

KazTransOil JSC

Unaudited interim condensed consolidated financial statements

For the three months ended 31 March 2015

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Unaudited interim condensed consolidated financial statements

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Report on review of interim condensed consolidated financial statements

To the Shareholders of KazTransOil JSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of KazTransOil JCS and its subsidiaries (hereinafter-"the Group"), comprising the interim consolidated statement of financial position as at 31 March 2015 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standards IAS 34, *Interim Financial Reporting* (hereinafter-"IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

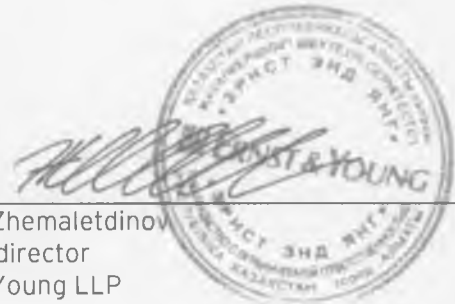
Ernst & Young LLP



Alexandr Nazarkulov
Auditor

Auditor qualification certificate
No. 0000059 dated 6 January 2012

8 May 2015



Evgeny Zhemaletdinov
General director
Ernst & Young LLP

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In thousands of Tenge</i>	Note	31 March 2015 (unaudited)	31 December 2014 (audited)
Assets			
Non-current assets			
Property, plant and equipment	3	419,997,161	415,390,661
Intangible assets	4	4,756,804	5,479,443
Investments in joint ventures	5	51,140,155	49,843,334
Advances to suppliers for property, plant and equipment	6	9,405,283	11,307,451
Bank deposits	12	3,620,568	3,729,880
Other non-current assets		14,757	16,723
		488,934,728	485,767,492
Current assets			
Inventories	7	3,797,170	3,044,558
Trade and other accounts receivable	8	4,992,313	5,803,874
Advances to suppliers	9	2,044,147	1,111,935
Prepayment for corporate income tax		5,120,535	5,814,807
VAT recoverable and other prepaid taxes	10	5,712,584	6,196,069
Other current assets	11	2,615,534	3,380,259
Bank deposits	12	49,679,041	32,112,242
Cash and cash equivalents	13	37,378,545	42,174,720
		111,339,869	99,638,464
Assets classified as held for sale		-	1,261
		111,339,869	99,639,725
TOTAL ASSETS		600,274,597	585,407,217

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of Tenge</i>	Note	31 March 2015 (unaudited)	31 December 2014 (audited)
Equity and liabilities			
Equity			
Share capital	14	61,937,567	61,937,567
Asset revaluation reserve	14	135,392,117	138,237,679
Other capital reserves	14	(1,810,575)	(1,810,575)
Foreign currency translation reserve	14	13,157,138	14,860,910
Retained earnings		268,053,360	244,418,740
Total equity		476,729,607	457,644,321
Non-current liabilities			
Employee benefits liability	15	11,365,054	11,204,603
Deferred tax liabilities	28	40,869,088	41,167,915
Provision on asset retirement obligation and land recultivation obligation	19	20,949,960	20,631,009
Deferred income		4,474,722	4,423,082
		77,658,824	77,426,609
Current liabilities			
Employee benefits liability	15	475,000	408,757
Income tax payable		774,903	910,109
Trade and other accounts payable	16	15,267,277	15,773,741
Advances received	17	16,707,193	16,746,436
Other taxes payable	18	2,711,859	3,226,928
Provisions	19	331,544	316,065
Other current liabilities	20	9,618,390	12,954,251
		45,886,166	50,336,287
Total liabilities		123,544,990	127,762,896
TOTAL EQUITY AND LIABILITIES		600,274,597	585,407,217
Book value of ordinary shares (in Tenge)	14	1.227	1.176

Signed and approved for issue on 8 May 2015.

General Director

Chief Accountant



The accounting policy and explanatory notes on pages 8 through 31 form an integral part of these interim condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of Tenge</i>	Note	For the three months ended 31 March (unaudited)	
		2015	2014
Revenue	21	53,568,340	45,384,872
Cost of sales	22	(28,194,959)	(25,066,391)
Gross profit		25,373,381	20,318,481
General and administrative expenses	23	(2,481,761)	(2,252,162)
Other operating income	24	333,211	281,883
Other operating expenses	25	(40,370)	(49,190)
Operating profit		23,184,461	18,299,012
Net foreign exchange gain/(loss)		1,098,085	(204,181)
Finance income	26	843,073	1,341,303
Finance costs	27	(463,780)	(354,934)
Share in income/(loss) of joint ventures	5	1,063,523	(10,064,333)
Profit before tax		25,725,362	9,016,867
Income tax expense	28	(5,164,064)	(3,940,090)
Profit for the period		20,561,298	5,076,777
Earnings per share (<i>in Tenge</i>)	14	53	13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In thousands of Tenge</i>	Note	For the three months ended 31 March (unaudited)	
		2015	2014
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Exchange difference from translation of foreign operations of the Group		(1,709,310)	6,431,979
Exchange difference from translation of foreign operations of the joint ventures		5,538	48,558
Total other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods, net		(1,703,772)	6,480,537
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods			
Impairment of property, plant and equipment of the Group		-	(578)
Income tax effect		-	116
		-	(462)
Provision on asset retirement obligation and land recultivation of joint ventures		284,700	-
Income tax effect		(56,940)	-
		227,760	-
Actuarial losses from employee benefit liabilities of the Group	15	-	(963,600)
Income tax effect		-	192,720
		-	(770,880)
Total other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods		227,760	(771,342)
Total other comprehensive (loss)/income for the period, net of tax		(1,476,012)	5,709,195
Total comprehensive income for the period, net of tax		19,085,286	10,785,972

Signed and approved for issue on 8 May 2015.

General Director

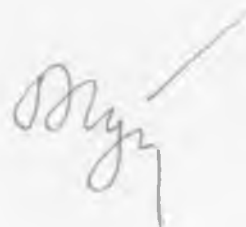


Kabyldin K.M.

