

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**For the three months ended March 31, 2022**

1. GENERAL

Joint stock company “National Company “KazMunayGas” (the Company, JSC NC “KazMunayGas“ or Parent Company) is oil and gas enterprise of the Republic of Kazakhstan (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 Republic of Kazakhstan 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 March 31, 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, Nur-Sultan, 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 May 30, 2022.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three months ended March 31, 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. 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 (the functional currency). The interim condensed consolidated financial statements are presented in Kazakhstan tenge (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 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 (KASE) are used as official currency exchange rates in the Republic of Kazakhstan. The currency exchange rate of KASE as at March 31, 2022 and December 31, 2021 were 466.31 and 431.80 tenge to 1 United States dollar (US dollar), respectively. These rates were used to translate monetary assets and liabilities denominated in US dollar as at March 31, 2022 and December 31, 2021. The weighted average rate for three months ended March 31, 2022 was 457.41 tenge to 1 US dollar (for the three months ended March 31, 2021: 419.94 tenge to 1 US dollar). The currency exchange rate of KASE as at May 30, 2022 was 427.39 tenge to 1 US dollar.

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**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.

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 include 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.

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.

The Group intends to apply the amendments in future periods if they become applicable.

4. DISCONTINUED OPERATIONS IN COMPARATIVE PERIOD

On November 8, 2021, the Company classified its subsidiary KazTransGas JSC (further KTG) as 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 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 months ended March 31, 2021.

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

4. DISCONTINUED OPERATIONS IN COMPARATIVE PERIOD (continued)

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 note, including the comparative period.

The results of KTG for the three months ended March 31, 2021 are presented below:

<i>In millions of tenge</i>	For the three months ended March 31, 2021
Revenue	241,007
Share in profit of joint ventures, net	75,607
Finance income	5,538
Other operating income	1,707
Total revenue and other income from discontinued operations	323,859
Cost of purchased gas and other materials	(18,875)
Production expenses	(20,437)
Taxes other than income tax	(3,660)
Depreciation, depletion and amortization	(18,995)
Transportation and selling expenses	(92,160)
General and administrative expenses	(5,764)
Finance costs	(9,801)
Net foreign exchange gain	984
Other expenses	(393)
Profit before income tax from discontinued operations	154,758
Income tax expenses	(10,937)
Profit after income tax for the period from discontinued operations	143,821

The net cash flows incurred by KTG for the three months ended March 31, 2021 were as follows:

<i>In millions of tenge</i>	For the three months ended March 31, 2021
Operating	13,947
Investing	(14,560)
Financing	(5,513)
Net decrease in cash and cash equivalents	(6,179)

5. REVENUE

<i>In millions of tenge</i>	For the three months ended March 31,	
	2022 (unaudited)	2021 (unaudited) (restated)
Type of goods and services		
Sales of crude oil and gas	1,206,839	631,568
Sales of refined products	596,446	415,785
Refining of oil and oil products	51,246	46,992
Oil transportation services	40,301	41,992
Other revenue	62,321	56,107
	1,957,153	1,192,444
Geographical markets		
Kazakhstan	233,703	187,801
Other countries	1,723,450	1,004,643
	1,957,153	1,192,444

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

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

<i>In millions of tenge</i>	For the three months ended March 31,	
	2022 (unaudited)	2021 (unaudited) (restated)
Tengizchevroil LLP	199,878	89,341
KMG Kashagan B.V.	44,283	8,486
Mangistau Investments B.V.	34,537	12,054
Caspian Pipeline Consortium	22,604	22,005
KazGerMunay LLP	4,698	253
PetroKazakhstan Inc.	3,626	2,107
Kazakhstan-China Pipeline LLP	2,682	2,650
KazRosGas LLP	2,514	1,845
Kazakhoil-Aktobe LLP	2,407	823
Teniz Service LLP	326	(644)
Valseira Holdings B.V.	(1,446)	3,915
Ural Group Limited	(2,269)	(1,747)
Other joint ventures and associates	2,996	1,031
	316,836	142,119

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

<i>In millions of tenge</i>	For the three months ended March 31,	
	2022 (unaudited)	2021 (unaudited) (restated)
Purchased oil for resale	1,108,783	569,004
Cost of oil for refining	238,765	89,051
Materials and supplies	75,549	51,052
Purchased gas for resale	21,394	11,257
Purchased petroleum products for resale	21,191	7,803
	1,465,682	728,167

8. PRODUCTION EXPENSES

<i>In millions of tenge</i>	For the three months ended March 31,	
	2022 (unaudited)	2021 (unaudited) (restated)
Payroll	75,775	71,660
Energy	31,568	22,299
Repair and maintenance	23,002	17,246
Transportation costs	13,532	10,301
Short-term lease expenses	12,392	6,789
Others	34,128	15,499
	190,397	143,794

9. TAXES OTHER THAN INCOME TAX

<i>In millions of tenge</i>	For the three months ended March 31,	
	2022 (unaudited)	2021 (unaudited) (restated)
Rent tax on crude oil export	36,531	26,509
Mineral extraction tax	29,122	20,337
Export customs duty	20,752	20,403
Other taxes	23,270	20,763
	109,675	88,012

