesel, gasoline and jet Priced operational stock above or below BOS	Commodity price risk	Swap, Future, Purchase put / call option
Foreign exchange risk related to monetary item	Monetary item not in the functional currency of the Group	Change in foreign exchange rate	Swap, currency forward
Foreign exchange risk related to a firm commitment	Firm commitment not denominated in the functional currency of the Group	Change in foreign exchange rate	Swap, currency forward
Fair value risk related to fixed interest rates	Receivable or liability at fixed interest rate	Interest related fair value risk	Swap

The Group has the following hedge transactions that could qualify for cash flow hedge:

Transaction	Hedged item	Risk hedged	Hedging instrument
Forecasted commodity purchase / sell	Forecasted refinery margin basket and forecasted Dated Brent differential	Commodity price risk	Swap, Future, Purchased put / call option
EUA certificates	Forecasted EUA certificates purchase	EUA certificate price risk	Futures

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

25. OTHER TAXES PAYABLE

<i>In millions of tenge</i>	September 30, 2022 (unaudited)	December 31, 2021 (audited) (restated)
VAT	64,165	49,002
Rent tax on crude oil export	54,176	23,702
Mineral Extraction Tax	30,720	36,329
Individual income tax	6,775	6,868
Export customs duty	5,842	5,842
Social tax	4,510	5,351
Excise tax	2,441	1,719
Withholding tax from non-residents	1,453	2,357
Other	8,865	5,530
	178,947	136,700

26. RELATED PARTY DISCLOSURES

Terms and conditions of transactions with related parties

Related party transactions were made on terms agreed 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. Outstanding balances are mainly unsecured and interest free and settlement occurs in cash. The Group recognizes allowances for expected credit losses on amounts owed by related parties.

Transactions balances

The following table provides the balances of transactions with related parties as at September 30, 2022 and December 31, 2021:

<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, 2022 (unaudited)	50,140	348,088	-	407,068
	December 31, 2021 (audited) (restated)	497,242	1,074	-	33,123
Associates	September 30, 2022 (unaudited)	12,584	2,150	-	-
	December 31, 2021 (audited) (restated)	12,249	3,009	-	-
Other state-controlled parties	September 30, 2022 (unaudited)	7,853	1,464	-	131,308
	December 31, 2021 (audited) (restated)	2,349	638	86,481	153,381
Joint ventures	September 30, 2022 (unaudited)	184,887	292,665	-	-
	December 31, 2021 (audited) (restated)	166,721	170,911	-	-

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

26. RELATED PARTY DISCLOSURES (continued)

Due from/to related parties

Samruk-Kazyna entities

As at September 30, 2022 the financial aid provided to Samruk-Kazyna has been fully repaid by setting of against the payable for the acquisition of 49.50% ownership interest in KPI for 91,175 million tenge (*Note 5*), payable for the acquisition of 49.9% ownership interest in Silleno for 816 million tenge (the difference between the consideration paid and the carrying value of investment in Silleno was recognized as contribution from Samruk-Kazyna of 120 million tenge and presented in the line «Acquisition of joint ventures» in interim consolidated statement of changes in equity) and the part of the payable for exercising the Option for 424,587 million tenge (the carrying amount of the financial aid provided to Samruk-Kazyna as of December 31, 2021 was 451,981 million tenge).

As at September 30, 2022 payables due to Samruk-Kazyna were mainly represented by the payable for the exercised Option for 345,321 million tenge. The difference between the fair value and nominal amount of the payable of 7,426 million tenge was recognized as transactions with Samruk-Kazyna in the interim consolidated statement of changes in equity (*Note 5 and 24*).

Joint ventures

As at September 30, 2022 due to joint ventures were mainly represented by accounts payable for crude oil to Tengizchevroil LLP for 247,320 million tenge

Borrowings payable to related parties

Samruk-Kazyna entities

In September 2022, Samruk-Kazyna purchased the Company placed bonds for 751,631 million tenge. The difference between the fair value and nominal amount of bonds of 380,477 million tenge was recognized as transactions with Samruk-Kazyna in the interim consolidated statement of changes in equity (*Note 21*).