Sarmagambetova M.K.

Chief Accountant

The accounting policy and explanatory notes on pages 8 through 31 form an integral part of these interim condensed consolidated financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In thousands of Tenge</i>	Note	For the three months ended 31 March (unaudited)	
		2015	2014
Cash flows from operating activities:			
Profit before tax		25,725,362	9,016,867
Non-cash adjustment to reconcile profit before tax to net cash flows:			
Depreciation and amortization	22,23	8,212,982	8,384,945
Net charge/(reversal) of allowance for doubtful debts	23	43,421	(2,436)
Share in (income)/ loss of joint ventures	5	(1,063,523)	10,064,333
Finance costs	27	463,780	354,934
Finance income	26	(843,073)	(1,341,303)
Employee benefits for the current service cost	15	200,617	123,750
Net charge of provisions	19	11,473	-
Loss on disposal of property, plant and equipment and intangible assets	25	27,703	14,818
Net gain on disposal of inventory	24,25	(11,248)	(22,752)
Net loss/(gain) from disposal of other assets	24,25	1,261	(2,308)
Recovery of property, plant and equipment cost	3	(53,781)	(2,947)
Income from write-off of accounts payable	24	(16,839)	(29,141)
Amortization of deferred income		(107,818)	(78,091)
Net charge of provision for obsolete and slow-moving inventory	23	-	50
Operating cash flows before working capital changes:		32,590,317	26,480,719
(Increase)/decrease in operating assets			
Inventories		(596,084)	(434,677)
Trade and other accounts receivable		766,598	25,809
Advances to suppliers		(932,123)	(359,625)
VAT recoverable and other prepaid taxes		389,174	(17,404)
Other current assets		776,776	1,520,265
Increase/(decrease) in operating liabilities			
Trade and other accounts payable		(3,316,528)	(1,197,108)
Advances received		(39,243)	(1,145,083)
Other taxes payable		(515,069)	678,499
Other current and non-current liabilities and employee benefit liabilities		(2,458,218)	(3,657,477)
Cash generated from operations:		26,665,600	21,893,918
Income taxes paid		(4,507,576)	(4,389,002)
Interest received		636,474	787,343
Net cash flow from operating activities		22,794,498	18,292,259

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In thousands of Tenge</i>	Note	For the three months ended 31 March (unaudited)	
		2015	2014
Cash flows from investing activities:			
Withdrawal of bank deposits		11,953,167	24,887,623
Placement of bank deposits		(28,402,374)	(20,208,485)
Purchase of property, plant and equipment		(9,931,753)	(14,599,218)
Purchase of intangible assets		(12,808)	(126,080)
Proceeds from disposal of property, plant and equipment, intangible assets and assets held for sale		10,048	29,847
Net cash flow used in investing activities		(26,383,720)	(10,016,313)
Cash flows from financing activities			
Net cash flow used in financing activities		-	-
Unrealized foreign exchange gain		(1,206,953)	(475,322)
Net change in cash and cash equivalents		(4,796,175)	7,800,624
Cash and cash equivalents at the beginning of the period		42,174,720	25,645,348
Cash and cash equivalents at the end of the period		37,378,545	33,445,972

Signed and approved for issue on 8 May 2015.

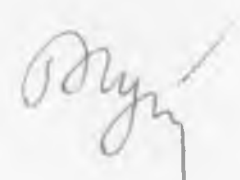
General Director


Kabyidin K. At.


Sarmagambetova M.K.

Chief Accountant

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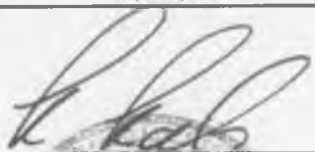


CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In thousands of Tenge</i>	Share capital	Asset revaluation reserve	Foreign currency translation reserve	Other capital reserves	Retained earnings	Total
As at 31 December 2014 (audited)	61,937,567	138,237,679	14,860,910	(1,810,575)	244,418,740	457,644,321
Profit for the period	-	-	-	-	20,561,298	20,561,298
Other comprehensive income /(loss)	-	227,760	(1,703,772)	-	-	(1,476,012)
Total comprehensive income/(loss) for the period	-	227,760	(1,703,772)	-	20,561,298	19,085,286
Depreciation transfer of revalued property, plant and equipment	-	(3,073,322)	-	-	3,073,322	-
As at 31 March 2015 (unaudited)	61,937,567	135,392,117	13,157,138	(1,810,575)	268,053,360	476,729,607
As at 31 December 2013 (audited)	61,937,567	171,902,104	10,069,002	(1,016,496)	224,377,740	467,269,917
Profit for the period	-	-	-	-	5,076,777	5,076,777
Other comprehensive income /(loss)	-	(462)	6,480,537	(770,880)	-	5,709,195
Total comprehensive income/(loss) for the period	-	(462)	6,480,537	(770,880)	5,076,777	10,785,972
Depreciation transfer of revalued property, plant and equipment	-	(3,602,830)	-	-	3,602,830	-
As at 31 March 2014 (unaudited)	61,937,567	168,298,812	16,549,539	(1,787,376)	233,057,347	478,055,889

Signed and approved for issue on 8 May 2015.

General Director



Chief Accountant



The accounting policy and explanatory notes on pages 8 through 31 form an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**1. GENERAL**

On 2 May 2001, the Government of the Republic of Kazakhstan issued a resolution to create a new closed joint stock company National Company "Transportation of Oil and Gas" (hereinafter - "TNG") owned by the Government. Based on that resolution, the Committee for State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan transferred the "KazTransOil NOTC" CJSC shares to TNG, and, as a result, "KazTransOil NOTC" CJSC was re-registered and renamed "KazTransOil" Closed Joint Stock Company.

On 31 May 2004, in accordance with the requirements of Kazakhstani legislation, Closed Joint Stock Company "KazTransOil" was re-registered as "KazTransOil" Joint Stock Company (hereinafter - "Company").