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

10. TRANSPORTATION AND SELLING EXPENSES

<i>In millions of tenge</i>	For the three months ended March 31,	
	2022 (unaudited)	2021 (unaudited) (restated)
Transportation	19,315	20,218
Payroll	3,662	3,004
Other	8,591	7,287
	31,568	30,509

11. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In millions of tenge</i>	For the three months ended March 31,	
	2022 (unaudited)	2021 (unaudited) (restated)
Payroll	15,992	13,992
Consulting services	2,639	3,011
Maintenance	1,406	1,036
Social payments	976	1,054
VAT that could not be offset	668	631
Communication	334	476
Accrual/(reversal) of expected credit losses for trade receivables and other current financial assets	282	(254)
Accrual of impairment of other current non-financial assets	184	110
Allowance for fines, penalties and tax provisions	90	23
Accrual/(reversal) of impairment of VAT receivable	25	(1,722)
Other	10,018	7,488
	32,614	25,845

For the three months ended March 31, 2022, the total payroll amounted to 95,429 million tenge (for the three months ended March 31, 2021: 88,656 million tenge) and was included in production expenses, transportation and selling expenses and general and administrative expenses in the consolidated statement of comprehensive income.

12. FINANCE INCOME / FINANCE COSTS

Finance income

<i>In millions of tenge</i>	For the three months ended March 31,	
	2022 (unaudited)	2021 (unaudited) (restated)
Interest income on bank deposits, financial assets, loans and bonds	19,919	14,684
Amortization of issued financial guarantees	–	565
Total interest income	19,919	15,249
Revaluation of financial assets at fair value through profit or loss	816	417
Other	1,584	344
	22,319	16,010

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

12. FINANCE INCOME / FINANCE COSTS (continued)

Finance costs

<i>In millions of tenge</i>	For the three months ended March 31,	
	2022 (unaudited)	2021 (unaudited) (restated)
Interest expense on loans and bonds	59,037	51,469
Commission for the early redemption of the loan (Note 19)	4,498	–
Interest expense on lease liabilities	695	758
Total interest expense	64,230	52,227
Write-off of transaction costs due to early redemption of the loan (Note 19)	13,035	–
Unwinding of discount on asset retirement obligations, for environmental obligation and other provisions	1,847	1,502
Unwinding of discount on employee benefits obligations	902	808
Other	3,689	3,681
	83,703	58,218

13. INCOME TAX EXPENSES

<i>In millions of tenge</i>	For the three months ended March 31,	
	2022 (unaudited)	2021 (unaudited) (restated)
Current income tax		
Corporate income tax	39,022	27,249
Withholding tax on dividends and interest income	548	243
Deferred income tax		
Corporate income tax	(2,148)	1,433
Withholding tax on dividends	44,982	13,401
Excess profit tax	239	(2)
Income tax expenses	82,643	42,324

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**14. PROPERTY, PLANT AND EQUIPMENT**

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improvements	Machinery and equipment	Vehicles	Other	Capital work in progress	Total
Net book value as at December 31, 2020 (audited)	1,083,615	808,757	1,171,110	289,702	453,821	84,661	111,947	366,132	4,369,745
Foreign currency translation	4,852	396	2,427	335	281	203	665	2,422	11,581
Additions	1,072	369	566	2	1,125	190	365	43,216	46,905
Change in estimate	(4,395)	(3,295)	-	(23)	-	-	-	-	(7,713)
Disposals	(5,073)	(3,694)	(35,649)	(390)	(695)	(80)	(941)	-	(46,522)
Depreciation charge	(28,779)	(7,525)	(28,751)	(4,411)	(9,193)	(2,675)	(2,773)	-	(84,107)
Accumulated depreciation and impairment on disposals	3,686	3,691	7,813	377	683	79	891	-	17,220
Reversal of impairment/(impairment)	9	-	-	-	3	-	-	(6)	6
Transfers to assets classified as held for sale	-	-	(23)	(198)	(4)	(177)	(23)	-	(425)
Transfers (to)/from inventory, net	-	(6)	22	-	8	-	33	489	546
Transfers from investment property	-	-	-	583	-	-	7	-	590
Other changes	-	-	-	-	-	-	-	(530)	(530)
Transfers	29,734	2,054	5,165	585	4,972	301	2,626	(45,437)	-
Net book value as at March 31, 2021 (unaudited)	1,084,721	800,747	1,122,680	286,562	451,001	82,502	112,797	366,286	4,307,296
At cost	2,263,228	1,059,581	2,519,088	593,933	886,948	235,782	248,177	421,246	8,227,983
Accumulated depreciation and impairment	(1,178,507)	(258,834)	(1,396,408)	(307,371)	(435,947)	(153,280)	(135,380)	(54,960)	(3,920,687)
Net book value as at March 31, 2021 (unaudited)	1,084,721	800,747	1,122,680	286,562	451,001	82,502	112,797	366,286	4,307,296

