



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL AND OPERATING PERFORMANCE OF JSC NC “KAZMUNAYGAS”

for the three months ended March 31, 2018



The objective of the following document is to assist in understanding and assessment of trends and material changes in the Group's operating and financial results. This overview is based on the Interim Condensed Consolidated Financial Statements of the Group and should be read in conjunction with the Interim Condensed Consolidated Financial Statements and accompanying notes. All financial data and their discussion are based on Interim Condensed Consolidated Financial Statements, prepared in accordance with International Financial Reporting Standards ("IFRS").

In this report, the terms "KMG", "Company", "Group" mean JSC "National Company "KazMunayGas", its subsidiaries and proportionally consolidated entities. The term "Joint Ventures" means entities accounted using the equity method. In accordance with the Group's accounting policy, investments into joint ventures and associated companies shall be accounted using the equity method, and therefore, are not consolidated line-by-line ("enterprises at equity").

The presented oil and gas reserves include a pro rata share of reserves of the associated and joint ventures and the 100% share of reserves of the subsidiary entities, unless otherwise indicated.

The tons of produced oil are converted into barrels using the coefficients, which take into account the oil density at each of the Group's fields.

All KZT amounts are in billions, except as expressly provided for herein. The figures are rounded, however, actual indicators before rounding are taken to calculate rates per unit.

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1. GENERAL INFORMATION

JSC NC “KazMunayGas” is a vertically integrated company that performs geological exploration and production of oil and gas, as well as transportation, refining, marketing and sale of oil, gas and oil products in Kazakhstan and beyond.

JSC NC “KazMunayGas” is the state oil and gas enterprise of the Republic of Kazakhstan established on the basis of the Decree of the President of the Republic of Kazakhstan dated February 20, 2002 No.811 and the Resolution of the Government of the Republic of Kazakhstan No.248 dated February 25, 2002. JSC NC “KazMunayGas” was formed as a result of the merger of the National oil and gas company CJSC “Kazakhoil” and the National Company “Oil and Gas Transportation”. As a result of the merger, all assets and liabilities, including interests in all enterprises owned by these companies, were transferred to JSC NC “KazMunayGas”.

The shareholders of KMG are JSC “Sovereign Wealth Fund “Samruk-Kazyna” (90% ownership share) and the National Bank of Kazakhstan (10% ownership share). The Group (a group of companies) includes 220 companies. The Group occupies more than a quarter of the market of the Republic of Kazakhstan for oil and gas condensate production, as well as the dominant position in oil refining, pipeline transportation of oil and natural gas in the country.

Today the largest companies of the Group (group of companies) are:

- JSC “Exploration Production “KazMunayGas” (exploration and production of oil and gas)
- JSC “KazTransOil” (oil transportation)
- JSC “KazTransGas” (transportation and sale of gas)
- JSC “KazMunayTeniz” (sea oil operations)
- LLP “Atyrau Refinery” (oil refining)
- LLP “Pavlodar Oil Chemistry Refinery” (oil refining)
- KMG International N.V. (refining, marketing of oil and oil products in Romania and countries of Black Sea and Mediterranean basins).

Kazakhstan occupies 12th place in the world in terms of confirmed reserves of oil and gas condensate, 22nd place in terms of natural gas reserves and 17th place in oil and gas production.

The Group (group of companies) produces 28% of the total volume of oil and gas condensate production in Kazakhstan and 16% of natural and associated gas, provides 65% of oil transportation by main oil pipelines, 77% of oil transportation by tankers from Aktau port, and 95% of natural gas transportation by main gas pipelines, refines 82% of Kazakh oil with a 17% share of the retail oil products market.

Significant events during the reporting period

Description of significant events that affected the results of the Group's activities during the 1 quarter of 2018:

January 2018, the settlement under the tender offer of KMG EP on the redemption of global depository receipts (GDRs) and proposal of KMG EP to buy out the Common Shares from minority shareholders was completed. As a result, KMG and KMG EP hold a total of 99.5% of Common Shares (including Common Shares represented by GDRs).

January 2018, 50% of the share in the authorized capital of LLP “KMG Ustyurt” of “ the company “Union Field Group Ltd” (British Virgin Islands) was sold.

In January 2018, the KMG group received an additional prepayment of 250 million USD under a contract for the supply of crude oil and liquefied gas to TCO, MMG and KMB.

January 3, 2018, the Consortium agreement was signed between KMTF, LLP “KMG Systems & Services” and RSE “Professional militarized emergency rescue service” to provide services for LLP “Zhambyl Petroleum” for the elimination of oil spill of 1, 2 and 3 levels for appraisal well ZT- 2.

January 15, 2018, KMG and the Chinese National Oil and Gas Corporation held bilateral negotiations in the framework of the implementation of the agreement signed earlier by the heads of the two states. Following the meeting, an agreement was reached on a prospective increase in the export of Kazakh gas to China up to 10 billion cubic meters per year.

Within the framework of KMTF's participation in the implementation of the TCO Future Expansion Project, the construction of the vessel MCV 854 "Sunkar" was completed on 16 January 2018 in the shipbuilding plant VARD in Braila, Romania.

2. KEY MACROECONOMIC FACTORS

Key factors, which have influenced the Company's performance, are as follows:

- fluctuations in the prices of crude oil and refined products and upfront sales of oil by the Company;
- effect of the exchange rate changes;
- changes in the tariffs for oil and gas transportation;
- taxation;

Below are macroeconomic indicators for 3 months of 2018, which influenced the group's operations.

Item	Units	3 months of 2018	3 months of 2017	Change	
				abs	%
End-of-period inflation (CPI, in % to the corresponding months of the preceding year)	%	106,6	107,7	-1,1	-1%
Oil export customs duty	\$/ton	61,8	48,9	12,9	26,3%
Monthly calculation index (MCI)	KZT	2 405	2 269	136	5,9%
Minimum wage amount (MWA)	KZT	28 284	24 459	3 825	15,6%

2.1. Change in oil and oil products market price

The prices for crude oil and oil products on the international and Kazakhstan market have a significant impact on the Company's performance.

Change in world prices for crude oil (USD/bar)	3 months of 2018	3 months of 2017	Δ, %
Brent	66,83	53,69	24%
Urals	65,22	52,52	24%

Source: PLATT'S

Generally, change in prices for raw materials was caused by a number of reasons not depending on the Company; therefore, the Company's management was unable to predict the degree of volatility in oil prices.

