

JSC “National Company “KazMunayGas”

Consolidated financial statements

*For the year ended December 31, 2015
with independent auditors' report*

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«Эрнст энд Янг» ЖШС
Әл-Фараби д-лы, 77/7
«Есентай Тауэр» ғимараты
Алматы қ., 050060
Қазақстан Республикасы
Тел.: +7 727 258 5960
Факс: +7 727 258 5961
www.ey.com

ТОО «Эрнст энд Янг»
пр. Аль-Фараби, 77/7
здание «Есентай Тауэр»
г. Алматы, 050060
Республика Казахстан
Тел.: +7 727 258 5960
Факс: +7 727 258 5961

Ernst & Young LLP
Al-Farabi ave., 77/7
Esentai Tower
Almaty, 050060
Republic of Kazakhstan
Tel.: +7 727 258 5960
Fax: +7 727 258 5961

Independent auditors' report

To the Shareholders and Management of "National Company "KazMunayGas" JSC:

We have audited the accompanying consolidated financial statements of "National Company "KazMunayGas" JSC and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management of the Group is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or errors.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of "National Company "KazMunayGas" JSC and its subsidiaries as at December 31, 2015 and their consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP



Alexander Nazarkulov
Auditor

Auditor qualification certificate
No. MΦ-0000059 dated January 6, 2012

March 14, 2016

Evgeny Zhemaletdinov
General Director
Ernst and Young LLP

State audit license for audit activities on the
territory of the Republic of Kazakhstan: series
MΦЮ-2 No. 0000003 issued by the Ministry of
finance of the Republic of Kazakhstan on
July 15, 2005

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In thousands of tenge</i>	Note	As at December 31	
		2015	2014
Assets			
Non-current assets			
Property, plant and equipment	8	2,651,338,456	4,296,118,047
Exploration and evaluation assets	9	208,526,063	277,064,868
Investment property	10	29,260,917	27,197,634
Intangible assets	11	116,514,982	182,966,270
Long-term bank deposits	12	48,808,421	97,524,249
Investments in joint ventures and associates	13	3,422,939,745	1,217,661,400
Deferred income tax asset	32	107,481,291	93,131,484
VAT receivable		42,455,417	79,168,765
Advances for non-current assets		133,734,033	100,705,148
Bonds receivable from Samruk-Kazyna	33	37,400,972	37,145,896
Note receivable from a shareholder of a joint venture	14	21,602,249	13,807,568
Note receivable from associate	33	42,319,688	28,237,627
Loans and receivable due from related parties	17	433,410,880	101,900,198
Other non-current assets		26,256,696	34,569,632
		7,322,049,810	6,587,198,786
Current assets			
Inventories	15	125,506,949	194,960,759
VAT receivable		88,709,365	110,052,511
Income tax prepaid	32	60,482,541	42,744,212
Trade accounts receivable	16	95,261,169	202,622,353
Short-term bank deposits	12	947,909,540	693,879,434
Bonds receivable from Samruk-Kazyna	33	4,440,000	4,440,000
Loans due from related parties	17	113,045,841	34,697,640
Note receivable from a shareholder of a joint venture	14	8,821,698	4,658,127
Derivatives		-	6,427,473
Other current assets	16	92,945,564	98,581,850
Cash and cash equivalents	18	768,576,619	823,031,494
		2,305,699,286	2,216,095,853
Assets classified as held for sale	5	1,081,908,562	35,546,227
		3,387,607,848	2,251,642,080
Total assets		10,709,657,658	8,838,840,866