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

14. PROPERTY, PLANT AND EQUIPMENT (continued)

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improve- ments	Machinery and equip- ment	Vehicles	Other	Capital work in progress	Total
Net book value as at December 31, 2021 (audited)	1,126,550	262,717	1,121,420	211,823	239,191	75,225	109,016	260,038	3,405,980
Foreign currency translation	45,180	2,112	23,574	7,211	3,938	2,370	6,151	10,564	101,100
Change in estimate	(4,046)	(2,779)	-	-	-	-	-	-	(6,825)
Additions	747	-	84	291	1,014	95	92	67,106	69,429
Disposals	(5,721)	(124)	(168)	(211)	(428)	(908)	(188)	(175)	(7,923)
Depreciation charge	(30,468)	(3,637)	(27,616)	(4,001)	(7,220)	(2,333)	(2,721)	-	(77,996)
Accumulated depreciation and impairment on disposals	5,131	124	168	152	403	864	181	131	7,154
Impairment	-	-	-	-	-	-	-	(47)	(47)
Transfers from/(to) assets classified as held for sale	-	-	-	422	(25)	(38)	27	-	386
Transfers from/(to) inventory, net	1	(54)	-	-	2	-	23	33	5
Transfers from investment property	-	-	-	1,537	-	-	-	-	1,537
Other changes	-	-	-	-	-	-	-	(120)	(120)
Transfers	32,563	170	4,047	4,338	1,435	75	1,017	(43,645)	-
Net book value as at March 31, 2022 (unaudited)	1,169,937	258,529	1,121,509	221,562	238,310	75,350	113,598	293,885	3,492,680
At cost	2,472,329	397,121	2,737,646	535,498	604,114	218,934	257,562	344,269	7,567,473
Accumulated depreciation and impairment	(1,302,392)	(138,592)	(1,616,137)	(313,936)	(365,804)	(143,584)	(143,964)	(50,384)	(4,074,793)
Net book value as at March 31, 2022 (unaudited)	1,169,937	258,529	1,121,509	221,562	238,310	75,350	113,598	293,885	3,492,680

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

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Additions

For the three months ended March 31, 2022 additions to capital work in progress are mainly attributable to development drilling at Embamunaigas JSC, Ozenmunaigas JSC, subsidiaries of KMG EP, and KMG Karachaganak LLP for the total of 33,984 million tenge, overhauls at the plant facilities at Rompetrol Rafinare for 16,782 million tenge, replacement of “Uzen-Atyray-Samara” and “Astrakhan-Mangyshlak” pipelines for 5,750 million tenge at KazTransOil JSC.

Other

For the three months ended March 31, 2022, the Group capitalized to the carrying amount of property, plant and equipment borrowing costs in amount of 99 million tenge related to the construction of those property, plant and equipment at the average interest rate of 3.22% (for the year ended December 31, 2021: 32 million tenge at the average interest rate of 2.10%).

As at March 31, 2022, the cost of fully depreciated but still in use property, plant and equipment was 347,625 million tenge (as at December 31, 2021: 329,282 million tenge).

As at March 31, 2022, property, plant and equipment with the net book value of 838,455 million tenge (as at December 31, 2021: 837,744 million tenge) were pledged as collateral to secure borrowings of the Group.

Capital commitments are disclosed in *Note 23*.

15. BANK DEPOSITS

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Denominated in US dollar	625,970	559,244
Denominated in tenge	6,853	7,527
Less: allowance for expected credit losses	(198)	(200)
	632,625	566,571

As at March 31, 2022, the weighted average interest rate for long-term bank deposits was 1.01% in US dollars and 0.91% in tenge (December 31, 2021: 1.04% in US dollars and 0.94% in tenge).

As at March 31, 2022, the weighted average interest rate for short-term bank deposits was 0.41% in US dollars and 2.37% in tenge (December 31, 2021: 0.27% in US dollars and 5.68% in tenge).

Bank deposits have maturities as detailed below:

<i>In millions of tenge</i>	March 31, 2021 (unaudited)	December 31, 2020 (audited)
Maturities under 1 year	572,501	510,513
Maturities between 1 and 2 years	140	140
Maturities over 2 years	59,984	55,918
	632,625	566,571

As at March 31, 2022 bank deposits include those pledged as collateral of 60,124 million tenge (December 31, 2021: 56,058 million tenge), which are represented mainly by 55,735 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)**16. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

<i>In millions of tenge</i>	Main activity	Place of business	March 31, 2022 (unaudited)		December 31, 2021 (audited)	
			Carrying value	Percentage ownership	Carrying value	Percentage ownership
Joint ventures						
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	3,557,942	20.00%	3,105,942	20.00%
KMG Kashagan B.V.	Oil and gas exploration and production	Kazakhstan	2,642,161	50.00%	2,404,820	50.00%
Mangistau Investments B.V.	Oil and gas development and production	Kazakhstan	199,858	50.00%	207,410	50.00%
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	61,355	50.00%	54,317	50.00%
Ural Group Limited	Oil and gas exploration and production	Kazakhstan	45,289	50.00%	41,453	50.00%
Kazakhstan-China Pipeline LLP	Oil transportation	Kazakhstan	28,037	50.00%	25,355	50.00%
Kazakhoil-Aktobe LLP	Production of crude oil	Kazakhstan	27,669	50.00%	25,262	50.00%
KazGerMunay LLP	Oil and gas exploration and production	Kazakhstan	21,007	50.00%	32,289	50.00%
Teniz Service LLP	Design, construction and operation of infrastructure facilities, offshore oil operations support	Kazakhstan	17,220	48.996%	16,894	48.996%
Valseira Holdings B.V.	Oil refining	Kazakhstan	7,742	50.00%	9,590	50.00%
Other			30,315		30,525	
Associates						
Caspian Pipeline Consortium	Transportation of liquid hydrocarbons	Kazakhstan/Russia	534,798	20.75%	473,880	20.75%
PetroKazakhstan Inc.	Exploration, production and processing of oil and gas	Kazakhstan	92,729	33.00%	84,905	33.00%
Other			41,035		37,742	
			7,307,157		6,550,384	