The global and Kazakhstan dynamics of prices for oil products was determined by a number of factors, the most important of which are crude oil prices, correlation between petroleum products supply and demand, competition, remoteness of sales markets from enterprises, oil refining into end products or intermediate feedstock, seasonal deficit in oil products supplies, particularly in urban areas, because of seasonal agricultural works and associated redistribution of supplies from urban to agricultural areas.

Average world prices for oil products	Units	3 months of 2018	3 months of 2017	Δ, %
Fuel oil	USD/t	571,53	482,66	18,4%
Naphtha	USD/t	361,92	309,60	16,9%
Jetfuel	USD/t	646,86	511,405	26,5%
Vacuum gas oil	USD/t	482,72	377,72	27,8%
Gasoil 0,1	USD/t	584,32	476,67	22,6%

Source: PLATT'S

Average retail prices for oil product in RK	Units	3 months of 2018	3 months of 2017	Δ, %
AI-95/96 Gasoline	(KZT/l)	179	152	12,89%
AI-92/93 Gasoline	(KZT/l)	160,19	139,25	13,61%
AI-80 Gasoline	(KZT/l)	89	89	0%
Diesel fuel	(KZT/l)	161	129	22,50%

2.2. Change in the foreign exchange rate

The change of the exchange rate of KZT against the US dollar has significantly affected, and will, most likely, continue to affect the consolidated results of the Company's operations, since a significant share of the Company's revenues from sales of crude oil and petroleum products is denominated in US dollar, while a significant part of the Company's expenses is denominated in KZT. Also, the most of the Company's borrowings and accounts payable are denominated in US dollar.

	Average rate for the period	As of the end of the period
For 3 months, as of 31 March 2018 (Kazakhstan tenge per 1.00 US dollar)	323,15	318,31
For 3 months, as of 31 March 2017 (Kazakhstan tenge per 1.00 US dollar)	322,31	313,73

Source: National Bank of the Republic of Kazakhstan

2.3. Oil and gas transportation tariffs

Oil transportation by main pipeline

Since most of the regions of oil production in Kazakhstan are located far from the main sales markets for oil and petroleum products, oil companies depend on transportation infrastructure development, as well as on its accessibility.

The Group transports high volumes of crude oil supplied for exports and domestic market by main pipelines in Kazakhstan owned by JSC "KazTransOil" - a subsidiary company. Furthermore, the Group owns 20.75% of share capital in Caspian Pipeline Consortium, of which 19% is owned by KMG and 1.75% by Kazakhstan Pipeline Ventures Ltd.

Crude oil is transported through the main pipeline by KazTransOil JSC and its subsidiaries and jointly-controlled entities in accordance with the oil transportation services contracts concluded by them with consumers in accordance with the standard contract approved by the order of the Minister of National Economy of the Republic of Kazakhstan dated March 27, 2015, No.266. These contracts stipulate oil transportation rights and obligations of the parties. The Group's oil is transported through main pipeline of KazTransOil JSC and its subsidiaries and jointly-controlled entities to the domestic market and is exported together with oil from other producers.

Pursuant to amendments to the Law of the Republic of Kazakhstan "On Amendments to some Natural Monopolies and Regulated Markets Legislative Acts of the Republic of Kazakhstan" made in May 2015, transportation of oil, which transit through the territory of the Republic of Kazakhstan and is exported outside the Republic of Kazakhstan, is not any more a scope of natural monopolies. In June 2015, KazTransOil JSC approved (Order No.64) the following tariffs for oil transportation by main pipelines:

- export outside the Republic of Kazakhstan – KZT 5,817.2 per ton per 1,000 km (without VAT) effective as of July 1, 2015;
- transit through the territory of the Republic of Kazakhstan, by Kazakh section of the Tuimazy-Omsk-Novosibirsk-2 – KZT 1,727.1 per 1 ton per 1,000 km (without VAT) effective as of June 26, 2015.

Cap tariffs 2015-2019 for oil transportation within the domestic market of the Republic of Kazakhstan by main pipelines of KazTransOil JSC subject to legislative regulations have been approved effective as of October 1, 2015 by the Committee on Regulation of Natural Monopolies and Protection of Competition (order No. 347-OD dated August 21, 2015) as follows:

- in 2015 – KZT 3,225.04 per ton per 1,000 km (excluding VAT);
- in 2016 – KZT 3,547.46 per ton per 1,000 km (excluding VAT);
- in 2017 – KZT 3,902.13 per ton per 1,000 km (excluding VAT);
- in 2018 – KZT 4,292.40 per ton per 1,000 km (excluding VAT);
- in 2019 – KZT 4,721.72 per ton per 1,000 km (excluding VAT).

Gas transportation

Gas is transported by main pipelines and gas distribution systems of JSC KazTransGas Group. Gas is mainly transported by main pipelines of Intergas Central Asia JSC and joint ventures of Asian Gas Pipeline LLP, Beineu-Shymkent Gas Pipeline LLP. Gas transportation by distribution systems is operated by KazTransGas Aimak JSC.

International transit and export tariffs

In accordance with the amendments to the Law on Natural Monopolies made in May 2015, gas transportation for export is not now subject to governmental regulation. Tariffs for gas transit and export are established on a contractual basis without approval of the Committee on Regulation of Natural Monopolies and Protection of Competition.

Tariffs for domestic gas transportation by main and distribution pipelines

Tariffs for gas transportation within the country are subject to regulation by the Committee on Regulation of Natural Monopolies and Protection of Competition as prescribed by law.

Tariffs for commercial gas transportation by main pipelines to consumers of the Republic of Kazakhstan have been approved as follows:

- Intergas Central Asia JSC from January 1, 2017 – KZT 2,212.7 per thousand cubic meters (excluding VAT);
- Asia Gas Pipeline LLP from March 1, 2016 – KZT 3,494.4 per thousand cubic meters (excluding VAT);
- Beineu-Shymkent Gas Pipeline from March 1, 2016 – KZT 18,071 per thousand cubic meters (excluding VAT).

2.4. Tariffs for refining

Since April 2016, three major Kazakhstan oil refineries (Atyrau Refinery, POCR, PKOP) have started operations under a new refining business model, according to which refineries provide only oil refining services at established tariffs, do not purchase oil for refining and do not sell oil products. These obligations are borne by oil suppliers, who sell finished petroleum products independently. By the aid of the vertically integrated structure of the KMG Group and its new refining business model, each business line manages to focus on its specific specialization, increasing the operational efficiency of the entire KMG Group. As part of the KMG transformation from the strategic manager of its assets to the operational manager, the refining business model helps refineries to focus only on production issues, resulting in optimized refining activities and reduced costs.

