

MINUTES
of the Annual General Meeting of Shareholders
of “KazTransOil” JSC No.3/2016

Full name	“KazTransOil” Joint-Stock Company
Location	Block B, 19, Kabanbay Batyr ave., Yessil district, 010000 Astana, Republic of Kazakhstan
Место проведения Общего собрания акционеров	3 rd floor, conference-hall, Block B, 19, Kabanbay Batyr ave., Yessil district, 010000 Astana, Republic of Kazakhstan
Date	May 27, 2016
Beginning of registration	10:00 a.m.
Finishing of registration	01:00 p.m.
Beginning of the General Meeting of Shareholders	03:00 p.m.
Finishing of the General Meeting of Shareholders	04:40 p.m.

The Annual General Meeting of Shareholders of “KazTransOil” JSC (hereinafter - the Company) was convened by the resolution of the Board of Directors of the Company as of April 14, 2016 (Minutes No.5/2016) with the following agenda:

1. On confirmation of annual financial statements and annual consolidated financial statements of “KazTransOil” JSC for 2015.
2. On confirmation of the procedure on distribution of net income of “KazTransOil” JSC for 2015, retained earnings for past years, adoption of the decision on payment of dividends on common stock and confirmation of the size of dividends per one common share of “KazTransOil” JSC.
3. On confirmation of the Annual Report of “KazTransOil” JSC for 2015.
4. On confirmation of the Annual Report of the Board of Directors of “KazTransOil” JSC on its performance in 2015.
5. On addresses of shareholders of “KazTransOil” JSC against actions of “KazTransOil” JSC and its officials for 2015 and results of their consideration.
6. On confirmation of the Corporate Governance Code.
7. On changes and additions to the Charter of “KazTransOil” JSC.
8. On confirmation of changes and an addition to the Methodology for valuation of shares in case of their buyback by “KazTransOil” JSC at the informal stock market.

The information on holding the Annual General Meeting of Shareholders (hereinafter – the AGM) was published in the republican print media on April 19, 2016 and on the Company’s website.

In accordance with paragraph 39 of Article 9 of the Company Charter, the Secretary of the AGM is Corporate Secretary of the Company A. Shmanov.

The Counting Commission performing the functions referred to in Article 46 of the Law of the Republic of Kazakhstan “On Joint-Stock Companies” was elected by the resolution of the Annual General Meeting of Shareholders on May 20, 2015 (Minutes No.1/2015).

General Director (Chair of the Management Board) of the Company N. Shmanov gave the floor to T. Otkulbayev for briefing on fire safety measures.

T. Otkulbayev informed the shareholders and attendees on the basic safety measures that must be followed during the AGM, primary actions in case of fire and evacuation.

The floor was then given to Chair of the Counting Commission A. Zhakutova.

A. Zhakutova reported that, in accordance with the Company list of shareholders presented by “United Registrar of Securities” JSC, the Company’s registrar, the total number of voting shares of the Company is 382,819,064 (three hundred eighty two million eight hundred nineteen thousand and sixty four) as of May 10, 2016.

According to the data provided by the Counting Commission at the end of the registration of shareholders to participate in the AGM, 17 shareholders and their representatives were registered holding in aggregate 346,364,236 (three hundred forty six million three hundred sixty four thousand two hundred thirty six) voting shares, or 90,47% of the total voting shares.

Pursuant to paragraph 1 of Article 45 of the Law of the Republic of Kazakhstan “On Joint-Stock Companies”, the General Meeting of Shareholders shall be entitled to consider and decide on the agenda issues, if at the end of the participants registration the shareholders or their representatives included in the list of shareholders and entitled to participate in the meeting and vote holding in aggregate fifty percent or more of the voting shares of the Company were registered.

The quorum to hold the meeting and vote on the agenda items is available.

All the attending shareholders were registered, and the powers of their representatives were duly checked. All the shareholders and their representatives present at the meeting received the materials on the agenda items and voting papers, and also got clarifications on the procedure of exercising their rights at the AGM and the order of voting.

N. Shmanov informed the shareholders about the absence of proposals for amending the AGM agenda.

N. Shmanov proposed an open voting at the AGM.

The proposal was put to vote on the principle of “one shareholder - one vote”.