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

16. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

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

As at March 31, 2022, the Group’s share in unrecognized losses of joint ventures and associates was equal to 1,877 million tenge (December 31, 2021: 1,811 million tenge).

The following table summarizes the movements in the investments during the three months ended March 31, 2022 and 2021:

<i>In millions of tenge</i>	2022	2021
On January 1 (audited)	6,550,384	6,471,021
Share in profits of joint ventures and associates, net (Notes 4 and 6)	316,836	217,726
Dividends received	(52,258)	(380)
Change in dividends receivable	(11,661)	(58,605)
Other changes in the equity of the joint venture	326	754
Additional contributions without change in ownership	67	1,716
Eliminations and adjustments*	(402)	-
Foreign currency translation	503,865	55,640
On March 31 (unaudited)	7,307,157	6,687,872

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

On October 16, 2015, the Group sold 50% of its shares in KMG Kashagan B.V. to Samruk-Kazyna with a right to buy back all or part of the shares (further Option) effective from January 1, 2018 to December 31, 2020. On December 20, 2017, the exercise period for the Option was changed to January 1, 2020 and December 31, 2022. As of March 31, 2022 and December 31, 2021, the fair value of the Option was close to nil.

The Amsterdam Court imposed certain restrictions on 50% of shares in KMG Kashagan B.V. owned by Samruk-Kazyna (further Restrictions). During the Restrictions period, these shares of KMG Kashagan B.V. cannot be sold, transferred or pledged. As of March 31, 2022 and December 31, 2021, the Restrictions remained in force and control over the asset was not transferred to the Group.

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

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Trade accounts receivable		
Trade accounts receivable	681,938	445,500
Less: allowance for expected credit losses	(29,178)	(27,245)
	652,760	418,255
Other current financial assets		
Other receivables	136,488	102,699
Dividends receivable	18,252	6,375
Reservation of cash for repayment of borrowings	-	259,459
Less: allowance for expected credit losses	(41,409)	(39,030)
	113,331	329,503
Other current non-financial assets		
Advances paid and prepaid expenses	45,617	38,149
Taxes receivable, other than VAT	40,962	32,090
Other	4,892	6,479
Less: impairment allowance	(111)	(104)
	91,360	76,614
Total other current assets	204,691	406,117

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

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

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

As at March 31, 2022 trade accounts receivable of 174,760 million tenge are pledged as collateral (December 31, 2021: 131,000 million tenge).

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.

Trade accounts receivable is denominated in the following currencies as of March 31, 2022 and December 31, 2021:

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
US dollars	446,541	245,124
Tenge	117,108	104,603
Romanian leu	72,255	60,616
Euro	14,109	3,615
Other currency	2,747	4,297
	652,760	418,255

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	
March 31, 2022 (unaudited)						
Expected credit loss rate	0.25%	3.75%	1.54%	10.59%	93.92%	
Trade accounts receivable	612,687	30,622	9,370	1,319	27,940	681,938
Expected credit loss	(1,503)	(1,149)	(145)	(140)	(26,241)	(29,178)
December 31, 2021 (audited)						
Expected credit loss rate	0.39%	3.17%	18.42%	8.28%	94.05%	
Trade accounts receivable	405,468	11,088	617	1,661	26,666	445,500
Expected credit loss	(1,561)	(352)	(114)	(138)	(25,080)	(27,245)

18. CASH AND CASH EQUIVALENTS

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Term deposits with banks – US dollar	581,994	512,701
Term deposits with banks – tenge	248,443	231,944
Term deposits with banks – other currencies	6,231	32,343
Current accounts with banks – US dollar	168,600	179,097
Current accounts with banks – tenge	9,176	7,003
Current accounts with banks – other currencies	13,044	10,037
Cash in transit	27,451	1,557
Cash-on-hand and cheques	1,704	1,337
Less: allowance for expected credit losses	(45)	(170)
	1,056,598	975,849

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 March 31, 2022, the weighted average interest rate for term deposits with banks was 0.40% in US dollars, 11.41% in tenge and 0.03% in other currencies (December 31, 2021: 0.20% in US dollars, 8.67% in tenge and 5.00% in other currencies).