In accordance with the law "On Amendments to Some Legislative Acts of the Republic of Kazakhstan on Entrepreneurship in the Republic of Kazakhstan" No.376-V dated October 29, 2015, starting from January 1, 2017, refining prices are not subject to state regulation, which served as a significant simplification of the process for agreement of change in tariffs for oil refining with the Ministry of Energy of the Republic of Kazakhstan.

Tariffs effective within 3 months of 2018 and 3 months of the same period of the previous year are given below:

Plant	Unit	3 months of 2018	3 months of 2017
Atyrau Refinery	KZT/ton	31 473	20 501
POCR	KZT/ton	17 250	14 895
PKOP	KZT/ton	16 301,71	11 454

2.5. Taxation

Below are the established tax rates used by the Group during the relevant periods:

Tax	31.03.2018	31.03.2017	Change,%	Tax base
Corporate income tax (CIT)	20%	20%	-	Taxable income
Value added tax (VAT)	12%	12%	-	Sale of goods, works, services
Property tax	1.50%	1.50%	-	average annual book value of taxable items, determined by the accounting data
Land tax	variable value, rate depending on the purpose and quality of the land plot	variable value, rate depending on the purpose and quality of the land plot		land plot area
Environmental emissions fee	variable value, depending on the type of emissions	variable value, depending on the type of emissions		actual volume of emissions within and (or) exceeding the standard emission
Export rent tax, average	0%-32% On a scale linked to the world oil price	0%-32%		crude oil and oil products export volume

Tax	31.03.2018	31.03.2017	Change, %	Tax base
Mineral Extraction Tax (MET), average	0%-18%	0%-18%		value of produced crude oil, gas condensate and natural gas
Excess profits tax (EPT)	0%-60%	0%-60%		net profit
Crude oil and gas condensate excise tax	KZT 0 /ton	KZT 0 /ton		produced, sold crude oil and gas condensate

Excise rates per 1 ton (in KZT) and duties						
	31.03.2018		31.03.2017		Change, %	Tax base
	Gasoline (except jet fuel) (EAEU FEACN code 2710 12 411 0 - 2710 12590 0)	Diesel fuel (EAEU FEACN code 2710 19310 0 - 2710 19 480 0)	Gasoline (except jet fuel) (EAEU FEACN code 2710 12 411 0 - 2710 12590 0)	Diesel fuel (EAEU FEACN code 2710 19310 0 - 2710 19 480 0)		
Oil products excise tax					Gasoline (except jet fuel) (EAEU FEACN code 2710 12 411 0 - 2710 12590 0)	Diesel fuel (EAEU FEACN code 2710 19310 0 - 2710 19 480 0)
Wholesaling of own gasoline (except jet fuel) and diesel fuel by manufacturers	10 500	540	10 500	540	10 500	540
Wholesaling of gasoline (except jet fuel) and diesel fuel by individuals and entities	-	-	-	-	-	-
Retailing of own gasoline (except jet fuel) and diesel fuel by manufacturers, utilization for own operating needs	11 000	600	11 000	600		
Retailing of gasoline (except jet fuel) and diesel fuel by individuals and entities, utilization for own operating needs	500	60	500	60		
Imports	4 500	540	4 500	540		
Transfer of excisable goods specified in Article 279 (5) of the Tax Code, which are the product of toll refining	10 500	540	10 500	540		
Crude oil export duty	On a scale linked to the world oil price		On a scale linked to the world oil price			Export volume

Mineral extraction tax, rental export tax and export duty rates for oil and oil products depend on the world oil price and change accordingly. If crude oil and gas condensate is sold and (or) transferred within the domestic market of the Republic of Kazakhstan, including in kind, to pay mineral extraction tax, rental export tax, royalties and share of the Republic of Kazakhstan under the production sharing to the beneficiary on behalf of the State, or if used for own operating needs, a 0.5 decreasing factor is applied to the established rates.

Mineral extraction tax rate for natural gas is 10 percent. When natural gas is sold in the domestic market, the mineral extraction tax is paid at rates, depending on the production volume for the relevant year.

In February 2016, the Ministry of National Economy of the Republic of Kazakhstan introduced a progressive scale for export duties on crude oil. According to the new scheme, export duties are calculated based on the average market price for crude oil established on the world Brent and Urals markets. Additionally, from March 1, 2016, export customs duties

for residual oil were reduced to USD 30 per ton. Based on the oil prices scale, rate of export duties, given the world prices below USD 25 per barrel, is 0, while rate of export customs duties, given the world oil price above USD 25 per barrel, is determined in accordance with the scale.

Rental export tax is calculated based on the rate scale, given the world oil price is above 40 US dollars per barrel.

3. GROUP'S OPERATING PERFORMANCE

<i>Operating results</i>	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
Oil and condensate production, taking into account share in joint ventures (thousand tons)	5 862	5 761	102	2%
Gas production, including share in joint ventures (million cubic meters)	2 076	2 030	46	2%
Refining of oil at own refineries and refineries of joint ventures, taking into account operating share (thousand tons)	4 657	4 093	564	14%
Oil transportation by main pipelines (thousand tons)	16 711	16 315	396	2%
Crude oil circulation (million tons* km)	11 491	11 386	105	1%
Transportation of oil by sea (thousand tons)	1 713	1 500	213	14%
Gas transportation by main gas pipelines (mln m3)	26 837	25 608	1 229	5%
Gas transportation operations (billion cubic meters* km)	14 719	11 370	3 349	29%

3.1. Production of oil and condensate

Consolidated oil and condensate production (thousand tons)	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
	5 862	5 761	102	2%
KazMunayGas Exploration Production (including KazGPZ)	2 899	2 906	-6	0%
Ozenmunaygas JSC	1 352	1 337	15	1%
Embamunaygas JSC	695	691	4	1%
Karazhanbasmunay JSC (50%)	265	261	4	1%
<i>Kazgermunai JV LLP(50%)</i>	337	346	-9	-3%
<i>PetroKazakhstanInc JSC (33%)</i>	250	270	-20	-8%
<i>Incl.: Kazgermunay JV LLP (50%*33)</i>	111	114	-3	-3%
<i>PetroKazakhstanKumkolResources JSC (100%*33)</i>	119	132	-13	-10%
<i>Turgai-Petroleum JSC (50%*33)</i>	20	24	-4	-18%
Tengizchevroil (20%)	1 486	1 460	26	2%
MangistauMunayGas (50%)	785	774	11	1%
Karachaganak Petroleum Operating b.v. (10%) *	285	289	-4	-2%
Kazakhoil-Aktobe (50%)	70	88	-18	-20%
Kazakhturkmunay	92	105	-13	-12%
KMG Kashagan B.V. (50%)	237	132	105	79%
KazTransGas (Amangeldy Gas)	6	6	0	-3%

Major share of consolidated crude oil and condensate is produced by KMG EP: 49.1% for 3 months of 2018 and 50.4% for 3 months of 2017 (including pro rata share of KMG EP in Kazgermunaigas, CCEL and PKI).