Voted:

“Pro” – 15 shareholders

“Contra” – no

“Abstained” – no

The simple majority decision was taken under the principle of “one shareholder – one vote”:

To define an open voting on the agenda items at the Annual General Meeting of Shareholders of the Company.

N. Shmanov proposed to elect Daniyar Berlibayev as the AGM Chair.

The issue was put to vote.

Voted:

“Pro” – 346,364,236 votes

“Contra” – no

“Abstained” – no

The simple majority decision was taken given the total number of the Company’s voting participating shares:

To elect Daniyar Berlibayev as the Chair of the Annual General Meeting of Shareholders of the Company.

Further on, D. Berlibayev announced the order of holding the AGM, and put the following agenda to vote:

1. On confirmation of annual financial statements and annual consolidated financial statements of “KazTransOil” JSC for 2015.

2. On confirmation of the procedure on distribution of net income of “KazTransOil” JSC for 2015, retained earnings for past years, adoption of the decision on payment of dividends on common stock and confirmation of the size of dividends per one common share of “KazTransOil” JSC.

3. On confirmation of the Annual Report of “KazTransOil” JSC for 2015.

4. On confirmation of the Annual Report of the Board of Directors of “KazTransOil” JSC on its performance in 2015.

5. On addresses of shareholders of “KazTransOil” JSC against actions of “KazTransOil” JSC and its officials for 2015 and results of their consideration.

6. On confirmation of the Corporate Governance Code.

7. On changes and additions to the Charter of “KazTransOil” JSC.

8. On confirmation of changes and an addition to the Methodology for valuation of shares in case of their buyback by “KazTransOil” JSC at the informal stock market.

Voted:

“Pro” – 346,364,236 votes

“Contra” – no

“Abstained” – no

The simple majority decision was taken given the total number of the Company's voting participating shares:

To confirm the following agenda of the Annual General Meeting of Shareholders of the Company:

1. On confirmation of annual financial statements and annual consolidated financial statements of "KazTransOil" JSC for 2015.
2. On confirmation of the procedure on distribution of net income of "KazTransOil" JSC for 2015, retained earnings for past years, adoption of the decision on payment of dividends on common stock and confirmation of the size of dividends per one common share of "KazTransOil" JSC.
3. On confirmation of the Annual Report of "KazTransOil" JSC for 2015.
4. On confirmation of the Annual Report of the Board of Directors of "KazTransOil" JSC on its performance in 2015.
5. On addresses of shareholders of "KazTransOil" JSC against actions of "KazTransOil" JSC and its officials for 2015 and results of their consideration.
6. On confirmation of the Corporate Governance Code.
7. On changes and additions to the Charter of "KazTransOil" JSC.
8. On confirmation of changes and an addition to the Methodology for valuation of shares in case of their buyback by "KazTransOil" JSC at the informal stock market.

On the **first agenda item** D. Berlibayev gave the floor to Deputy General Director of the Company for Economics and Finance A. Nussupova.

A. Nussupova presented the key indicators of the annual financial statements and annual consolidated financial statements of the Company for 2015 with the analysis of the main items.

The presented statements were audited by "Ernst & Young" LLP determined as an audit organization of the Company in 2013-2015 following the resolution of the Extraordinary General Meeting of Shareholders of the Company as of March 13, 2013 (Minutes No.1/2013).

D. Berlibayev put the issue of confirmation of annual financial statements and annual consolidated financial statements of the Company for 2015 to vote.

Voted:

"Pro" – 346,364,236 votes

"Contra" – no

"Abstained" – no

The simple majority decision was taken given the total number of the Company's voting participating shares:

To confirm:

the annual financial statements of the Company for 2015 with the following main financial indicators:

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Indicator	2015	2014
Revenue	193 617 592	186 996 455
Cost of sales (goods, services)	(109 130 474)	(104 111 671)
Gross profit	84 487 118	82 884 784
Administrative expenses	(10 031 684)	(11 371 158)
Other income/(expenses)	(1 353 603)	582 466
Total operating profit	73 101 831	72 096 092
Other non-operating income	24 930 255	1 014 930
Financial income/(expenses)	3 545 616	3 497 350
Profit before tax	101 577 702	76 608 372
Income tax expenses	(21 934 973)	(18 910 200)
Net profit for the year	79 642 729	57 698 172
<i>Earnings per share (tenge)</i>	<i>207</i>	<i>150</i>
Total assets	570 861 412	530 613 843
Total liabilities	127 490 985	117 020 401
Total equity	443 370 427	413 593 442
<i>Book value of a share (tenge)</i>	<i>1 149</i>	<i>1 072</i>

the annual consolidated financial statements of the Company for 2015 with the following main financial indicators:

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Indicator	2015	2014
Revenue	213 161 762	206 637 113
Cost of sales (goods, services)	(124 063 989)	(121 309 073)
Gross profit	89 097 773	85 328 040
Administrative expenses	(12 092 220)	(13 592 935)
Other income/(expenses)	(1 405 710)	(7 307 989)
Total operating profit	75 599 843	64 427 116
Other non-operating income	25 544 225	1 055 964
Financial income/(expenses)	849 467	2 901 481
Share in loss of joint ventures	(34 674 141)	(6 255 050)
Profit before tax	67 319 394	62 129 511
Income tax expenses	(22 606 458)	(15 698 946)
Profit for the year	44 712 936	46 430 565
<i>Earnings per share (tenge)</i>	<i>116</i>	<i>121</i>
Total assets	619 262 524	585 407 217
Total liabilities	146 331 014	127 762 896
Total equity	472 931 510	457 644 321
<i>Book value of a share (tenge)</i>	<i>1 210</i>	<i>1 176</i>

On the **second agenda item** D. Berlibayev gave the floor to Deputy General Director of the Company for Economics and Finance A. Nussupova.

A. Nussupova informed the shareholders that, in accordance with the Dividend Policy and the Procedure on distribution of net income of the Company, the size of dividends accrued by the Company for the reporting period shall be calculated at the rate of not less than 40% of consolidated or separate net income for the past year depending on which one is the highest.

Based on the financial statements of the Company for 2015, the consolidated net income is equal to 44,712,936,000 (forty four billion seven hundred twelve million nine hundred thirty six thousand) tenge, while the separate net income comprised 79,642,729,000 (seventy nine billion six hundred forty two million seven hundred twenty nine thousand) tenge. 40% of the separate net income is 31,857,091,600 (thirty one billion eight hundred fifty seven million ninety one thousand six hundred) tenge.

At the same time, the Board of Directors decided on April 14, 2016 to recommend:

paying dividends in the amount of 44,712,936,000 (forty four billion seven hundred twelve million nine hundred thirty six thousand) tenge that is 100% of the Company's net income received for 2015, and 6,443,598,667 (six billion four hundred forty three million five hundred ninety eight thousand six hundred sixty seven) tenge from retained earnings for past years;

confirming the size of one dividend for 2015 in the amount of 133 (one hundred thirty three) tenge.

The proposed dividends in the amount of 51,156,534,667 (fifty one billion one hundred fifty six million five hundred thirty four thousand six hundred sixty seven tenge) stem from a high level of the separate net profit for 2015, and provide funds for the Company to accomplish its operating, investment and financing activities in subsequent periods.

The list of shareholders entitled to receive dividends on common shares of the Company for 2015 will be recorded as at 12:00 a.m., June 11, 2016. It is therefore proposed to start paying dividends on common shares of the Company for 2015 from June 27, 2016.

The dividends will be paid by due cash transfer to the accounts of the Company's shareholders.

D. Berlibayev put the issue of confirmation of the procedure on distribution of net income of the Company for 2015, retained earnings for past years, adoption of the decision on payment of dividends on common stock and confirmation of the size of dividends per one common share of the Company to vote.

Voted:

"Pro" – 346,364,236 votes

"Contra" – no

"Abstained" – no

The simple majority decision was taken given the total number of the Company's voting participating shares:

1. To confirm:

1) the following procedure of distribution of net income earned upon the results of 2015 by the Company located at the following address: 19, Kabanbay Batyr ave., Yessil district, 010000 Astana, Republic of Kazakhstan, BIN 970 540 000 107, Certificate of VAT registration dated August 29, 2012, series 62001 No.0015217, Beneficiary code 16, "Halyk Bank of Kazakhstan" JSC, SWIFT BIC: HSBKKZKX, KZ536010111000012185 (tenge), in the amount of 44,712,936,000 (forty four billion seven hundred twelve million nine hundred thirty six thousand) tenge – to pay dividends in the amount of 44,712,936,000 (forty four billion seven hundred twelve million nine hundred thirty six thousand) tenge that is 100% of the Company's net income;

2) the following procedure of distribution of retained earnings for past years - to pay dividends in the amount of 6,443,598,667 (six billion four hundred forty three million five hundred ninety eight thousand six hundred sixty seven) tenge;

3) the size of one dividend for 2015 per one common share of the Company in the amount of 133 (one hundred thirty three) tenge.