As at March 31, 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)**

19. BORROWINGS

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Fixed interest rate borrowings	3,291,777	3,041,001
Weighted average interest rates	5.67%	5.72%
Floating interest rate borrowings	586,348	705,326
Weighted average interest rates	10.33%	5.78%
	3,878,125	3,746,327

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

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
US dollar	3,356,485	3,213,820
Tenge	286,895	294,581
Russian ruble	222,262	221,207
Euro	8,917	8,424
Other currencies	3,566	8,295
	3,878,125	3,746,327

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Current portion	364,328	484,980
Non-current portion	3,513,797	3,261,347
	3,878,125	3,746,327

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

<i>In millions of tenge</i>	Issuance amount	Redemption date	Interest	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Bonds					
Bonds LSE 2020	750 million USD	2033	3.50%	354,841	325,735
AIX 2019	56 billion KZT	2024	5.00%	34,752	33,123
Bonds LSE 2018	1.5 billion USD	2048	6.375%	701,387	639,046
Bonds LSE 2018	1.25 billion USD	2030	5.375%	591,321	540,156
Bonds LSE 2018	0.5 billion USD	2025	4.75%	236,938	216,760
Bonds LSE 2017	1.25 billion USD	2047	5.75%	573,237	522,827
Bonds LSE 2017	1 billion USD	2027	4.75%	468,714	428,552
Total				2,961,190	2,706,199

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**19. BORROWINGS (continued)**

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

<i>In millions of tenge</i>	Issuance amount	Redemption date	Interest	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Loans					
VTB Bank (PJSC)	38 billion RUB	2027	Key Rate of Central Bank of Russian Federation + 2.25%	222,262	221,207
The Syndicate of banks (Unicredit Tiriac Bank, ING Bank, BCR, Raiffeisen Bank)	435 million USD ¹	2022-2023	1M Libor + 2.75%, 1M Libor + 2.50%, ON Euribor+2.50%, 1M Euribor + 2.50%, 1M Robor+2.00%, ON Libor + 2.50%, 1W Euribor+2.50%	160,877	84,096
Halyk bank JSC (Halyk bank)	151 billion KZT	2024-2025	11.00%	136,480	138,119
Development bank of Kazakhstan JSC (DBK)	157 billion KZT	2023-2026	7.00%-9.00%	120,784	119,243
Cargill	100 million USD	2023-2024	3M SOFR + 2.61%, 3M Libor + 2.50%	46,797	43,343
Halyk bank	100 million USD ²	2023	5.00%	46,760	43,302
Bank of Tokyo-Mitsubishi UFJ, Ltd (London Branch)	150 million USD	2022	COF (0.53%) + 1.70%	39,110	22,385
Credit Agricole	250 million USD	2022	COF (0.61%) + 2.00%	28,013	21,533
DBK	843.6 million USD	2023	10.99%	26,564	34,138
Natixis	250 million USD	2023	COF (0.83%) + 2.00%	24,427	–
Banque de Commerce et de Placements (BCP)	110 million USD	2023	COF (1.26%) + 1.50%	18,353	876
The Export-Import Bank of China (Eximbank)	1.13 billion USD	2026	6M Libor + 4.10%	–	242,555
ING Bank NV	250 million USD	2022	COF (0.25%) + 2.00%	–	24,034
Other	–	–	–	46,508	45,297
Total				916,935	1,040,128

¹ 75 million USD with revolving credit facility.² Revolving credit facility.

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

19. BORROWINGS (continued)

The increase in carrying value of placed bonds during the three months ended March 31, 2022, 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 214,766 million tenge and due to its accrued interest for 83 million US dollars (equivalent to 37,624 million tenge) that are payable semiannually, in April and October.

In January 2022, Atyrau Refinery LLP (further Atyrau Refinery) made early fully 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 17*).

During the three months ended March 31, 2022, KMG International N.V. (further KMGI) received Syndicated loan used to finance its working capital for the total amount of 150 million US dollars (equivalent to 68,647 million tenge).

During the three months ended March 31, 2022, KMGI received short-term loans to finance working capital from Natixis at the rate of COF (0.83%) + 2.00% for 52 million US dollars (equivalent to 23,961 million tenge).

During the three months ended March 31, 2022, KMGI received short-term loans to finance working capital from BCP at the rate of COF (1.26%) + 1.50% for 37 million US dollars (equivalent to 17,075 million tenge).

During the three months ended March 31, 2022, KMGI received short-term loans to finance working capital from Bank of Tokyo-Mitsubishi UFJ, Ltd at the rate of COF (0.53%) + 1.70% for 32 million US dollars (equivalent to 14,651 million tenge).

During the three months ended March 31, 2022, KMGI fully repaid a short-term loan from ING Bank NV for 56 million US dollars (equivalent to 25,459 million tenge).