Transactions turnover

The following table provides the total amount of transactions, which have been entered into with related parties during the nine months ended September 30, 2022 and 2021:

<i>In millions of tenge</i>	During the nine months ended September 30,	Sales to related parties	Purchases from related parties	Interest earned from related parties	Interest incurred to related parties
Samruk-Kazyna entities	2022 (unaudited)	22,693	8,518	44,300	2,730
	2021 (unaudited) (restated)	12,242	8,055	26,768	3,338
Associates	2022 (unaudited)	15,375	23,445	180	-
	2021 (unaudited) (restated)	47,926	23,610	-	-
Other state-controlled parties	2022 (unaudited)	9,635	13,893	190	11,767
	2021 (unaudited) (restated)	27,427	12,866	238	16,932
Joint ventures	2022 (unaudited)	205,676	1,656,443	8,557	3
	2021 (unaudited) (restated)	210,952	1,185,655	33,254	401

Key management employee compensation

Total compensation to key management personnel (members of the Boards of directors and Management boards of the Group) included in general and administrative expenses was equal to 4,621 million tenge and 5,165 million tenge for the nine months ended September 30, 2022 and 2021, respectively. Compensation to key management personnel mainly consists of contractual salary and performance bonus based on operating results.

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

26. RELATED PARTY DISCLOSURES (continued)**Dividends**

During the nine months ended September 30, 2022, based on the decision of Samruk-Kazyna and National Bank of RK, the Company declared and paid off dividends for 2021 of 327.80 tenge per common share in the total of 199,997 million tenge (2021: declared and paid-off dividends for 2020 of 81.95 tenge per common share in the total of 49,999 million tenge).

Distributions to Samruk-Kazyna

During the nine months ended September 30, 2022, in accordance with the Government decree on the construction of a medical center in Zhana-ozen town and housing for the residents, living in Zhana-ozen town, the Group accrued liabilities for 10,003 million tenge and recognized as Distribution to Samruk-Kazyna in equity (of which 2,162 million tenge was paid during the nine months ended September 30, 2022).

In July 2022, based on the decision of Samruk-Kazyna and Cooperative, Kashagan declared and paid-off dividends in the amount of 1.133,4 million U.S. dollars (equivalent to 529,789 million tenge). Due to the acquisition under common control the Group recognized dividends distributed to the former shareholder of Kashagan as Distributions to Samruk-Kazyna in the amount of 566,7 million U.S. dollars (equivalent to 263.671 million tenge) (*Note 5*).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**27. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES****Fair values of financial instruments**

The carrying amount of the Group financial instruments as at September 30, 2022 and December 31, 2021 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

<i>In millions of tenge</i>	September 30, 2022 (unaudited)					December 31, 2021 (audited)				
	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 Samruk-Kazyna	26,132	28,701	-	28,701	-	18,373	16,925	-	16,925	-
Loans given to related parties at amortized cost	37,717	38,513	-	-	38,513	474,875	472,528	-	448,658	23,870
Fixed interest rate borrowings	3,715,190	2,992,561	2,282,968	709,593	-	3,041,001	3,556,705	3,210,632	346,073	-
Floating interest rate borrowings	586,493	586,493	-	586,493	-	705,326	755,347	-	755,347	-

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

27. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Fair values of financial instruments (continued)

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.

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.

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

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 nine months ended September 30, 2022.

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy are shown below:

	Valuation technique	Significant unobservable inputs	Range as of September 30, 2022 (unaudited)	Range as of December 31, 2021 (audited)
Loans given to related parties at amortized cost	Discounted cash flow method	Interest/discount rate	3.9-16.10%	4.1-11.5%

28. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to the contingent liabilities and commitments disclosed in the consolidated financial statements of the Group for the year ended December 31, 2021, the following changes have taken place during the nine month ended September 30, 2022:

The civil litigation at KMGI

Faber Invest & Trade Inc. (further Faber), the non-controlling shareholder of KMGI subsidiaries, resumed several previous civil filings in 2020, one of which challenged the increase in the Rompetrol Rafinare Constanta, the KMGI subsidiary, share capital in 2003-2005. The hearings have been held periodically, but no final decisions were made. On July 13, 2021, the court rejected the complaint of Faber. However, Faber appealed against this decision. Based on the results of the hearing in December 2021, the court granted the complaint and returned the case for reconsideration. Most of Faber's lawsuits were dismissed by the Supreme Court in May and September 2022, including an appeal filed by Faber challenging Faber's corporate documents approving the bond issue and paying off historical budget debts as filed after the deadline, so the first court decision in favor of Rompetrol Rafinare Constanta became final. Faber has filed the same lawsuit for the third time, but now in the Constanta court. The first hearing has not yet been scheduled.

The Group believes that its position regarding Faber's new application will be resolved in a similar manner to other similar proceedings resolved in favor of the Group. Accordingly, the Group did not recognize a provision in this case as of September 30, 2022.