As at 31 March 2015 National Company "KazMunayGas" JSC (hereinafter "KMG" or "Parent Company") is a major shareholder of the Company, that owns the controlling interest of the Company (90%). KMG is owned by Sovereign Wealth Fund "Samruk-Kazyna" JSC (hereinafter - "Samruk-Kazyna"), which is controlled by the Government of the Republic of Kazakhstan. The remaining 10% of shares owned by minority shareholders who acquired them within the "People's IPO".

As at 31 March 2015 and 31 December 2014 the Company had interest ownership in the following companies:

	Place of incorporation	Principal activities	Ownership	
			31 March 2015	31 December 2014
NWPC "MunaiTas" JSC (hereinafter "MunaiTas")	Kazakhstan	Oil transportation	51%	51%
"Kazakhstan-China Pipeline" LLP hereinafter ("KCP")	Kazakhstan	Oil transportation	50%	50%
"Batumi Terminals Limited" (hereinafter "BTL")	Cyprus	Forwarding, transshipment and storage of oil and oil products and operating of Batumi Sea Port and Oil Terminal	100%	100%

The Company and its subsidiary are hereinafter referred to as the "Group".

The Company's head office is located in Astana, Kazakhstan, at 19 Kabanbay Batyr Avenue. The Company has 4 branches, which are located in Atyrau (Western branch), Pavlodar (Eastern branch), Almaty (Research and Development Centre), Astana (Main Information and Computing Center), and representative offices in the Russian Federation (Moscow, Omsk and Samara).

The Group operates network of main oil pipelines of 5,700 km and water pipelines of 1,975 km. Also the Group is engaged in storage, loading, transshipment and transfer of crude oil to other related pipeline systems. Group's joint ventures MunaiTas and KCP own Kenkiyak-Atyrau, Kenkiyak-Kumkol, and Atasu-Alashankou pipelines used for transportation of Kazakhstani crude oil to China. Group's subsidiary BTL owns Batumi Oil Terminal (hereinafter - "BOT") and has controlling interest of Batumi Sea Port (hereinafter - "BSP"), main activity of which is storage and transshipment of oil and dry cargoes.

The Company is a natural monopolist and, respectively, is subject to regulation of the Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter - "CRNMandPC"). CRNMandPC (before - "Agency of the Republic of Kazakhstan on Regulation of Natural Monopolies") is responsible for approving the methodology for calculating the tariff and tariff rates, which serves as a base for receiving major part of the Group's revenue in the Republic of Kazakhstan.

In general, tariff rates are based on the cost of capital return on operating assets. In accordance with the legislation in the Republic of Kazakhstan on regulation of natural monopolies, tariff rates cannot be lower than the cost of the expenditure required to provide services, and consider the possibility of making a profit, providing the effective functioning of a natural monopoly.

These interim condensed consolidated financial statements for the three months ended 31 March 2015 were approved for issue by the General Director and the Chief Accountant of the Company on 8 May 2015.

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

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES**Basis of preparation**

These interim condensed consolidated financial statements for the three months ended 31 March 2015 have been prepared in accordance with International Financial Reporting IAS 34 "Interim Financial Reporting".

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except for property, plant and equipment which are stated at revalued amounts and financial assets that have been measured at fair value.

Interim condensed consolidated financial statements do not include all information and disclosures required for annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

The interim condensed consolidated financial statements are presented in Tenge and all values are rounded to the nearest thousand, except for the book value of ordinary shares, earnings per share and when otherwise indicated. The Group's interim condensed consolidated financial statements are presented in Tenge. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Functional currency of the Company and the joint ventures MunaiTas and KCP is Tenge. Functional currency of BTL is US Dollar.

New standards, interpretations and amendments thereof, adopted by the Group

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 financial statements for the year ended 31 December 2014 except for the adoption of new standards and interpretations as at 1 January 2015.

Several new standards and amendments apply for the first time in 2015. However, they do not impact the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment are described below.

The Group first applies some new standards and amendments to existing standards and interpretations. These include:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual improvements 2010-2012 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

IFRS 2 Share-based Payment (Amendment)

This amendment is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- performance condition must contain a service condition;
- performance target must be met while the counterparty is rendering service;
- performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- performance condition may be a market or non-market condition;
- if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

IFRS 3 Business Combinations (Amendment)

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable).

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

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)**Annual improvements 2010-2012 Cycle (continued)***IFRS 8 Operating Segments (Amendment)*

The amendment is applied retrospectively and clarifies that:

- an entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar';
- the reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets (Amendment)

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

IAS 24 Related Party Disclosures (Amendment)

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and are not expected to have a material impact on the Group. They include:

IFRS 3 Business Combinations (Amendment)

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- joint arrangements, not just joint ventures, are outside the scope of IFRS 3;
- this scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

IFRS 13 Fair Value Measurement (Amendment)

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable).

IAS 40 Investment Property (Amendment)

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination.

Seasonality of operations

The Group's operating costs are subject to seasonal fluctuations, with higher expenses for materials and repair, maintenance and other services usually expected in the latter part of the year. These fluctuations are mainly due to the pipeline repairs that are performed mainly during the second half of the year. Purchase of inventory is mainly made in the first half of the year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

Foreign currency translation

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange (hereinafter "KASE") are used as official currency exchange rates in the Republic of Kazakhstan.