2. To fix the list of shareholders entitled to receive dividends on common shares of the Company for 2015 as of 12:00 a.m., June 11, 2016.

3. To determine the date of starting payment of dividends on common shares of the Company for 2015 - June 27, 2016.

4. To pay dividends in cash by transferring to the accounts of the Company's shareholders:

1) on common shares of the Company being in nominal holding of "Central Securities Depository" JSC through a paying agent represented by "Central Securities Depository" JSC;

2) on common shares of the Company not being in nominal holding of "Central Securities Depository" JSC by the Company itself.

5. General Director (Chair of the Management Board) of the Company N. Shmanov to duly take necessary measures to bring this resolution into effect.

On the **third agenda item** D. Berlibayev gave the floor to General Director of the Company N. Shmanov.

N. Shmanov presented for the shareholders the Annual Report of the Company for 2015 prepared in accordance with the recommendations of the International Integrated Reporting Standard and the requirements of the Sustainability Reporting Guidelines of GRI, the Global Reporting Initiative.

N. Shmanov also informed the shareholders about the goals of the Company, results of its financial and operating performance, the Company's ownership structure, corporate governance, the Management Board performance in 2015 and further activities of the Company, its strategic objectives, HR and social policy.

D. Berlibayev put the issue of confirmation of the Annual Report of the Company for 2015 to vote.

Voted:

“Pro” – 346,364,236 votes

“Contra” – no

“Abstained” – no

The simple majority decision was taken given the total number of the Company’s voting participating shares:

To confirm the enclosed Annual Report of the Company for 2015.

On the **fourth agenda item** D. Berlibayev gave the floor to Independent Director of the Company S. Primbetov.

S. Primbetov informed the shareholders about the work done by the Board of Directors in 2015, the composition and structure of the Board of Directors, the most important decisions taken by the governing body within the reporting period and the work of its committees.

D. Berlibayev put the issue of confirmation of the Annual Report of the Board of Directors of the Company on its performance in 2015 to vote.

Voted:

“Pro” – 346,364,236 votes

“Contra” – no

“Abstained” – no

The simple majority decision was taken given the total number of the Company’s voting participating shares:

To confirm the enclosed Annual Report of the Board of Directors of the Company on its performance in 2015.

IR Service Head A. Massalin delivered his speech on the **fifth agenda item**. He noted that in accordance with the Law of the Republic of Kazakhstan “On Joint-Stock Companies” and the Company Charter, the AGM shall consider the issue of addresses of shareholders against actions of the Company and its officials for the reporting period and results of their review.

Moreover, the materials on the agenda of the Annual General Meeting of Shareholders shall include information about the shareholders addresses against actions of the Company and its officials and the results of their consideration.

As part of the issue, it was noted that there were no any addresses of shareholders against actions of the Company and its officials in 2015.

D. Berlibayev put the issue of addresses of shareholders of the Company against actions of the Company and its officials for 2015 and results of their consideration to vote.

Voted:

“Pro” – 346,364,236 votes

“Contra” – no

“Abstained” – no

The simple majority decision was taken given the total number of the Company’s voting participating shares:

To take into account the information on absence of addresses of shareholders of the Company against actions of the Company and its officials for 2015.

On the **sixth agenda item** D. Berlibayev gave the floor to Managing Director of the Company for Assets B. Zakirov.

B. Zakirov informed the shareholders that the Management Board of “Samruk-Kazyna” JSC (hereinafter - the Fund) in its decision as of May 27, 2015 (Minutes No. 22/15) had adopted the Corporate Governance Code as a mandatory corporate standard for legal entities, more than fifty percent of the voting shares (interests) of which are directly or indirectly owned by the Fund. Also, this decision duly tasked the Fund representatives in Boards of Directors/Supervisory Boards of the Fund subsidiary companies, including “KazMunayGas” NC JSC, to duly approve the Code as the code of corporate governance in organizations, more than fifty percent of the voting shares (interests) of which are indirectly owned by the Fund based on the right of ownership or trust management. Since the Company is an organization, more than fifty percent of the voting shares of which are indirectly owned by the Fund based on the right of ownership, it is necessary to confirm the Code in the Company and acknowledge loss of effect of the applicable Corporate Governance Code.