Consolidated oil and condensate production for the reporting period was 5 862 thousand tons, which is for 102 thousand tons more than the same period of last year, mainly due to stable production level of Kashagan project, as well as growth of production in Tengizchevroil due to improved plant reliability and performance. This growth was partially offset by a decrease in production at the PKI and KGM fields due to natural depletion of reserves, at the KOA fields due to the limit on gas combustion.

3.2. Gas production

During the reporting period, the Group's consolidated production of gas (associated and natural) amounted to 2,266 million m3. In comparison with the same period in 2017, the increase was 829 million m3 or 58%.

Consolidated gas production (associated and natural), mln.m3	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
	2 076	2 030	46	2
KazMunayGas Exploration Production (including KazGPZ)	328	336	-8	-2%
Ozenmunaygas JSC	146	157	-11	-7%
Embamunaygas JSC	52	48	4	9%
Karazhanbasmunay JSC (50%)	5	4	1	33%
<i>Kazgermunai JV LLP(50%)</i>	75	73	2	3%
<i>PetroKazakhstanInc JSC (33%)</i>	50	54	-4	-8%
<i>Incl.: Kazgermunay JV LLP (50%*33)</i>	25	24	1	3%
<i>PetroKazakhstanKumkolResources JSC (100%*33)</i>	23	28	-4	-16%
<i>Turgai-Petroleum JSC (33%*50%)</i>	2	2	0	-17%
Tengizchevroil (20%)	815	799	16	2%
MangistauMunayGas (50%)	101	98	3	3%
Karachaganak Petroleum Operating b.v. (10%)*	499	500	-1	0%
Kazakhoil-Aktobe (50%)	54	75	-22	-29%
Kazakhturkmunay	30	49	-19	-39%
KMG Kashagan B.V. (50%)	138	77	61	79%
KazTransGas (Amangeldy Gas)	111	95	16	16%

The increase was mainly due to the stable and reliable operation of TCO equipment and stable production level of Kashagan project, while the same period last year was characterized by the beginning of the production renewal. The reduction in KTM is due to the limited production at the Vostochny Saztobe field, in connection with gas utilization problems.

3.3. Oil transportation by main pipelines

The main export routes for Kazakh oil by pipelines are as follows:

- Atyrau-Samara pipeline (KazTransOil JSC - 100%);
- Atasu-Alashankou pipeline (KazTransOil JSC - 50%);
- Caspian pipeline consortium (JSC NC "KazMunayGas" - 20.75%).

KazTransOil JSC provides oil transportation to the domestic market, for export, as well as transit operations.

Consolidated oil transportation by main pipelines by companies (thousand tons)	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
	16 711	16 315	396	2%
KazTransOil JSC CC	11 138	11 170	-32	0%
MunayTas North-West Pipeline Company JSC (51%)	472	513	-41	-8%
Kazakhstan-China Pipeline LLP (50%)	1 999	1 932	67	3%
Caspian pipeline consortium-C JSC (20.75%)	3 102	2 700	401	15%
Crude oil circulation (million ton*km)	11 491	11 386	105	1%
KazTransOil JSC CC	9 456	9 403	53	1%
MunayTas North-West Pipeline Company JSC	186	204	-18	-9%
Kazakhstan-China Pipeline LLP	1 849	1 779	70	4%

* without deduction of intra-group transactions

The growth in the volume of oil transportation of JSC "CPC-C" is due to an increase in the delivery of oil by shippers. The volume of oil transportation through main pipelines of JSC KazTransOil Group decreased by 32 thousand tons, due to a decrease in the volume of oil transshipment to the system of JSC "CPC-C" and Atasu-Alashankou.

The decrease in transportation volumes of JSC NWPC "MunayTas" is connected with the redistribution of oil from the Aktobe region to the system of LLP "Kazakhstan-China Pipeline".

Growth of transportation volumes of LLP "Kazakhstan-China Pipeline" is associated with increased delivery of oil by shippers.

3.4. Oil transportation by sea

The main operational routes for sea oil transportation are:

- Routes in the water area of the Caspian Sea.
- Routes in the Black and Mediterranean Seas.

Consolidated volume of oil transportation by sea on areas (thousand tons)	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
	1 713	1 500	213	14%
Aktau-Baku	0	84	-84	-100%
Aktau-Makhachkala	487	70	417	599%
Black Sea	325	720	-395	-55%
Mediterranean Sea	409	258	151	58%
Turkmenbashi-Baku	0	83	-83	-100%
Makhachkala-Baku	492	284	208	73%

*without deduction of intra-group transactions

Growth in comparison with the 1st quarter of 2017 was 213 thousand tons, or 14%, and was mainly due to growth in volumes in the direction of Aktau-Makhachkala. In 2017, due to the discrepancy between Kazakhstani oil and the requirements of PJSC "Transneft", there was a significant decrease in oil shipments from Aktau port to Makhachkala. In 2018, Kazakhstani suppliers agreed to ship about 2 million tons of heavy varieties. Also, the growth was in the directions "Mediterranean Sea" and "Makhachkala-Baku" in connection with the reorientation of tankers.

The decrease in the transportation volume through the Black Sea is due to the lack of a contract with KMG Trading, KMTF could not attract third-party tonnage, as well as unfavorable weather conditions in the Black Sea basin. In the direction of Aktau-Baku last year, there were additional shipper resources.

3.5. Gas transportation

Gas is transported in the following directions: international gas transit, gas transportation for export and gas transportation for domestic consumers.