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

28. CONTINGENT LIABILITIES AND COMMITMENTS (continued)**Civil legal dispute between the National Mineral Resources Agency (ANRM) and Oilfield Exploration Business Solutions S.A (OEBS), subsidiary of KMGI, at the Focsani field**

On December 17, 2019 OEBS has been noticed by the ANRM that a Request for Arbitration would have been filed in to ICC Paris for an alleged breach by OEBS of the Concession Agreement as regards the exploration block near Focsani. Starting from that period, OEBS was in dispute with ANRM. On July 29, 2022 the Court decided to oblige OEBS to pay 10.1 million U.S. dollars from a total ANRM claim of 20 million U.S. dollars. As of September 30, the Group recognized a provision in the amount of 10.1 million dollars (equivalent to 5,022 million tenge) (*Note 23*).

Competition investigation Moldova

Since the beginning of 2021, Rompetrol Moldova (further RPM), a subsidiary of KMGI operating in Moldova, is involved in an investigation and related court proceedings initiated by the Competition Council of Moldova (further CCM) alleging RPM agreed with other industry players on retail prices for petroleum products. RPM is challenging the competition report prepared by the CCM investigation division that forms the basis for the allegations in accordance with applicable regulations. A few attempts to dismiss the said report were unsuccessful with the latest ruling rejecting RPM's request to dismiss the report issued by the local court on May 26, 2022. As of September 30, 2022 RPM is waiting for the grounds for rejecting RPM's request and will use other remedies available at law to continue contesting the CCM's allegations. The Group did not recognize any provisions as of September 30, 2022.

The case of arbitration between KazRosGas LLP (further KRG) and Karachaganak Petroleum Operating B.V. (further KPO)

On August 23, 2022, the Notice of Initiation of Arbitration Proceedings of KPO was submitted to the KRG by the Secretariat of the International Chamber of Commerce in Paris. KPO intends to increase the gas sale price under the existing Karachaganak Gas Purchase and Sale Agreement. If the gas price is agreed later than October 1, 2022, KRG and KPO shall recalculate the gas price for the period from October 1, 2022 to the date of the price agreement. In order to ensure a stable supply of gas to the domestic market of the RK, KRG and the Ministry of Energy sent letters to KPO contractors with a proposal to suspend arbitration proceedings until 2024-2025. As of September 30, 2022, the parties are negotiating to resolve the dispute on mutually beneficial terms.

Comprehensive tax audit at oil refineries of the Group

All three major oil refineries in the Group, Atyrau Refinery, Pavlodar Refinery and Shymkent Refinery were subject to a comprehensive tax audit covering periods of a few years (up to 2020) in 2020-2022. As a result of the audits, the tax authorities have assessed additional tax liabilities and penalties for a total amount of 53,758 million tenge and reduced tax carry-forward losses for 121,716 million tenge. Atyrau Refinery, Pavlodar Refinery and Shymkent Refinery did not agree with the assessment and appealed to the Ministry of Finance. The consideration of the appeals remains suspended by the Ministry of Finance until the circumstances are clarified. The Group believes that additional tax assessment is not probable, as such, the Group did not recognize any provisions as of September 30, 2022.

The case of an administrative offense of the Pavlodar Refinery initiated by the Department of Agency for protection and development of competition of RK (hereafter – Antimonopoly agency) of the Pavlodar region

During February-July 2022 the Prosecutor's Office of the Pavlodar region together with the Antimonopoly agency conducted an inspection of the Pavlodar Refinery operations for compliance with the legislation of the Republic of Kazakhstan in the field of oil and petroleum products turnover, labor, tax and antimonopoly legislation for 2020-2021. On March 16, 2022 Antimonopoly agency issued the Conclusion which stated that Pavlodar Refinery set monopolistically high tariff for oil refining services. On July 25, 2022, Antimonopoly agency of the Pavlodar region initiated an administrative offence and issued a Protocol to the Specialized Court for Administrative Offenses of Pavlodar city for setting by the Pavlodar Refinery monopolistically high tariff for oil refining services in 2021 and to confiscate revenue for 2021 of 21,961 million tenge and impose fine of 6,226 million tenge. During August-September 2022, Pavlodar Refinery appealed several times to terminate Protocol and Conclusion. However, all appeals of Pavlodar Refinery were rejected. Pavlodar Refinery is planning to further follow the appealing process in higher judiciaries. In September 2022, after rejection of initial appeals the Group recognized a provision in the amount of KZT 28,187 million tenge (*Note 23*).