In February 2022, KMGI signed an additional agreement with Cargill and prolonged its short-term loan with maturity in 2022 to maturity of 2024 and changed its interest rate from 3M Libor + 2.60% to 3M SOFR + 2.61%. The Group applied to this transition the practical expedient provided by amendment to IFRS 9. The transition did not have effect on condensed interim statement of profit and loss. Another loan from Cargill of 50 million US dollars (equivalent to 23,482 million tenge) at the rate of 3M Libor + 2.50% and maturity till November 24, 2023 is also subject to reform that have yet to transition to risk free rate.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**19. BORROWINGS (continued)**

Changes in liabilities arising from financing activities for the three months ended March 31:

<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	112,066	23,379	–	135,445	66,663	54,538	–	121,201
Repayment of principal in cash	(33,799)	(9,466)	(520)	(43,785)	(53,686)	(102,784)	(6,287)	(162,757)
Repayment of principal and interest by reserved cash	–	(259,459)	–	(259,459)	–	–	–	–
Interest accrued	2,407	17,531	38,997	58,935	2,069	16,180	39,345	57,594
Commission for the early redemption of the loan (Note 12)	–	4,498	–	4,498	–	–	–	–
Write-off of transactions costs due to early redemption of the loan (Note 12)	–	13,035	–	13,035	–	–	–	–
Interest paid*	(2,392)	(11,914)	(813)	(15,119)	(2,093)	(15,983)	(7,753)	(25,829)
Transfers and reclassifications	(22,871)	22,871	–	–	–	–	–	–
Foreign currency translation	10,309	9,398	210,587	230,294	1,461	976	24,827	27,264
Foreign exchange loss/(gain)	3,694	(2,085)	6,740	8,349	466	2,631	3,392	6,489
Other	–	(395)	–	(395)	–	(57)	–	(57)
On March 31 (unaudited)	232,186	684,749	2,961,190	3,878,125	199,250	871,766	3,031,337	4,102,353
Current portion	232,186	55,582	76,560	364,328	199,250	132,644	75,810	407,704
Non-current portion	–	629,167	2,884,630	3,513,797	–	739,122	2,955,527	3,694,649

* The repayment of the interest is classified in the 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 March 31, 2022 and December 31, 2021, the Group complied with all financial and non-financial covenants.

Hedge of net investment in the foreign operations

As at March 31, 2022, certain borrowings denominated in foreign currency were designated as hedge instrument for the net investment in the 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 three months ended March 31, 2022, loss of 210,587 million tenge (for the three months ended, March 31, 2021: loss of 24,826 million tenge) on the translation of these borrowings were transferred to other comprehensive income and offset against translation gains of the net investments in foreign operations.

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

19. BORROWINGS (continued)

Hedge of net investment in the foreign operations (continued)

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 March 31, 2022 and December 31, 2021, there was no ineffective portion of the hedge.

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

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Trade accounts payable	692,139	519,201
Other financial liabilities		
Due to employees	56,495	44,401
Other trade payables	15,961	16,446
Other	49,264	24,299
	121,720	85,146
Current portion	105,327	69,231
Non-current portion	16,393	15,915
Other non-financial liabilities		
Contract liabilities	141,952	154,696
Other	16,354	18,802
	158,306	173,498
Current portion	120,088	134,269
Non-current portion	38,218	39,229

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

<i>In millions of tenge</i>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
US dollars	540,910	351,383
Romanian leu	71,573	71,932
Tenge	68,008	83,705
Euro	7,421	3,381
Other currency	4,227	8,800
Total	692,139	519,201

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

21. 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.

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

21. RELATED PARTY DISCLOSURES (continued)

Transactions balances

The following table provides the balances of transactions with related parties as at March 31, 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	March 31, 2022 (unaudited)	504,039	1,008	-	34,752
	December 31, 2021 (audited)	497,242	1,074	-	33,123
Associates	March 31, 2022 (unaudited)	14,282	2,119	-	-
	December 31, 2021 (audited)	12,249	3,009	-	-
Other state-controlled parties	March 31, 2022 (unaudited)	1,593	163	93,445	147,348
	December 31, 2021 (audited)	2,349	638	86,481	153,381
Joint ventures	March 31, 2022 (unaudited)	178,684	271,470	-	-
	December 31, 2021 (audited)	166,869	170,923	-	-

Due from/to related parties

Joint ventures

As at March 31, 2022 due to joint ventures were mainly represented by accounts payable for crude oil to Tengizchevroil LLP (further TCO) for 97,237 million tenge.

Transactions turnover

The following table provides the total amount of transactions, which have been entered into with related parties during the three months ended March 31, 2022 and 2021:

<i>In millions of tenge</i>	During the three months ended March 31,	Sales to related parties	Purchases from related parties	Interest earned from related parties	Interest incurred to related parties
Samruk-Kazyna entities	2022 (unaudited)	2,133	3,174	10,390	400
	2021 (unaudited)	6,801	3,767	8,418	491
Associates	2022 (unaudited)	2,509	5,521	-	-
	2021 (unaudited)	39,531	7,564	-	-
Other state-controlled parties	2022 (unaudited)	6,940	4,555	79	4,000
	2021 (unaudited)	9,322	3,893	87	6,228
Joint ventures	2022 (unaudited)	48,076	591,220	3,128	1
	2021 (unaudited)	137,808	382,235	6,243	383

Joint ventures

The decrease in sales to joint ventures is mainly due to sales made during the three months ended March 31, 2021 to Asian Gas Pipeline LLP and Beineu-Shymkent Gas Pipeline LLP that were transferred to Samruk-Kazyna with KTG (Note 4).

The increase in purchases from joint ventures is primarily driven by the increase in quotes for crude oil purchased from TCO.