Weighted average currency exchange rates for the three months ended 31 March 2015 and 2014 were as follows:

<i>Tenge</i>	For the three months ended 31 March	
	2015	2014
US dollars	184.64	170.21
Russian rubles	2.93	4.85
Euro	208.32	233.27
Georgian lari	90.24	97.30

As at 31 March 2015 and 31 December 2014 the currency exchange rates of KASE were:

<i>Tenge</i>	31 March 2015	31 March 2014
US dollars	185.65	182.35
Russian rubles	3.21	3.17
Euro	201.63	221.97
Georgian lari	83.81	99.79

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 31 March 2015 were presented as follows:

<i>In thousands of Tenge</i>	Land	Pipelines	Transportation assets	Buildings and constructions	Machinery and equipment	Technological oil	Other	Construction in progress	Total
At revalued amount as at 31 December 2014 (audited)	12,483,895	147,474,455	9,979,926	78,466,503	114,120,834	69,568,777	14,949,765	28,895,431	475,939,586
Foreign currency translation	155,252	-	(237,265)	(603,294)	(304,957)	-	(15,002)	13,917	(991,349)
Additions	-	-	19,201	12,701	130,293	-	53,012	13,475,529	13,690,736
Disposals	-	-	(11,347)	(4,659)	(46,506)	(1,802)	(32,921)	(3,535)	(100,770)
Transfer to Intangible assets (Note 4)	-	-	-	-	-	-	-	(711)	(711)
Transfer from construction-in-progress	130	13,560	157,867	820,298	788,422	-	54,179	(1,834,456)	-
Transfers and reclassifications	-	1,670	410,937	(61,408)	156,103	-	94,401	(601,703)	-
At revalued amount as at 31 March 2015 (unaudited)	12,639,277	147,489,685	10,319,319	78,630,141	114,844,189	69,566,975	15,103,434	39,944,472	488,537,492
Accumulated depreciation and impairment as at 31 December 2014 (audited)	-	(14,327,030)	(3,092,269)	(16,566,241)	(21,244,909)	(330,205)	(4,658,747)	(329,524)	(60,548,925)
Foreign currency translation	-	-	32,696	(22,727)	(25,161)	-	2,466	-	(12,726)
Depreciation charge	-	(2,517,619)	(361,427)	(1,440,029)	(3,061,912)	-	(707,807)	-	(8,088,794)
Disposals	-	-	4,738	1,268	23,796	-	26,531	-	56,333
Recovery of property, plant and equipment cost	-	-	-	-	53,781	-	-	-	53,781
Transfers and reclassifications	-	-	-	3,849	(3,338)	-	(511)	-	-
Accumulated depreciation and impairment as at 31 March 2015 (unaudited)	-	(16,844,649)	(3,416,262)	(18,023,880)	(24,257,743)	(330,205)	(5,338,068)	(329,524)	(68,540,331)
As at 31 March 2015 (unaudited)									
At revalued amount	12,639,277	147,489,685	10,319,319	78,630,141	114,844,189	69,566,975	15,103,434	39,944,472	488,537,492
Accumulated depreciation and impairment	-	(16,844,649)	(3,416,262)	(18,023,880)	(24,257,743)	(330,205)	(5,338,068)	(329,524)	(68,540,331)
Net book value (unaudited)	12,639,277	130,645,036	6,903,057	60,606,261	90,586,446	69,236,770	9,765,366	39,614,948	419,997,161
As at 31 December 2014 (audited)									
At revalued amount	12,483,895	147,474,455	9,979,926	78,466,503	114,120,834	69,568,777	14,949,765	28,895,431	475,939,586
Accumulated depreciation and impairment	-	(14,327,030)	(3,092,269)	(16,566,241)	(21,244,909)	(330,205)	(4,658,747)	(329,524)	(60,548,925)
Net book value (audited)	12,483,895	133,147,425	6,887,657	61,900,262	92,875,925	69,238,572	10,291,018	28,565,907	415,390,661

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 March 2015 and 31 December 2014, construction in progress mainly includes the following production projects:

- main oil pipelines under construction (including: construction of main oil pipeline Kumkol-Karakoin, realized as a part of interstate “Kazakhstan-China” oil pipeline construction project);
- reconstruction of main oil pipelines “Kalamkas-Karazhanbas-Aktau” on the “Karazhanbas-Aktau” route;
- reconstruction of firefighting system, electricity supply systems and others.

As at 31 March 2015:

- the initial cost and correspondingly accumulated depreciation of fully depreciated but still in use property, plant and equipment were 3,048,655 thousand Tenge (31 December 2014: 3,208,581 thousand Tenge).
- the amount of depreciation for 3 months ended in 31 March 2015 included in the cost of construction in progress was 3,387 thousand Tenge (for 3 months ended in 31 March 2014: 2,931 thousand Tenge).
- the volume of oil in pipelines, included in property, plant and equipment, amounted 2,308 thousand tons (31 December 2014: 2,308 thousand tons).
- construction in progress included materials and spare parts in the amount of 3,148,099 thousand Tenge (as at 31 December 2014: 2,957,610 thousand Tenge), which were acquired for construction works.

As at 31 March 2015 certain items of property, plant and equipment of BOT with residual value of 50,000 thousand US Dollars (equivalent to 9,282,500 thousand Tenge) were pledged as guarantee in favor of TBC Bank, which acted as a guarantor to ensure obligations of Georgian Transit Ltd to Georgian railways according to transportation contracts. The maximum amount of the guarantee is equal to 8,000 thousand US Dollars (equivalent to 1,485,200 thousand Tenge).

4. INTANGIBLE ASSETS

Intangible assets as at 31 March 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	Licenses	Software	Right for land use	Other	Total
Net book value at 31 December 2014 (audited)	194,907	1,131,148	4,120,734	32,654	5,479,443
Additions	-	9,857	-	2,951	12,808
Amortization charge	(25,624)	(77,256)	(23,265)	(1,430)	(127,575)
Transfers from property, plant and equipment (Note 3)	-	711	-	-	711
Foreign currency translation	704	15	(609,302)	-	(608,583)
Net book value at 31 March 2015 (unaudited)	169,987	1,064,475	3,488,167	34,175	4,756,804
As at 31 March 2015 (unaudited)					
At cost	547,726	3,989,747	5,259,635	87,443	9,884,551
Accumulated amortization and impairment	(377,739)	(2,925,272)	(1,771,468)	(53,268)	(5,127,747)
Net book value (unaudited)	169,987	1,064,475	3,488,167	34,175	4,756,804
As at 31 December 2014 (audited)					
At cost	548,139	3,979,087	6,174,903	84,492	10,786,621
Accumulated amortization and impairment	(353,232)	(2,847,939)	(2,054,169)	(51,838)	(5,307,178)
Net book value (audited)	194,907	1,131,148	4,120,734	32,654	5,479,443

5. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures as at 31 March 2015 and 31 December 2014 are presented as follows:

<i>In thousands of Tenge</i>	KCP	MunaiTas	Total
As at 31 December 2014 (audited)	36,982,132	12,861,202	49,843,334
Share in profit of joint venture	507,791	555,732	1,063,523
Share in other comprehensive income of joint venture	233,298	-	233,298
Dividends	-	-	-
As at 31 March 2015 (unaudited)	37,723,221	13,416,934	51,140,155

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**
5. INVESTMENTS IN JOINT VENTURES (continued)

<i>In thousands of Tenge</i>	KCP			
	31 March 2015 (unaudited)		31 December 2014 (audited)	
	50%	100%	50%	100%
Assets and liabilities of joint ventures				
Current assets	7,242,306	14,484,612	10,238,917	20,477,834
Non-current assets	124,389,925	248,779,850	126,117,022	252,234,044
Current liabilities	(18,760,971)	(37,521,942)	(18,218,653)	(36,437,306)
Non-current liabilities	(75,148,039)	(150,296,078)	(81,155,154)	(162,310,308)
Net assets	37,723,221	75,446,442	36,982,132	73,964,264
<i>Additional information:</i>				
cash and cash equivalents	3,634,005	7,268,010	5,463,275	10,926,550
short-term financial liabilities	(14,202,078)	(28,404,156)	(14,414,211)	(28,828,422)
long-term financial liabilities	(63,868,302)	(127,736,604)	(69,906,297)	(139,812,594)

<i>In thousands of Tenge</i>	MunaiTas			
	31 March 2015 (unaudited)		31 December 2014 (audited)	
	51%	100%	51%	100%
Assets and liabilities of joint ventures				
Current assets	3,514,022	6,890,239	2,748,039	5,388,312
Non-current assets	13,580,448	26,628,329	13,841,592	27,140,376
Current liabilities	(661,761)	(1,297,570)	(675,831)	(1,325,158)
Non-current liabilities	(3,015,775)	(5,913,284)	(3,052,598)	(5,985,486)
Net assets	13,416,934	26,307,714	12,861,202	25,218,044
<i>Additional information:</i>				
cash and cash equivalents	1,919,657	3,764,033	1,742,127	3,415,935
short-term financial liabilities	-	-	-	-
long-term financial liabilities	-	-	-	-

<i>In thousands of Tenge</i>	KCP			
	For the three months ended 31 March (unaudited)			
	2015		2014	
	50%	100%	50%	100%
Information on profit or loss and other comprehensive income of joint ventures for the period				
Revenue	6,785,693	13,571,386	6,312,673	12,625,346
Income/(loss) from continuing operations for the period	507,791	1,015,583	(10,098,215)	(20,196,429)
(Loss)/income from discontinuing operations for the period	-	-	-	-
Other comprehensive income	233,298	466,598	48,558	97,116
Total comprehensive income/(loss)	741,089	1,482,181	(10,049,657)	(20,099,313)
Dividends	-	-	-	-
<i>Additional information:</i>				
Depreciation and amortization	(1,790,175)	(3,580,349)	(1,827,042)	(3,654,083)
Interest income	23,560	47,120	104,707	209,414
Interest expense	(882,870)	(1,765,740)	(998,383)	(1,996,765)
Income tax (expense)/benefit	(219,787)	(439,573)	2,428,611	4,857,222

Foreign exchange loss was recognized by KCP due to the translation of financial liabilities (loans) denominated in US dollars. Net loss of KCP from foreign currency translation related to loans for the three months ended 31 March 2015 and 2014 was equal to 2,981,259 thousand Tenge and 30,280,031 thousand Tenge, respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. INVESTMENTS IN JOINT VENTURES (continued)

<i>In thousands of Tenge</i>	MunaiTas			
	For the three months ended 31 March (unaudited)			
	2014		2015	
	51%	100%	51%	100%
Information on profit or loss and other comprehensive income of joint ventures for the period				
Revenue	1,228,917	2,409,641	596,420	1,169,450
Income from continuing operations for the period	555,732	1,089,671	33,882	66,345
(Loss)/income from discontinuing operations for the period	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	555,732	1,089,671	33,882	66,345
Dividends	-	-	-	-
<i>Additional information:</i>				
Depreciation and amortization	(261,143)	(512,046)	(269,250)	(527,942)
Interest income	16,182	31,730	1,871	3,669
Interest expense	(9,947)	(19,503)	(9,473)	(18,574)
Income tax expense	(141,941)	(278,315)	(9,283)	(18,201)

6. ADVANCES TO SUPPLIERS FOR PROPERTY, PLANT AND EQUIPMENT

Advances to suppliers for property, plant and equipment as at 31 March 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Advances to third parties for property, plant and equipment	9,504,627	11,406,977
Less: allowance for doubtful debts	(99,344)	(99,526)
	9,405,283	11,307,451

Movement in allowance for doubtful debts related to the advances given to suppliers for property, plant and equipment was as follows:

<i>In thousands of Tenge</i>	2015	2014
As at 1 January (audited)	99,526	99,330
(Reversal)/charge for the period	(182)	15
As at 31 March (unaudited)	99,344	99,345

7. INVENTORIES

Inventories as at 31 March 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Spare parts	1,860,246	1,461,052
Fuel	859,557	763,929
Construction materials	238,013	157,584
Chemical reagents	204,329	35,575
Overalls	78,078	78,892
Goods	72,133	93,138
Other	518,859	488,241
	3,831,215	3,078,411
Less: provision for slow-moving and obsolete inventory	(34,045)	(33,853)
Total	3,797,170	3,044,558

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. INVENTORIES (continued)

Movements in the provision for slow-moving and obsolete inventory were as follows:

<i>In thousands of Tenge</i>	2015	2014
As at 1 January (audited)	33,853	48,213
Charge for the period (Note 23)	-	50
Write-off of inventories	-	(2,894)
Currency translation difference	192	2,415
As at 31 March (unaudited)	34,045	47,785

8. TRADE AND OTHER ACCOUNTS RECEIVABLE

Trade and other accounts receivable of the Group as at 31 March 2015 and 31 December 2014 were denominated in the following currencies:

<i>In thousands of Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Trade accounts receivable from related parties (Note 30)	2,748,992	1,941,312
Trade accounts receivable from third parties	1,991,475	2,139,755
Other accounts receivable from third parties	857,591	2,273,771
Other accounts receivable from related parties (Note 30)	89,656	102,156
	5,687,714	6,456,994
Less: allowance for doubtful debts	(695,401)	(653,120)
	4,992,313	5,803,874

Other receivables mainly represent issued fees for undelivered and unreported crude oil volumes under oil transportation contracts on “ship or pay” terms.