Consolidated volume of gas transportation (million cubic meters)	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
	26 837	25 608	1 229	5%
International transit	14 173	15 145	-973	-6%
Gas export transportation	5 627	4 021	1 606	40%
Gas transportation for domestic consumers	7 038	6 442	595	9%
Consolidated volumes of gas transportation (million cubic meters)	26 837	25 608	1 229	5%
Intergas Central Asia JSC	18 943	19 102	-160	-1%
KazTransGas-Aimak JSC	811	742	69	9%
Asia Gas Pipeline LLP (50%)	5 938	5 023	914	18%
Beineu-Shymkent Gas Pipeline LLP (50%)	1 145	740	405	55%

**without deduction of intra-group transactions*

The growth in gas transportation volumes for exports was due to the sale of gas to China, absence of sales last year, as well as growth in sales to Russia and Kyrgyzstan.

The growth in gas transportation volumes for domestic consumers is associated with an increase in gas consumption due to deterioration in climatic conditions. At the same time, the decrease in the volume of international transit is connected with the change in gas flows of PJSC Gazprom.

3.6. Hydrocarbon crude refining

- Atyrau Refinery (99.49% share of JSC NC “KazMunayGas”): the designed refining capacity is 5.5 million tons per year, the refining depth was 61.6% in the reporting period;
- Shymkent Petroleum Refinery (PetroKazakhstan Oil Products, 49.73% share of participation of JSC NC “KazMunayGas”): project capacity is 5.25 million tons per year, the refining depth was 74.09% in the reporting period;
- Pavlodar Oil Chemistry Refinery (100% share of JSC NC “KazMunayGas”): the most technologically sophisticated oil refinery in Kazakhstan. The balanced refining capacity is 5.1 million tons per year, the refining depth was 72.95% in the reporting period. The enterprise was designed for oil refining in the West Siberia fields;
- CaspiBitum- (50% share of JSC NC “KazMunayGas”): a plant for the production of road bitumen from heavy Karazhanbas oil. The project capacity for refining is 1.0 million tons annually.
- KMG International N.V. (Romp petrol Rafinare) includes two refineries, Petromidia and Vega, and the Petrochemicals petrochemical complex (PCC):
- Petromidia Refinery - (100% share of Rom petrol Rafinare S.A.). The project capacity is 5.0 million tons of oil per year. The PCC is integrated with the Petromidia Refinery;
- Vega Refinery - (100% share of Rom petrol Rafinare S.A. The project capacity - 500 thousand tons per year. The Vega Refinery is the only company in Romania which is specialized in processing of alternative raw materials (naphtha, heavy hydrocarbon fractions, fuel oil).

Consolidated volume of hydrocarbon raw materials refining taking into account the operating share (thousand tons)	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
	4 657	4 093	564	14%
Atyrau Refinery LLP	1 277	1 210	66	5%
Pavlodar Oil Chemistry Refinery LLP	1 314	1 300	14	1%
PetroKazakhstan Oil Products LLP (50%)	597	497	100	20%
CASPI BITUM (50%)	56	26	30	117%
KMG International N.V. (Romp petrol Rafinare)	1 415	1 060	355	33%

**without deduction of intra-group transactions*

The volume of processing at the refineries of the Republic of Kazakhstan is regulated through the Production Program approved by the Ministry of Energy of the Republic of Kazakhstan.

Increased refining capacity in Atyrau Refinery is due to actual increase in the volume of supplies by the processors; PO CR - according to the production programs of 2017 and 2018.

Increased refining capacity in Petrokazakhstan Oil Products LLP is due to reduction in the period of plant overhaul and increase in the supply of oil companies.

Growth of processing at KMG International N.V. (Petromidia and Vega plants) is due to the fact that in the same period in 2017, due to severe weather conditions in January (snowstorm, temperature drop to -20 ° C, ice and wind), Petromidia plant operated at a minimum capacity, and in February there was an unplanned shutdown of the Reforming installation due to problems with the Compressor 130 K1.

3.7. Sale of oil and gas

Oil sales

In the reporting period oil was sold by Cooperative KazMunayGas U.A., KMG Karachaganak LLP and KMG International N.V. companies.

	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
Cooperative KazMunayGas U.A., KMG Karachaganak LLP, Kazakhstan LLP	2 307	2 165	142	7%
Sales of produced oil, (thous tons)	76	22	54	241%
Oil trading (thous tons)	2 231	2 143	88	4%
KMG International N.V.*	2 609	2 702	-93	-3%
incl. oil sales in KMG Sub. B.V.	717	701	16	2%
Sale by KMG International N.V. on the level of KMG group*	1 892	2 001	-109	-5%
Total oil sale volume	4 916	4 867	49	1%

* corresponding revenues from sold crude oil in the consolidated statement on comprehensive income of the Company are reflected in the item "Profit/(loss) from discontinued operations"

Since April 2016, the Group has begun selling oil as part of the oil advance transaction, which stipulates the preliminary sale of crude oil and liquefied petroleum gas (LPG) for the amount of up to 3 billion US dollars over a 48-month period from May 2016. The volume of oil which is the subject of the transaction is attributable to the Group's participation in Tengizchevroil LLP, MangystauMunayGas JSC and Karazhanbasmunay JSC.

Also, due to increased volumes of oil sale for export of KMG EP according to the quotes of the Ministry of Energy and the increase in sales of crude oil from the Karachaganak field by the affiliated trader KMG Trading AG, under the terms of the Final Production Sharing Agreement for the Karachaganak project.

Growth in KTM due to the actual distribution of quota of ME RK. Decrease in the oil sales of KMG International N.V. by 93 thousand tons due to lower volumes from third parties (including Singapore) and from SDEs of NC KMG.

Gas sales

Natural gas is mainly sold by KazTransGas JSC. The company's functions include the wholesale purchase of natural gas for the domestic market, transportation of gas through regional gas distribution networks, operation of gas distribution facilities and networks and sale of natural gas in the domestic market.

Sale of commercial gas (mln.cub.m.)*	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
Sale of gas for export	1 840	1 353	487	36%
Sale of gas to the domestic market	5 272	4 657	615	13%
Total of gas sale amount	7 112	6 010	1 102	18%

The increased volume of gas sales for export is due to additional gas sales to PRC (export agreement between KTG and PetroChina International Company Limited was signed on 30.09.2017) and additional gas sales to Uzbekistan and Russia. In addition, the volume of gas sales to the domestic market has increased due to the growing number of consumers and increased production at industrial facilities.