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 1,362 million tenge and 1,352 million tenge for the three months ended March 31, 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)**22. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES****Fair values of financial instruments**

The carrying amount of the Group financial instruments as at March 31, 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>	March 31, 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	18,244	18,609	-	18,609	-	18,373	16,925	-	16,925	-
Loans given to related parties at amortized cost	486,222	464,405	-	438,894	25,511	474,875	472,528	-	448,658	23,870
Fixed interest rate borrowings	3,291,777	3,105,549	2,735,048	370,501	-	3,041,001	3,556,705	3,210,632	346,073	-
Floating interest rate borrowings	586,348	586,348	-	586,348	-	705,326	755,347	-	755,347	-

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

22. 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 three months ended March 31, 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 March 31, 2022 (unaudited)	Range as of December 31, 2021 (audited)
Loans given to related parties at amortized cost	Discounted cash flow method	Interest/discount rate	4.5-11.5%	4.1-11.5%

23. 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 three months ended March 31, 2022:

Comprehensive tax audit at Pavlodar Refinery for 2016-2020

On March 1, 2022, based on 2016-2020 comprehensive tax audit, Pavlodar oil chemistry refinery (further Pavlodar Refinery) received additional tax assessment for VAT for 15,290 million tenge, for Income tax for 2,772 million tenge, for other taxes for 255 million tenge, including penalties, and reduction in tax carry-forward losses for 15,579 million tenge. Pavlodar Refinery has not agreed with tax audit results and on April 15, 2022 sent an appeal to the RK Ministry of Finance. The Group believes that the risk of additional tax assessment is remote, as such, the Group did not recognize any provisions as of March 31, 2022.

Cost recovery audits

As of March 31, 2022, the Group’s share in the total disputed amounts of costs is 1,231 million US dollars (equivalent to 574,231 million tenge as at reporting date) (As of December 31, 2021: 1,177 million US dollars, equivalent to 508,180 million tenge), including its share in the joint venture.

Kazakhstan local market obligation

During the three months ended March 31, 2022 in accordance with its obligations, the Group delivered 1,980 thousand tons of crude oil (for the three months ended March 31, 2021: 1,664 thousand tons), including its share in the joint ventures and associates, to the Kazakhstan market.

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

23. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Commitments under subsoil use contracts

As at March 31, 2022, the Group had the following commitments related to minimal working program in accordance with terms of licenses, production sharing agreements and subsoil use contracts, signed with the Government, including its share in joint ventures and associate:

<i>In millions of tenge</i>	Capital expenditures	Operational expenditures
Year		
2022	223,986	30,566
2023	103,045	4,294
2024	33,020	4,309
2025	14,118	4,259
2026-2048	3,038	21,815
Total	377,207	65,243

Oil supply commitments

As of March 31, 2022, KMG Kashagan B.V., joint venture of the Company, had commitments under the oil supply agreements in the total amount of 4.0 million ton (December 31, 2021: 4.3 million ton).

Other contractual commitments

As at March 31, 2022, the Group, including its share in joint ventures commitments, had other capital commitments of approximately 149,998 million tenge (as at December 31, 2021: 148,590 million tenge), related to acquisition and construction of long-lived assets.

As at March 31, 2022, the Group had commitments of 177,869 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.

24. 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 engages 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 5* to the consolidated financial statements.

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

24. SEGMENT REPORTING (continued)

For the three months ended March 31, 2022 disaggregated revenue type *Sales of crude oil and gas* and *Sales of refined products* mainly represents sales made to the external parties by the following operating segments:

<i>In millions of tenge</i>	Type of products and services			
	For the three months ended March 31,			
	2022	2021	2022	2021
	Sales of crude oil and gas	Sales of refined products	Sales of crude oil and gas	Sales of refined products
Segments				
Refining and trading of crude oil and refined products	1,206,839	434,966	631,568	304,485
Corporate	-	157,778	-	107,887
Exploration and production of oil and gas	-	1,239	-	828
Other	-	2,463	-	2,585
	1,206,839	596,446	631,568	415,785

Segment performance is evaluated based on revenues, net profit and adjusted 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>	March 31, 2022 (unaudited)	December 31, 2021 (audited)
Kazakhstan	2,820,401	2,782,481
Other countries	672,279	623,499
	3,492,680	3,405,980

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)**24. SEGMENT REPORTING (continued)**