Movement in allowance for doubtful accounts related to trade and other receivables was as follows:

<i>In thousands of Tenge</i>	2015	2014
As at 1 January (audited)	653,120	633,072
Charge/(reversal) for the period	43,622	(1,517)
Currency translation	(1,341)	398
As at 31 March (unaudited)	695,401	631,953

Trade and other accounts receivable are denominated as follows:

<i>In thousands of Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Tenge	4,018,043	5,131,578
US Dollars	827,442	534,468
Russian Ruble	1,278	1,248
Other currency	145,550	136,580
Total	4,992,313	5,803,874

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. ADVANCES TO SUPPLIERS

Advances to suppliers as at 31 March 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Advances to related parties (Note 30)	1,425,352	447,876
Advances to third parties	619,779	665,132
	2,045,131	1,113,008
Less: allowance for doubtful debts	(984)	(1,073)
	2,044,147	1,111,935

Movement in allowance for doubtful debts related to advances given to suppliers was as follows:

<i>In thousands of Tenge</i>	2015	2014
As at 1 January (audited)	1,073	1,982
Reverse of provision for the period	(89)	(934)
As at 31 March (unaudited)	984	1,048

10. VAT RECOVERABLE AND OTHER PREPAID TAXES

VAT recoverable and other prepaid taxes as at 31 March 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
VAT recoverable	5,326,334	6,016,776
Other taxes prepaid	386,250	179,293
	5,712,584	6,196,069

11. OTHER CURRENT ASSETS

Other current assets as at 31 March 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Due for oil transportation coordination services	1,856,524	3,245,840
Prepaid insurance	576,198	42,498
Due from employees	74,710	43,707
Deferred expenses from third parties	21,813	26,028
Deferred expenses from related parties (Note 30)	526	-
Other	88,449	24,802
	2,618,220	3,382,875
Less: allowance	(2,686)	(2,616)
	2,615,534	3,380,259

12. BANK DEPOSITS

Bank deposits as at 31 March 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Short-term bank deposits	49,382,900	31,984,737
Long-term bank deposits	3,620,568	3,729,880
Accrued interest on deposits	296,141	127,505
	53,299,609	35,842,122

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. BANK DEPOSITS (continued)

As at 31 March 2015 bank deposits comprised of the following:

- US Dollar denominated bank deposits placed with Kazakhstani banks with maturity from 3 to 12 months, with interest from 0.6% to 4.5% per annum (as at 31 December 2014: from 0.6% to 3.5% per annum), maturing in March 2016 (as at 31 December 2014: maturing in December 2015);
- restricted long-term bank deposits with interest from 2% to 3.5% per annum maturing in 2029 (as at 31 December 2014: from 2% to 3.5% per annum maturing in 2029), which is the guarantee of mortgages issued by Halyk Bank Kazakhstan JSC to the employees of the Company.

13. CASH AND CASH EQUIVALENTS

Bank deposits as at 31 March 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Time deposits with banks – Tenge	27,604,637	19,311,501
Current accounts with banks – US Dollars	5,465,587	2,421,688
Current accounts with banks – Tenge	2,069,621	471,928
Time deposits with banks – US Dollars	1,857,738	19,451,877
Current accounts with banks – Euro	197,532	187,273
Current accounts with banks – Lari	158,545	316,560
Current accounts with banks – Russian Ruble	7,891	347
Other current accounts with banks	14,024	11,724
Cash on hand	2,970	1,822
	37,378,545	42,174,720

As at 31 March 2015 most current accounts and time deposits with maturity less than 3 months placed with Kazakhstani banks carried interest ranging from 0.5% to 15% per annum (as at 31 December 2014: from 0.3% to 17% per annum).

14. EQUITY

Share capital

As at 31 March 2015 and 31 December 2014 the Company's share capital was comprised of 384,635,600 common shares authorized, issued and fully paid in the amount of 62,503,284 thousand Tenge, except for 1 share which was authorized but not issued and not paid.

As at 31 March 2015 and 31 December 2014 the share capital was equal to 61,937,567 thousand Tenge, net of consulting costs related to the issuance of shares in the amount of 565,717 thousand Tenge.

Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period.

As the Parent of the Group does not issue convertible financial instruments, basic earnings per share of the Group is equal to diluted earnings per share.

The following reflects the net profit and share data used in the basic earnings per share computations:

<i>In thousands Tenge</i>	For three months ended 31 March (unaudited)	
	2015	2014
Net profit for the period attributable to ordinary equity holders for basic earnings	20,561,298	5,076,777
Weighted average number of ordinary shares for the period for basic earnings per share	384,635,599	384,635,599
Basic earnings per share, in relation to profit for the period attributable to ordinary equity holders of the Company (in Tenge)	53	13

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. EQUITY (continued)

Book value per ordinary share

Book value of the ordinary shares in accordance with requirements of KASE of the Parent of the Group is as follows:

<i>In thousands Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Total assets	600,274,597	585,407,217
Less: intangible assets (<i>Note4</i>)	(4,756,804)	(5,479,443)
Less: total liabilities	(123,544,990)	(127,762,896)
Net assets for calculation of book value per ordinary share	471,972,803	452,164,878
Number of ordinary shares	384,635,599	384,635,599
Book value per ordinary share (<i>in Tenge</i>)	1,227	1,176

Asset revaluation reserve

Revaluation reserve was formed based on a revaluation and impairment of property, plant and equipment of the Group and share in the asset revaluation reserve of the joint ventures.