4. GROUP'S FINANCIAL PERFORMANCE

(mln.KZT)	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
Income from sales of goods and rendering services	783 700	591 900	191 800	32%
Cost price of sold products and rendered services	(796 554)	(509 959)	(286 595)	56%
Gross profit	(12 855)	81 941	(94 795)	-116%
General and Administrative Expenses	(32 002)	(22 904)	(9 098)	40%
Transportation and selling expenses	(80 195)	(67 334)	(12 862)	19%
Depreciation of fixed assets, exploration assets and intangible assets, net	(388)	(142)	(246)	173%
Income / (loss) from fixed assets retirement, net	(2 698)	(343)	(2 354)	685%
Miscellaneous income/(expenses)	845	(345)	1 190	-345%
Operating profit	(127 293)	(9 128)	(118 165)	1295%
Foreign exchange loss, net	(21 374)	(25 638)	4 264	-17%
Financial income	29 971	27 308	2 663	10%
Financial expenses	(77 233)	(59 678)	(17 555)	29%
Depreciation of investment in JCEs	0	14 686	(14 686)	-100%
Share of the profit/(losses) of the equity-accounted entities	164 695	85 915	78 779	92%
Profit/(Loss) before taxes	(31 235)	33 465	(64 700)	-193%
Corporate income tax expenses	(41 150)	(32 861)	(8 289)	25%
Profit/(loss) from discontinuing activities	276 471	102 359	174 112	170%
Net income/(loss)	204 086	102 963	101 123	98%

4.1. Revenues

Income from sales of goods and rendering services (mln.KZT)	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
Oil product sales	83 073	64 904	18 169	28%
Crude oil sales (taking into account the crude oil quality bank)	365 569	265 305	100 264	38%
Marketable gas sales	165 698	108 534	57 163	53%
Oil transportation	39 517	41 752	-2 234	-5%
Gas transportation	41 913	41 022	892	2%
Oil and gas processing	42 313	31 174	11 139	36%
Oilfield services	15 818	12 083	3 736	31%
Miscellaneous	29 797	27 126	2 670	10%

Volumes of goods sold and services rendered	Unit	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
Oil product sales	thou.tons	667	653	14	2%
Crude oil sales	thou.tons	2 307	2 166	141	7%
Marketable gas sales	mln. cub. m	7 112	6 010	1 102	18%
Oil transportation by main pipeline	thou.tons*km	9 406	9 731	-325	-3%
Oil transportation by sea	thou.tons	1 713	765	948	124%
Gas transportation	mln.m3km	16 232	17 100	-867	-5%
Oil refining *	thou.tons	1 854	1 840	14	1%

Average Sales Prices	Unit	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
Oil product sales	KZT per ton	124 547	99 408	25 139	25%
Crude oil sales	KZT per ton	158 438	122 480	35 958	29%
Marketable gas sales	KZT per thousand cubic meters	23 299	18 060	5 239	29%
Oil transportation by main pipeline	KZT per ton	3 907	4 061	-155	-4%
Oil transportation by sea	KZT per ton	1 619	2 709	-1 090	-40%
Gas transportation	KZT per thousand cubic meters	2 582	2 399	183	8%
Oil refining *	KZT per ton	22 821	16 940	5 881	35%

*taking into account the quality bank of crude oil

** the average rate of processing (refining))

Income patterns showed a significant increase in fraction of incomes from the sale of crude oil. The Company increased its revenue from the sale of crude oil, as a result of the conclusion of the Preliminary Oil Sale Transaction (see paragraph 3.7. of Oil and Gas Sales). In addition, revenue growth was caused by increased sale volumes and world oil prices in the reporting period.

The increase in revenues from the sale of commercial gas is associated with the sale of gas to China, in the absence of sales in this direction in the same period last year, and the growth in sales volumes to Russia and Kyrgyzstan. Also, the average price for selling gas for export has been increased, which is due to the sale of gas to the PRC at 180 USD, whereas in 2017 the main gas flow was sold at a price of 78.29 USD.

At the same time, there is an increase in revenues from gas sales to the domestic market, which is associated with an increase in gas consumption in all regions due to weather conditions and an increase in the average selling price.

The increase in revenues from oil and oil products refining is stipulated by increased oil delivery for refining from external delivers and tariff increase by 19.5% in AR from April of 2017 and by 10% from August of 2017 in POGR.

The increase in revenues from oil service is due to the changes made to the industrial programs of customers – Mangystaumunaigas JSC.

The growth of other revenues is related to the increase in revenues from sales of gas processing products of CooperativeKazMunaiGaz U.A.

4.2. Expenditures

Cost price of sold products and rendered services

(mln.KZT)	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
Materials and reserves	22 342	21 936	406	2%
Crude oil and gas	509 140	264 549	244 591	92%
Payroll expenses	70 194	71 056	(862)	-1%
Ageing, depletion and amortization	47 983	44 034	3 949	9%
Minerals extraction tax	25 606	22 188	3 417	15%
Repair and maintenance	7 825	6 113	1 712	28%
Electric power	12 005	10 920	1 085	10%
Other taxes	17 436	13 605	3 831	28%
Transportation expenses	57 177	31 274	25 903	83%
Miscellaneous	26 846	24 283	2 563	11%
Total	796 554	509 959	286 595	56%

The cost price for reporting period has increased by 11% compared to 3 months of 2017, mainly due to increased expenses for the following items: "crude oil, gas, and gas processing products", "transportation costs", "mineral extraction tax (MET)" and "payroll expenses":

- increased expenses for the acquisition of oil and gas is due to increase in the volume of crude oil sales as part of the prepaid oil supply contract (see paragraph 3.7., Oil and gas sales) and an increase in the volume of gas sales by 1,073 million m³ to the domestic market, due to weather conditions and for export to Russia, Kyrgyzstan and China;
- increased transportation costs were caused by the growth of gas transportation volumes to China through the Beineu-Shymkent main gas pipelines;
- increased MET expenses by 15% is due to a higher average price for Brent crude oil in 1Q of 2018, 66.82 US dollars per barrel, compared with 53.73 US dollars per 1 barrel in 1Q of 2017;
- increased costs of repair and maintenance is due to an increase in the number of well-workover operations made in 1Q of 2018.
- growth of other taxes in 1Q of 2018 include the accrual of expenses for the commercial discovery bonus of KZT 2.1 billion for Uzen-Karamandybas, as a result of the recalculation of reserves for this field.