The following represents information about profit and loss for the three months ended March 31, 2022 and assets and liabilities as at March 31, 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	2,039	49,563	1,720,587	157,852	27,112	–	1,957,153
Revenues from sales to other segments	324,581	24,061	38,144	17,269	21,085	(425,140)	–
Total revenue	326,620	73,624	1,758,731	175,121	48,197	(425,140)	1,957,153
Cost of purchased oil, gas, petroleum products and other materials	(7,035)	(3,607)	(1,635,002)	(83,737)	(5,815)	269,514	(1,465,682)
Production expenses	(80,082)	(39,178)	(79,763)	(39,517)	(45,178)	93,321	(190,397)
Taxes other than income tax	(90,419)	(3,937)	(3,564)	(9,711)	(2,044)	–	(109,675)
Transportation and selling expenses	(23,102)	(1,136)	(17,285)	(2,313)	(7)	12,275	(31,568)
General and administrative expenses	(7,833)	(3,511)	(11,605)	(5,810)	(5,317)	1,462	(32,614)
Share in profit of joint ventures and associates, net	287,114	26,009	528	–	3,185	–	316,836
EBITDA	405,263	48,264	12,040	34,033	(6,979)	(48,568)	444,053
EBITDA, %	91%	11%	3%	8%	(2%)	(11%)	
Depreciation, depletion and amortization	(33,511)	(11,030)	(35,708)	(785)	(2,200)	–	(83,234)
Finance income	18,248	499	2,359	24,842	3,262	(26,891)	22,319
Finance costs	(4,793)	(1,194)	(43,372)	(55,941)	(1,225)	22,822	(83,703)
Impairment / (reversal of impairment) of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale	(14)	–	(34)	–	1	–	(47)
Income tax expenses	(59,354)	(17,893)	(3,973)	(723)	(700)	–	(82,643)
Profit/(loss) for the year from continuing operations	329,625	21,249	(68,481)	66,368	(9,360)	(51,970)	287,431
Other segment information							
Investments in joint ventures and associates	6,589,163	588,086	48,870	–	81,038	–	7,307,157
Capital expenditures	38,471	9,113	19,847	1,190	4,033	–	72,654
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	(4,684)	(10,463)	(44,198)	(30,201)	(9,249)	–	(98,795)
Assets of the segment	9,418,428	1,278,040	3,134,886	1,845,402	338,087	(1,279,064)	14,735,779
Liabilities of the segment	1,004,863	219,362	2,120,368	3,668,338	114,439	(1,204,414)	5,922,956

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

24. SEGMENT REPORTING (continued)

The following represents information about profit and loss for the three months ended March 31, 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*	2,698	48,916	1,007,335	107,944	25,551	-	1,192,444
Revenues from sales to other segments*	251,016	19,441	35,551	8,292	19,522	(333,822)	-
Total revenue*	253,714	68,357	1,042,886	116,236	45,073	(333,822)	1,192,444
Cost of purchased oil, gas, petroleum products and other materials*	(6,888)	(2,949)	(905,543)	(50,406)	(5,615)	243,234	(728,167)
Production expenses*	(67,656)	(27,182)	(41,386)	(34,392)	(35,354)	62,176	(143,794)
Taxes other than income tax*	(70,584)	(3,176)	(3,552)	(8,892)	(1,808)	-	(88,012)
Transportation and selling expenses*	(25,546)	(1,071)	(14,736)	(2,262)	(5)	13,111	(30,509)
General and administrative expenses*	(6,204)	(2,871)	(8,026)	(5,390)	(4,645)	1,291	(25,845)
Share in profit of joint ventures and associates, net*	111,364	25,141	4,349	-	1,265	-	142,119
EBITDA*	188,200	56,249	73,992	14,894	(1,089)	(14,010)	318,236
EBITDA, %*	59%	18%	23%	5%	0%	(5%)	
Depreciation, depletion and amortization*	(31,278)	(9,925)	(34,658)	(767)	(2,480)	-	(79,108)
Finance income*	16,262	1,084	1,273	22,420	2,038	(27,067)	16,010
Finance costs*	(4,585)	(1,365)	(21,428)	(51,076)	(1,236)	21,472	(58,218)
Reversal of impairment of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale*	3	-	-	-	3	-	6
Exploration expenses	(19,800)	-	-	-	-	-	(19,800)
Income tax expenses*	(30,686)	(4,847)	(6,166)	(238)	(387)	-	(42,324)
Profit/(loss) for the year from continuing operations*	120,588	42,432	16,042	(13,628)	(5,243)	(17,892)	142,299
Other segment information							
Investments in joint ventures and associates	5,904,568	523,747	47,395	-	74,674	-	6,550,384
Capital expenditures	32,666	2,981	6,164	1,932	2,647	5,188	51,578
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	8,624,757	1,213,613	3,000,106	1,580,623	322,008	(1,088,846)	13,652,261
Liabilities of the segment	868,902	216,809	1,994,289	3,378,313	100,458	(1,065,191)	5,493,580

* Certain numbers shown here do not correspond to the consolidated financial statements for the three months ended March 31, 2021 and reflect adjustments made, refer to Note 4.

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

25. SUBSEQUENT EVENTS**Settlement of existing borrowings**

From April 14 to 24, 2022, the Company made scheduled coupon payments on bonds for the total of 166 million US dollars (equivalent to 74,175 million tenge as of transaction date).

Issuance of loans

In April 2022, the Company provided additional financial aid to Samruk-Kazyna for 16,563 million tenge.

Dividends received and declared

In April-May 2022, the Company received dividends from Kazakhoil-Aktobe LLP and KazGerMunay LLP, the joint ventures, of 4,500 million tenge and 6,639 million tenge, respectively.

On May 6, 2022, based on the decision of Samruk-Kazyna and the National Bank of RK, the Company declared dividends for 2021 of 327.80 tenge per common share in the total of 199,997 million tenge.