<i>In thousands Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Asset revaluation reserve of the Group	111,028,023	113,678,936
Share in the asset revaluation reserve of the joint ventures	24,364,094	24,558,743
Total	135,392,117	138,237,679

Foreign currency translation reserve

As at 31 March 2015 foreign currency translation reserve was equal to 13,157,138 thousand Tenge (as at 31 December 2014: 14,860,910 thousand Tenge). Change in foreign currency translation reserve is due to the translation of the operations of the foreign subsidiary.

Other capital reserves

As at 31 March 2015 and 31 December 2014 other capital reserves amounted 1,810,575 thousand. Other capital reserves mainly represent accrual of income (loss) from actuarial re-measurement of defined benefit plans.

15. EMPLOYEE BENEFIT LIABILITY

The Company has employee benefit liabilities, mainly consisting of additional payments to pensions and jubilee payments, applicable to all employees. These payments are unsecured.

Employee benefit liabilities as at 31 March 2015 and 31 December 2014 were presented as follows:

<i>In thousands Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Current portion of employee benefit liabilities	475,000	408,757
Non-current portion of employee benefit liabilities	11,365,054	11,204,603
Total	11,840,054	11,613,360

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. EMPLOYEE BENEFIT LIABILITY (continued)

Changes in the present value of employee benefit liabilities for the three months ended 31 March 2015 and 31 December 2014 were as follows:

<i>In thousands Tenge</i>	For three months ended 31 March	
	2015	2014
Employee benefit liabilities at the beginning of the period	11,613,360	9,655,180
Unwinding of discount (Note 27)	144,829	104,250
Current services cost (Note 22, 23)	200,617	123,750
Actuarial losses	-	963,600
Benefits paid	(118,752)	(100,104)
Employee benefit liabilities at the end of the period (unaudited)	11,840,054	10,746,676

16. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable as at 31 March 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Accounts payable to third parties for goods and services	14,616,489	14,907,024
Accounts payable to related parties for goods and services (Note 30)	544,668	672,991
Other payables to third parties	105,448	193,726
Other payables to related parties (Note 30)	672	-
	15,267,277	15,773,741

Trade and other accounts payables included payables to related and third parties, related to the construction-in-progress in the amount of 12,406,919 thousand Tenge (as at 31 December 2014: 9,580,016 thousand Tenge).

Trade and other accounts payable as at 31 March 2015 and 31 December 2014 were denominated in the following currencies:

<i>In thousands of Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Tenge	14,845,564	15,258,129
US Dollars	59,037	105,615
Euro	22,016	12,455
Russian Roubles	550	6,219
Other currency	340,110	391,323
	15,267,277	15,773,741

17. ADVANCES RECEIVED

Advances received as at 31 March 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Advances received from related parties (Note 30)	10,635,632	10,615,166
Advances received from third parties	6,071,561	6,131,270
	16,707,193	16,746,436

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. OTHER TAXES PAYABLE

Other taxes payable as at 31 March 2015 and 31 December 2014 was presented as follows:

<i>In thousands of Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Personal income tax	1,323,479	1,531,057
Withholding tax at the source of payment to non-residents	521,677	609,231
Social tax	345,502	504,779
Property tax	319,576	351,287
VAT payable	1,279	12,823
Other taxes	200,346	217,751
	2,711,859	3,226,928

19. PROVISIONS

Movements in provisions for the three months ended 31 March 2015 and 2014 was presented as follows:

Short-term provisions

<i>In thousands of Tenge</i>	Tax provisions (BTL)	Environmental provisions (Company)	Others (Company)	Total
As at 31 December 2014 (audited)	221,373	41,125	53,567	316,065
Charged for the period		11,473	-	11,473
Foreign currency translation	4,006	-	-	4,006
As at 31 March 2015 (unaudited)	225,379	52,598	53,567	331,544
As at 31 December 2013 (audited)	186,483	41,642	-	228,125
Foreign currency translation	34,514	-	-	34,514
As at 31 March 2014 (unaudited)	220,997	41,642	-	262,639

Long-term provisions

<i>In thousands of Tenge</i>	2015	2014
As at 1 January (audited)	20,631,009	16,677,538
Unwinding of discount on asset retirement and land reclamation obligation (Note 27)	318,951	250,684
As at 31 March (unaudited)	20,949,960	16,928,222

Asset retirement and land reclamation obligation

According to the Law of the Republic of Kazakhstan "About the main pipeline", which came into force on 4 July 2012 the Group has a legal obligation to decommission the main pipeline (oil pipeline) after the operation and subsequent activities to restore the environment, including land reclamation.

Additionally provision on liquidation of the waste landfills is reflected as part of the asset retirement and land reclamation obligation. Provision was created based on the requirements of the Ecological Code of the Republic of Kazakhstan, according to which owner of the waste landfill must create liquidation fund for subsequent activities for land remediation and monitoring the impact on the environment after the landfill closure. Ecological Code of the Republic of Kazakhstan also prohibits usage of landfill without liquidation fund created.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. OTHER CURRENT LIABILITIES

Other current liabilities as at 31 March 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Salaries and wages	4,194,711	5,738,615
Accounts payable for oil transportation coordination services for related parties (<i>Note 30</i>)	2,887,067	2,871,849
Accounts payable for oil transportation coordination services for third parties	1,474,971	2,464,587
Payable to pension fund	418,082	659,667
Current portion of deferred income from third parties	391,350	732,135
Current portion of deferred income from related parties (<i>Note 30</i>)	182,213	260,305
Other accruals	69,996	227,093
	9,618,390	12,954,251

Salaries and wages comprise of current salary payable, remunerations based on the year results and vacation payments payable.