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

28. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Inspection of the Prosecutor's Office of the Atyrau region with the involvement of Antimonopoly agency of the Atyrau Refinery

During February-September 2022 the Prosecutor's Office of the Atyrau region with the involvement of the Antimonopoly agency conducted an inspection of the Atyrau Refinery operations. On September 22, 2022 the Prosecutor's Office of the Atyrau region provided a conclusion of setting monopolistically high tariff for oil refining services in 2020-2021. The Atyrau Refinery has sent an official letter with justifying the approved tariff for oil refining services in 2020-2021. The Group believes that the risk of revenue confiscation and fine imposing are not probable, as such, the Group did not recognize any provisions as of September 30, 2022.

Cost recovery audits

As of September 30, 2022, the Group's share in the total disputed amounts of costs is 2,399 million US dollars (equivalent to 1,143,536 million tenge as at reporting date) (as of December 31, 2021: 2,269 million US dollars, equivalent to 979,556 million tenge).

Kazakhstan local market obligation

During the nine months ended September 30, 2022 in accordance with its obligations, the Group delivered 6,062 thousand tons of crude oil (for the nine months ended September 30, 2021: 5,320 thousand tons), including its share in the joint ventures and associates, to the Kazakhstan market.

Commitments under subsoil use contracts

As at September 30, 2022, the Group had the following commitments related to a minimal working program in accordance with terms of licenses, production sharing agreements and subsoil use contracts, signed with the Government, including its share in joint ventures and associate:

<i>In millions of tenge</i>	Capital expenditures	Operational expenditures
Year		
2022	164,317	3,668
2023	154,050	4,328
2024	37,281	4,329
2025	14,118	4,224
2026-2048	3,038	22,364
Total	372,804	38,913

As at December 31, 2021 commitments under subsoil use contracts included:

<i>In millions of tenge</i>	Capital expenditures	Operational expenditures
Year		
2022	284,247	57,135
2023	94,245	4,373
2024	27,106	4,383
2025	10,880	4,314
2026-2048	5,216	21,372
Total	421,694	91,577

Oil supply commitments

As of September 30, 2022, Kashagan had commitments under the oil supply agreements in the total amount of 7,3 million ton (December 31, 2021: 8,6 million ton).

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

28. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Other contractual commitments

As at September 30, 2022, the Group, including its share in joint ventures commitments, had other capital commitments of approximately 177,274 million tenge, net of VAT (as at December 31, 2021: 148,590 million tenge, net of VAT), related to acquisition and construction of non-current assets.

As at September 30, 2022, the Group had commitments of 166,129 million tenge (as at December 31, 2021: 184,455 million tenge) under the investment programs approved by the joint order of Ministry of Energy of RK and Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of RK to facilitate production units.

29. SEGMENT REPORTING

The Group’s operating segments have their own structure and management according to the type of the produced goods and services provided. Moreover, all segments are strategic directions of the business which offer different types of the goods and services in different markets. The functions have been defined as the operating segments of the Group because they are segments a) that engage in business activities from which revenues are generated and expenses incurred; b) whose operating results are regularly reviewed by the Group’s chief operating decision makers to make decisions.

The Group’s activity consists of three main operating segments: exploration and production of oil and gas, oil transportation, refining and trading of crude oil and refined products. The Group presents the Company’s activities separately in Corporate segment, since the Company performs not only the functions of the parent company, but also carries out operational activities. The remaining operating segments have been aggregated and presented as other operating segment due to their insignificance.

Disaggregation of revenue by types of goods and services is presented in *Note 7* to these interim condensed consolidated financial statements.

For the nine months ended September 30, 2022 and 2021 disaggregated revenue mainly represents sales and services made to the external parties by the following operating segments:

For the nine months ended September 30, 2022						
<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Total
Sales of crude oil and gas	522,266	–	3,237,041	–	–	3,759,307
Sales of refined products	18,528	–	1,895,019	580,049	9,077	2,502,673
Refining of oil and oil products	–	–	157,884	–	–	157,884
Oil transportation services	–	128,431	1,100	44	147	129,722
Other revenue	10,652	29,830	85,652	1,085	98,719	225,938
Total	551,446	158,261	5,376,696	581,178	107,943	6,775,524

For the nine months ended September 30, 2021						
<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Total
Sales of crude oil and gas	408,724	–	2,235,546	–	–	2,644,270
Sales of refined products	2,098	–	1,057,112	401,434	7,877	1,468,521
Refining of oil and oil products	–	–	155,179	–	–	155,179
Oil transportation services	–	126,058	1,515	2	167	127,742
Other revenue	13,637	25,178	82,639	175	79,915	201,544
Total	424,459	151,236	3,531,991	401,611	87,959	4,597,256

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

29. SEGMENT REPORTING (continued)

Segment performance is evaluated based on revenues, net profit and EBITDA, which are measured on the same basis as in the consolidated financial statements.