The accounting policies and explanatory notes on pages 10 through 83 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of tenge</i>	Note	As at December 31	
		2015	2014
Equity and liabilities			
Equity			
Share capital	19	696,363,445	557,072,340
Additional paid-in capital	19	243,655,405	226,761,347
Other equity		3,110,573	2,105,737
Currency translation reserve	19	1,405,325,707	448,739,927
Retained earnings		2,988,542,754	2,627,270,657
Attributable to equity holder of the Parent Company		5,336,997,884	3,861,950,008
Non-controlling interest	19	753,179,913	555,162,424
Total equity		6,090,177,797	4,417,112,432
Non-current liabilities			
Borrowings	20	2,932,323,037	2,427,190,567
Payable for the acquisition of additional interest in North Caspian Project	21	–	396,345,201
Provisions	22	150,427,821	183,530,985
Deferred income tax liabilities	32	218,369,213	194,793,626
Financial guarantee		8,038,985	9,077,566
Other non current liabilities		21,186,312	12,938,824
		3,330,345,368	3,223,876,769
Current liabilities			
Borrowings	20	296,545,652	670,529,840
Provisions	22	116,508,954	50,329,517
Income tax payable	32	4,114,767	2,250,849
Trade accounts payable	23	174,016,256	233,653,734
Other taxes payable	24	40,015,053	80,534,178
Financial guarantee		1,121,173	755,010
Derivatives		174,880	277,887
Other current liabilities	23	144,413,935	147,781,512
		776,910,670	1,186,112,527
Liabilities directly associated with the assets classified as held for sale	5	512,223,823	11,739,138
Total liabilities		4,619,479,861	4,421,728,434
Total equity and liabilities		10,709,657,658	8,838,840,866

Managing director for economics and finance



Kassymbek A.M.

Chief accountant

Orynbayev Y.Y.

The accounting policies and explanatory notes on pages 10 through 83 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of tenge</i>	Note	For the years ended December 31	
		2015	2014 (Restated)*
Revenue	25	1,094,698,809	1,051,289,085
Cost of sales	26	(1,093,791,099)	(1,106,561,311)
Gross profit/(loss)		907,710	(55,272,226)
General and administrative expenses	27	(211,746,713)	(151,917,604)
Transportation and selling expenses	28	(195,347,885)	(308,535,860)
Impairment of property, plant and equipment, intangible assets	29	(67,125,848)	(275,918,733)
Impairment of goodwill	29	(11,922,192)	(1,622,222)
(Loss)/gain on disposal of property, plant and equipment, intangible assets and investment property, net		(3,580,092)	402,045
Other operating income		22,556,695	18,324,629
Other operating expenses		(19,697,116)	(16,702,770)
Operating loss		(485,955,441)	(791,242,741)
Net foreign exchange gain		474,579,910	76,108,200
Finance income	30	173,330,897	53,937,092
Finance costs	30	(198,334,293)	(176,225,987)
Impairment of investments in joint ventures	13	(9,342,198)	(1,034,370)
Impairment of assets classified as held for sale		(85,744)	(4,992,179)
Impairment of loan given	17	(10,969,792)	(66,742)
Share in profit of joint ventures and associates, net	31	112,807,416	427,703,712
Profit/(loss) before income tax		56,030,755	(415,813,015)
Income tax expenses	32	(232,149,463)	(133,033,105)
Loss for the year from continuing operations		(176,118,708)	(548,846,120)
Discontinued operations			
Profit after income tax for the year from discontinued operations	5	670,801,729	748,061,212
Net profit for the year		494,683,021	199,215,092

The accounting policies and explanatory notes on pages 10 through 83 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In thousands of tenge</i>	Note	For the years ended December 31	
		2015	2014 (Restated)*
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Exchange differences on translation of foreign operations		1,180,868,321	209,509,690
Accumulated differences on translation of disposal group	6	(106,930,994)	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		1,073,937,327	209,509,690
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Re-measurement of actuarial losses on defined benefit plans		(1,750,178)	(1,100,442)
Tax effect		365,421	(27,426)
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods		(1,384,757)	(1,127,868)
Other comprehensive income for the year		1,072,552,570	208,381,822
Total comprehensive income for the year, net of tax		1,567,235,591	407,596,914
Net profit for the year attributable to:			
Equity holder of the Parent Company		398,325,954	207,362,949
Non-controlling interest		96,357,067	(8,147,857)
		494,683,021	199,215,092
Total comprehensive income for the year attributable to:			
Equity holder of the Parent Company		1,353,725,956	385,103,657
Non-controlling interest		213,509,635	22,493,257
		1,567,235,591	407,596,914

* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2014 and reflect adjustments made, refer to Note 5.

Managing director for economics and finance



Kasymbek A.M.

Chief accountant

Yynbayev Y.Y.

The accounting policies and explanatory notes on pages 10 through 83 form an integral part of these consolidated financial statements.