General and Administrative Expenses

(mln.KZT)	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
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(mln.KZT)	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
Payroll expenses	12 534	12 802	-268	-2%
Depreciation of VAT reclaimed	-27	0	-27	
Consulting services	3 302	1 310	1 992	152%
Depreciation and amortization	3 754	3 110	644	21%
Taxes	2 106	1 952	155	8%
Charity	48	73	-26	-35%
Penalties, fines and charges	23	-77	100	-130%
Allowance for impairment of trade accounts receivable	67	-198	265	-134%
Allowance for fines, penalties and tax provisions	377	-4 283	4 660	-109%
Allowance for/(recovery of) impairment of other current assets	167	-7	174	-2 332%
Allowance for depreciation of SMI	-36	512	-548	-107%
VAT that cannot be offset (proportional method)	-725	468	-1 194	-255%
Social payments, not included in LCF (including taxes and NPF contributions)	2 319	671	1 648	246%
Miscellaneous	8 094	6 571	1 523	23%
Total	32 002	22 904	9 098	40%

General administrative expenses for 3 months of 2018 amounted to 12.5 billion tenge, which is 2% less than the same period of last year.

The main decrease in the general and administrative expenses was formed under the item "VAT that cannot be offset (proportional method)", "Allowance for depreciation of SMI", "Payroll expenses".

At the same time, there was an increase in items:

- "Penalties, fines and charges ", due to the reversal in the same period of the previous year of the provision for CIN and EPT of KMG EP, in accordance with the positive decision of the court of Astana on appealing the results of the comprehensive tax audit for 2009-2012:
- "Consulting services", due to technical audit (audit of KMG reserves) in the reporting period, as well as the later disbursement of funds in 2017;
- "Social payments not included in the LCF (labor compensation fund) (including taxes and NPF contributions)", due to reflection of the actual costs of compensation to ANS staff due to the termination of employment contracts with employees of pre-retirement age and under the 5/50 program by agreement of the parties.

Selling expenses

(mln.KZT)	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
Rent tax	29 060	18 638	10 422	56%
Customs duties	29 306	25 065	4 241	17%
Transportation	15 381	17 598	(2 216)	-13%
Payroll expenses	1 261	1 492	(231)	-15%
Ageing and amortization	734	1 410	(676)	-48%
Miscellaneous	4 453	3 130	1 322	42%
Total	80 195	67 334	12 862	19%

Consolidated transportation and sales expenses for the period increased by 19% mainly due to an increase in the costs of rent tax and ECD due to a higher average price for Brent crude in 1Q of 2018, 66.82 US dollars per barrel, compared with 53.73 US dollars per 1 barrel in 1Q of 2017. In connection with higher Brent quotations, the rate of rent tax in 1 quarter of 2018 was 14% compared to 11% in 1 quarter of 2017, which led to an increase in expenses on the rent tax by 10.5 billion KZT. At the same time, there is a decrease in oil transportation costs as a result of the diversion of export volumes of oil to the domestic market. This decrease was partially offset by an increase in transportation costs for petroleum products, mainly due to the increase in railway tariffs from August 1, 2017.

Profit share in jointly-controlled organizations and associate companies

(mln.KZT)	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
TengizchevrOil LLP	104 756	64 154	40 602	63%
Mangistau Investments B.V.	21 342	8 813	12 524	142%
KazGerMunay LLP	6 595	6 928	32	0%
PetroKazakhstan Inc.	3 585	1 826	1 759	96%
KazRosGas LLP	(5 985)	(6 119)	134	-2%
Kazakhoil-Aktobe LLP	1 600	(2 002)	3 602	-180%
Ural Group Limited	(9 016)	(416)	(8 600)	2065%
Beineu-Shymkent gas pipeline	16 867	1 007	15 859	1575%
Caspian Pipeline Consortium	11 552	10 846	707	7%
KMG Kashagan B.V.	9 603	(6 494)	16 097	-248%
Valseira Holding B.V.	1 315	5 701	(4 386)	-77%
Miscellaneous	2 116	1 666	449	27%
Total	164 695	85 915	78 779	92%

By the outcomes of 3 months of 2018, a share of profit in joint ventures and associated organizations has increased by 78 billion tenge or by 92 % to 164 billion tenge from 85.9 billion tenge by outcomes of 3 months of 2017. The increase is mainly caused by increased profit of Group' produced assets by outcomes of 3 months of 2018 as the result of increased average oil price.

Decreased loss of KazRosGaz LLP is due to a decrease in the amount of Russian gas purchased for deliveries to the domestic market of the RK in the reporting period.

Increase net profit of LLP "Beyneu-Shymkent" is due to the increase in the volume of gas transit by 55% or 810 million m3, this growth was partially offset by an increase in financial expenses due to the lack of debt financing for the second stage of construction last year and production costs due to newly commissioned gas pipeline facilities.

Income tax expenses

(mln.KZT)	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
Current income tax:				
Corporate income tax	26 076	17 316	8 761	51%
Excess profits tax	-2 764	-435	-2 329	535%
Withholding tax on dividends and interest income	3 430	1 414	2 016	143%
Deferred income tax:				
Corporate income tax	15 082	14 274	808	6%
Excess profits tax	-7 590	1 086	-8 676	-799%
Withholding tax on dividends and interest income	6 916	-794	7 709	-972%
Income tax expenses	41 150	32 861	8 289	25%

For the year ended March 31, 2017, the income tax expense of the Company amounted to KZT 41 billion, which is 25% higher than in the same period of 2017. The growth was caused by increased taxable income due to rise in the average world for Brent crude oil, gas sales volumes. In connection with the classification of KMG EP for the deduction of the value of fixed assets, the previously accrued EPT for 2017 was reversed. Compared to the same period, in the reporting period KMG'S CC has an increase in the accrued and deducted withholding tax from fees on current accounts, deposits, issued loans, as well as withholding tax from capital remuneration and additional tax on CPC-C. Due to the impact of temporary differences in the valuation of assets/liabilities, the deferred CIT was changed, as well as through application from 2018 of a new approach to the calculation of EPT, which provides for the offset of accrued expenses against the revenues received, the deferred EPT was recalculated by the KMG'S CC. In connection with the growth of dividends following the results of 2017, the amount of the deferred withholding tax was recalculated at the consolidation level.

Profit/(loss) from discontinued activities

This item reflects the indicators of KMG International N.V., Kazakh-British Technical University LLP, net of intragroup transactions with Group's companies. The Company's profit from discontinued operations for 3 months of 2018 amounted to 2761 billion tenge compared to 102 billion tenge for 3 months of 2017, reflecting the increase by 174 billion tenge. Most

of the growth is accounted for the indicators of KMG International N.V. in connection with the growth of volumes of oil products trading and an increase in the average price for Brent crude oil.