D. Berlibayev put the issue of confirmation of the Corporate Governance Code to vote.

Voted:

“Pro” – 346,364,236 votes

“Contra” – no

“Abstained” – no

The qualified majority decision was taken given the total number of the Company’s voting shares:

1. To confirm the enclosed Corporate Governance Code.
2. To acknowledge loss of effect of the Corporate Governance Code of the Company confirmed by the resolution of the Sole Shareholder of the Company (Minutes of the Management Board of “KazMunayGas” NC JSC as of August 2, 2012 No.92).

On the **seventh agenda item** D. Berlibayev gave the floor to Managing Director of the Company for Legal Coverage Zh. Issakov.

Zh. Issakov informed the shareholders that the proposed changes and additions had been developed in order to bring the Company Charter in compliance with:

the Corporate Governance Code being submitted for consideration of the Annual General Meeting of Shareholders of the Company; changes and additions made to the Law of the Republic of Kazakhstan “On Joint-Stock Companies”;

the List of types of activities accomplished by legal entities, more than fifty percent of shares (interests in charter capital) of which are owned by the state, and affiliated entities, confirmed by the resolution of the Government of the Republic of Kazakhstan as of December 28, 2015 No.1095.

D. Berlibayev put the issue of changes and additions to the Charter of “KazTransOil” JSC to vote.

Voted:

“Pro” – 346,364,236 votes

“Contra” – no

“Abstained” – no

The simple majority decision was taken given the total number of the Company’s voting participating shares:

1. To make changes and additions to the Charter of “KazTransOil” JSC in accordance with Annex to this resolution.

2. General Director (Chair of the Management Board) of the Company N. Shmanov:

1) to sign the enclosed changes and additions to the Charter of “KazTransOil” JSC;

2) to take other measures to bring this resolution into effect, and duly notify the judicial authorities of the Republic of Kazakhstan about changes and additions made to the Charter of “KazTransOil” JSC.

On the **eighth agenda item** D. Berlibayev gave the floor to Managing Director for Assets B. Zakirov.

B. Zakirov informed the shareholders that changes and an addition to the Methodology for valuation of shares in case of their buyback by the Company at the informal stock market were due to the changes made in the method for valuation of shares in case of their buyback and exclusion of section 4 of this Methodology regulating the issue of valuation of shares in case of their buyback upon a court decision, since the value of shares in such buyback shall be defined by the general rules prescribed by the Methodology.

D. Berlibayev put the issue of changes and an addition to the Methodology for valuation of shares in case of their buyback by the Company at the informal stock market to vote.

Voted:

“Pro” – 346,364,236 votes

“Contra” – no

“Abstained” – no

The qualified majority decision was taken given the total number of the Company’s voting shares:

1. To confirm the enclosed changes and an addition to the Methodology for valuation of shares in case of their buyback by “KazTransOil” JSC at the informal stock market confirmed by the resolution of the Sole Shareholder of the Company (Minutes of the Management Board of “KazMunayGas” NC JSC as of July 3, 2012 No.75).

2. General Director (Chair of the Management Board) of the Company N. Shmanov to duly take necessary measures stemming from this resolution.

Chair



D. Berlibayev

Secretary


A. Shmanov

Counting Commission Chair


A. Zhakutova

Counting Commission members:

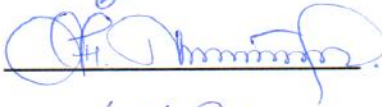
S. Abdibayeva



S. Bidaibekova



A. Kabakayeva



Zh. Kabenov



S. Kozhakhmetov




R. Makhambetova



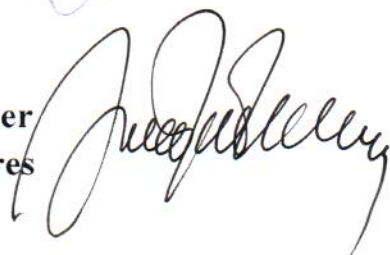
P. Mukhanova



M. Turkmenova



Representative of the shareholder owning over 10% of voting shares


D. Berlibayev