EBITDA is a supplemental non-IFRS financial measure used by management to evaluate segments performance, and is defined as earnings before depreciation, depletion and amortization, impairment of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale, exploration expenses, impairments of joint ventures and associates, finance income and expense, income tax expenses.

EBITDA, % is calculated as EBITDA of each reporting segment divided by the total EBITDA.

Geographic information

The Group’s property, plant and equipment are located in the following countries:

<i>In millions of tenge</i>	September 30, 2022 (unaudited)	December 31, 2021 (audited) (restated)
Kazakhstan	6,378,420	6,084,313
Other countries	681,315	623,499
	7,059,735	6,707,812

Eliminations and adjustments in the tables below represent the exclusion of intra-group turnovers. Inter-segment transactions were made on terms agreed to between the segments that may not necessarily comply with market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**29. SEGMENT REPORTING (continued)**

The following represents information about profit and loss for the nine months ended September 30, 2022 and assets and liabilities as at September 30, 2022 of operating segments of the Group:

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	551,446	158,261	5,376,696	581,178	107,943	–	6,775,524
Revenues from sales to other segments	1,166,380	105,879	118,465	61,551	77,312	(1,529,587)	–
Total revenue	1,717,826	264,140	5,495,161	642,729	185,255	(1,529,587)	6,775,524
Cost of purchased oil, gas, petroleum products and other materials	(25,485)	(12,733)	(4,767,643)	(320,854)	(22,991)	1,198,944	(3,950,762)
Production expenses	(331,095)	(140,046)	(329,757)	(144,134)	(147,583)	266,231	(826,384)
Taxes other than income tax	(406,464)	(12,286)	(10,917)	(71,797)	(6,845)	–	(508,309)
Transportation and selling expenses	(119,402)	(10,718)	(53,628)	(7,295)	–	46,413	(144,630)
General and administrative expenses	(24,389)	(10,417)	(32,575)	(21,313)	(17,552)	2,582	(103,664)
Share in profit of joint ventures and associates, net	667,709	96,242	29,093	–	(14,536)	–	778,508
EBITDA	1,478,700	174,182	329,734	77,336	(24,252)	(15,417)	2,020,283
EBITDA, %	73%	9%	16%	4%	(1%)	(1%)	
Depreciation, depletion and amortization	(226,181)	(33,374)	(106,218)	(2,307)	(6,755)	–	(374,835)
Finance income	61,267	2,220	11,243	107,855	13,289	(104,011)	91,863
Finance costs	(20,474)	(5,066)	(98,619)	(177,518)	(5,633)	79,689	(227,621)
Impairment/(reversal of impairment) of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale	(344)	(20)	(101)	–	694	–	229
Income tax expenses	(257,393)	(34,901)	8,160	(17,771)	(1,359)	–	(303,264)
Profit/(loss) for the year from continuing operations	975,471	40,912	11,515	173,855	(18,556)	(21,171)	1,162,026
Other segment information							
Investments in joint ventures and associates	4,348,918	590,520	83,903	–	82,494	–	5,105,835
Capital expenditures	210,449	40,987	55,485	4,833	10,907	–	322,661
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(4,918)	(11,014)	(53,280)	(30,755)	(9,267)	–	(109,234)
Assets of the segment	11,606,745	1,319,510	3,171,125	1,320,762	353,420	(692,243)	17,079,319
Liabilities of the segment	1,506,037	242,017	2,370,599	4,165,086	104,960	(1,176,272)	7,212,427

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**29. SEGMENT REPORTING (continued)**

The following represents information about profit and loss for the nine months ended September 30, 2021 and assets and liabilities as at December 31, 2021 of operating segments of the Group:

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	424,459	151,236	3,531,991	401,611	87,959	-	4,597,256
Revenues from sales to other segments	857,169	57,130	117,316	30,683	60,430	(1,122,728)	-
Total revenue	1,281,628	208,366	3,649,307	432,294	148,389	(1,122,728)	4,597,256
Cost of purchased oil, gas, petroleum products and other materials	(21,266)	(10,342)	(3,198,848)	(187,551)	(22,041)	851,729	(2,588,319)
Production expenses	(246,886)	(82,043)	(140,883)	(122,262)	(109,565)	191,107	(510,532)
Taxes other than income tax	(258,959)	(9,815)	(10,783)	(32,792)	(5,257)	-	(317,606)
Transportation and selling expenses	(113,379)	(4,031)	(48,490)	(7,745)	(14)	41,168	(132,491)
General and administrative expenses	(20,828)	(12,243)	(26,372)	(14,317)	(14,796)	487	(88,069)
Share in profit of joint ventures and associates, net	363,029	68,460	13,976	-	18,854	-	464,319
EBITDA	983,339	158,352	237,907	67,627	15,570	(38,237)	1,424,558
EBITDA, %	69%	11%	17%	5%	1%	(3%)	
Depreciation, depletion and amortization	(243,739)	(31,200)	(105,897)	(2,290)	(7,722)	-	(390,848)
Finance income	53,899	3,625	5,116	107,000	18,176	(118,011)	69,805
Finance costs	(27,333)	(3,680)	(60,002)	(156,177)	(3,358)	65,347	(185,203)
Impairment of property, plant and equipment, exploration and evaluation assets and assets classified as held for sale	(538)	-	(2,986)	(324)	(3,443)	-	(7,291)
Exploration expenses	(19,800)	-	-	(59,283)	-	-	(79,083)
Income tax expenses	(159,653)	(13,557)	(22,141)	4,054	(776)	-	(192,073)
Net profit for the period	583,041	23,504	57,379	77,097	16,240	(94,620)	662,641
Other segment information							
Investments in joint ventures and associates	3,499,747	523,747	47,396	-	74,674	-	4,145,564
Capital expenditures	143,142	56,486	30,646	3,426	13,669	47,345	294,714
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(4,854)	(9,686)	(40,898)	(28,518)	(9,023)	-	(92,979)
Assets of the segment	10,811,248	1,213,613	3,000,106	1,580,623	322,007	(1,095,309)	15,832,288
Liabilities of the segment	1,219,175	216,809	1,994,289	3,378,313	100,457	(1,071,181)	5,837,862

* Certain numbers shown here do not correspond to the interim condensed consolidated financial statements for the nine months ended September 30, 2021 and reflect adjustments made, refer to Note 4 and 5.

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

30. SUBSEQUENT EVENTS**Dividends received**

On October 21, 2022, the Company received dividends from Kazakhoil-Aktobe LLP, the joint venture, of 3,000 million tenge.

On November 15, 2022, the Company received dividends from Tengizchevroil LLP, the joint venture, of 340 million US dollars (equivalent to 156,312 million tenge).

On November 18, 2022, the Company received dividends from Petrosun, the joint venture, of 9,800 million tenge.

Preventive maintenance at Atyrau Refinery

In accordance with the approved preventive maintenance schedule of the Ministry of Energy a preventive maintenance work commenced at the process units of the Atyrau Refinery starting from October, 1 to November, 17 2022. The repair is carried out to ensure the safe and reliable operation of the equipment and improve environmental parameters in accordance with the requirements of the legislation of the RK.

Transition to the production mode at the Kashagan field

On November 1, 2022, the repair and restoration work carried out due to a leak at the Kashagan field (North Caspian project) at the preliminary gas sampling facility was completed. On November 4, 2022, the plant was put into operation and a gradual transition to the production mode began.

Initial public offering (further IPO)

On November 7, 2022, Samruk-Kazyna and the Company announced its intention to carry out an IPO, during which Samruk-Kazyna will sell up to 30,505,974 ordinary shares of the Company, representing approximately up to 5% of the total number of placed shares (in the amount of 610,119,493 units). The price per share is 8,406 tenge. On November 9, 2022, acceptance of investor applications for the ordinary shares of the Company under IPO began at KASE and AIX.

Start of gas chemical complex

November 8, 2022, the President of the Republic of Kazakhstan gave the start of gas chemical complex of KPI designed to produce up to 500 thousand tons of polypropylene per year.

SPM-1 put back into operation at CPC

On November 12, 2022, work was fully completed on the replacement of the buoyancy tank at the tanker loading unit - SPM-1 of the Caspian Pipeline Consortium. Thus, the SPM-1 and SPM-3 are currently in operation, which implies restoration of daily oil shipment volumes at the offshore terminal.