4.3. Liquidity and capital expenditures

Debt obligation

The net debt of the Group is 1,912.5 billion KZT as of the end of the first quarter of 2018 compared with 1,340.9 billion KZT as of December 31, 2017. The increase in net debt is due to a decrease in the amount of cash due to the repurchase of KMG EP's own shares.

Total debt on loans raised and borrowings of the Group (group of companies) is 4,194.5 billion KZT as of the end of the reporting period, compared to 4,301.3 billion KZT as of the beginning of the reporting period. Decrease in total debt is due to exchange rate differences. In dollar terms, total debt increased due to the development of existing credit lines for projects on modernization of plants and gasification of regions.

(mln.KZT)	as of March 31, 2018	as of December 31, 2017
Long-term part	3 249 487	3 399 488
Current part	781 829	763 956
Discontinued operations (KMG-I and others)	163 191	137 811
Debt total	4 194 507	4 301 255
Cash and cash equivalents	1 126 674	1 190 156
Short-term bank deposits and part of long-term bank deposits	1 116 338	1 687 464
Discontinued operations (KMG-I and others)	39 006	82 783
Net debt (Total debt–cash- short-term financial assets)	1 912 489	1 340 851

Liquidity

The Group's cash resources for the reporting period decreased from 2,960 billion KZT (as of December 31, 2017) to 2,282 billion KZT (as of March 31, 2018). Mainly, it is due to redemption of KMG EP's own shares. February 19, 2018, KMG EP redeemed 134,070,054 GDRs and 320,688 common shares. The repurchase amount was 618 billion KZT.

Forecast liquidity and trends

The Company expects that the forecasted consolidated liquidity will not undergo significant changes by the end of this year. At the same time, in case of a significant reduction in oil price, making decisions on the implementation of new investment projects and/or emergence of other significant events not provided for in the Company's current plans, the forecast liquidity may tend to decline.

Capital expenditures

The Group's capital expenditures include investment projects, expenditures related to maintaining the current level of production and other expenditures (of an administrative and social nature). In the reporting period, capital expenditures amounted to 81.7 billion tenge, which is 47 billion tenge more than for 3 months of 2017.

Capital expenditures broken down by key business areas:

(mln.KZT)	3 months of 2018	3 months of 2017	Δ, (+/-)	Δ, %
Oil and gas exploration and production	29 211	21 013	8 198	39%
Oil transportation	17 061	2 127	14 934	702%
Gas transportation	7 507	15 434	-7 927	-51%
Processing and sales of crude oil and oil products	26 515	88 941	-62 426	-70%
Miscellaneous	1 449	1 185	264	22%
Total capital expenditures	81 744	128 700	-46 956	-36%

In the 1st quarter of 2018, capital expenditures in the direction of exploration and production of oil and gas amounted to 29 211 billion tenge, which is 8.2 billion tenge more than in the 1st quarter of 2017. In general, growth is related to the purchase of fixed assets - the rolling volume of 2017 for OMG and large volumes of production drilling and the rolling volumes of exploration drilling from 2017 for EMG.

Increased capital expenditures in oil transportation was mainly caused by the start of the Construction Project of 3 (three) MCV barge-platforms for Tengizchevroil LLP Future Expansion Project and the Construction Project of 3 (three) tugs for the TCO Future Expansion Project by KMTF. Besides, in the 1st quarter of 2018, KTO partially replaced the pipes at the Uzen-Atyrau-Samara MP, as well as the reconstruction of the Kenkiyak MPS.

The main reason for decreased expenses, in the direction of refining and sale of crude oil and petroleum products is completion of modernization projects for the Atyrau and Pavlodar refineries in connection with the main commissioning and construction - installation works in 2017.

Also, there is a decrease in the direction of gas transportation due to the overhaul of the main gas pipeline GPF “Kozhasay-PS 12 “Shalkar” and the “Bukhara-Ural” gas pipeline in 2017.

GLOSSARY

KMG Int.–KMGInternationalN.V., an integrated Romanian oil and gas company
Fund - JSC “Sovereign Wealth Fund “Samruk-Kazyna”
ANS - Aktaunefteservis (ANS group: Oil Service Company LLP, Oil Construction Company LLP, Oil Transport Corporation LLP, Mangistauenergomonai LLP, Munaitelcom LLP)
AGP - Asia Gas Pipeline (trunk gas pipeline for transportation of the Central Asian gas to China)
AR - Atyrau Refinery
BGR-TBA - Bukhara Gas-bearing Region–Tashkent–Bishkek–Almaty
BBS – “Beineu-Bozoi-Shymkent” trunkline
Group - JSC "National Company "KazMunayGas" and the legal entities, where fifty or more percent of the voting shares (interest) are directly or indirectly owned or beneficially owned by JSC "National Company "KazMunayGas", and the legal entities whose operation KMG is entitled to control.
SDE - subsidiary dependent entity
SGI/SGP - Sour Gas Injection/Second Generation Plant
KTM - Kazakhturkmunay LLP
KRG - KazRosGas LLP
KMG, the Company - JSC “National Company “KazMunayGas”
KMG Karachaganak - KMG Karachaganak LLP
APC - aromatics production complex
KPIs - key performance indicators
KTG - JSC “KazTransGas”
CPC - Caspian Pipeline Consortium (trunk oil pipeline from transporting oil from the Tengiz field to the port of Novorossiysk on the Black Sea)
KTO - JSC “KazTransOil”
KMG O - KMG-Onimderi JSC
KMG Aero - KazMunayGas-Aero LLP
KMG's CC - corporate centre, central office of JSC NC "KazMunayGas"
TOP – trunk oil pipeline
TGP – trunk gas pipeline
RoK's MoE - Ministry of Energy of the Republic of Kazakhstan
MET - minerals extraction tax
EPT – excess profit tax
Refineries – oil refineries
WPCP/FGP - well-head pressure control project/future growth project of the Tengiz field
SUC – start-up complex
PKOP - PetroKazakhstan Oil Products JSC, the owner of the Shymkent Refinery
POCR – Pavlodar Oil Chemistry Refinery
DED - design-and-estimate documentation
KMG EP - KazMunayGas Exploration Production JSC
JCE – jointly-controlled entity
NCP - North-Caspian Project
CAWs - construction-and-assembly works
JV - joint venture
JUR - jack-up self-elevating drilling rig
PSA - production sharing agreement
TCO – Tengizchevroil LLP
HCs - hydrocarbons
H/HC – hydrocarbons/hydrocarbon crude
ECD – Export customs duty