21. REVENUE

Revenue for the three months ended 31 March 2015 and 2014 was presented as follows:

<i>In thousands of Tenge</i>	For three months ended 31 March (unaudited)	
	2015	2014
Crude oil transportation	44,209,248	37,506,918
Oil reloading and railway shipment	4,095,500	3,361,648
Pipeline operation services	2,217,438	1,944,229
Water transportation	1,557,686	1,641,733
Oil transportation coordination services and seaport	944,075	732,387
Fees for undelivered oil volumes	277,037	-
Oil storage services	15,856	46,314
Other	251,500	151,643
	53,568,340	45,384,872

During the three months ended 31 March 2015 the revenue from sales to three major customers amounted to 12,148,454 thousand Tenge, 6,127,718 thousand Tenge and 4,171,365 thousand Tenge, respectively (For three months ended March 31, 2014: 9,963,601 thousand Tenge, 5,000,598 thousand Tenge and 3,606,532 thousand Tenge, respectively).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. COST OF SALES

Cost of sales for the three months ended 31 March 2015 and 2014 was presented as follows:

<i>In thousands of Tenge</i>	For three months ended 31 March (unaudited)	
	2015	2014
Personnel cost	9,298,277	7,865,165
Depreciation and amortization	8,008,637	8,189,995
Railway services	2,708,853	2,063,485
Electric energy	1,806,156	1,597,691
Taxes other than corporate income tax	1,375,311	1,196,268
Materials and fuel	1,019,627	849,651
Security services	974,265	879,204
Gas expense	842,843	835,934
Repair and maintenance costs	755,957	363,173
Air services	403,681	336,418
Post-employment benefits	188,743	115,839
Business trip expenses	165,957	163,683
Insurance	110,123	96,488
Communication services	67,003	55,139
Rent expenses	64,733	34,155
Environmental protection	49,632	36,444
Diagnostics of pipelines	–	49,676
Other	355,161	337,983
	28,194,959	25,066,391

Increase in personnel costs is due to the indexation of salaries of production staff made from 1 April 2014 and 1 January 2015.

23. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three months ended 31 March 2015 and 2014 were presented as follows:

<i>In thousands of Tenge</i>	For three months ended 31 March (unaudited)	
	2015	2014
Personnel cost	1,553,685	1,364,517
Depreciation and amortization	204,345	194,950
Office maintenance	100,384	94,865
Consulting	100,293	37,997
Expenses on VAT	80,538	133,798
Taxes other than corporate income tax	65,025	66,347
Business trip expenses	51,774	50,811
Net charge/(reversal) of allowance for doubtful debts	43,421	(2,436)
Repair and technical maintenance	40,354	20,317
Bank costs	33,329	35,503
Social sphere expenses	29,000	20,960
Communication services	26,839	27,072
Insurance and security	28,171	24,332
Post-employment benefits	11,874	7,911
Materials and fuel	9,841	9,872
Training	9,544	9,815
Charity expenses	4,985	7,149
Other	88,359	148,382
	2,481,761	2,252,162

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. OTHER OPERATING INCOME

Other operating income for the three months ended 31 March 2015 and 2014 was presented as follows:

<i>In thousands of Tenge</i>	For three months ended 31 March (unaudited)	
	2015	2014
Income from fines and penalties	119,281	126,481
Amortization of deferred income (Note 30)	78,091	78,091
Recovery of property, plant and equipment cost	53,781	2,947
Income from write-off of payables	16,839	29,141
Gain on disposal of inventory	16,346	24,671
Fee from management services	14,694	–
Gain on disposal of other assets	–	2,308
Other income	34,179	18,244
	333,211	281,883

25. OTHER OPERATING EXPENSES

Other operating expenses for the three months ended 31 March 2015 and 2014 were presented as follows:

<i>In thousands of Tenge</i>	For three months ended 31 March (unaudited)	
	2015	2014
Net loss on disposal of property, plant and equipment and intangible assets	27,703	14,818
Loss on disposal of inventory	5,098	1,919
Loss from disposal of other assets	1,261	–
Other expenses	6,308	32,453
	40,370	49,190

26. FINANCE INCOME

Finance income for the three months ended 31 March 2015 and 2014 was presented as follows:

<i>In thousands of Tenge</i>	For three months ended 31 March (unaudited)	
	2015	2014
Interest income on bank deposits	832,918	1,332,561
Employees loans: unwinding of discount	5,354	3,636
Other finance income from third parties	4,801	5,106
	843,073	1,341,303

27. FINANCE COSTS

Finance costs for the three months ended 31 March 2015 and 2014 were presented as follows:

<i>In thousands of Tenge</i>	For three months ended 31 March (unaudited)	
	2015	2014
Unwinding of discount on asset retirement and land reclamation obligation (Note 19)	318,951	250,684
Employee benefits: unwinding of discount (Note 15)	144,829	104,250
	463,780	354,934

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. INCOME TAX EXPENSE

Income tax expenses for the three months ended 31 March 2015 and 2014 were presented as follows:

<i>In thousands of Tenge</i>	For three months ended 31 March (unaudited)	
	2015	2014
Current income tax expense	5,296,173	4,023,518
Deferred income tax expense	(132,109)	(83,428)
Income tax expense	5,164,064	3,940,090

Movement in deferred tax liabilities for the three months ended 31 March 2015 and 2014 was presented as follows:

<i>In thousands of Tenge</i>	2015	2014
As at January 1 (audited)	41,167,915	43,537,849
Charged to profit and loss	(132,109)	(83,428)
Charged to other comprehensive income	-	(192,834)
Foreign currency translation	(166,718)	582,155
As at 31 March (unaudited)	40,869,088	43,843,742

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

For management purposes, the Group is organised into business units based on its services and has three reportable segments, as follows:

- Oil transportation and related services;
- Oil transshipment;
- Other segments.

Segments that are identified, but do not separately exceed quantitative limits (amount of separate segment revenue composes less than 10% of combined revenue) are combined in "Other segments". Such services include transshipment of dry cargo (sugar-airbrick, ammonium nitrate, cement, grain, sunflower and oil cake) in BSP with operation of dry-cargo, ferry and container terminal, and also passenger terminal services.

Oil transportation and related services provided by the Company, which do not exceed quantitative limits and are intimately connected with the Group's main operating activities, or with main asset of the Group – pipelines, such as: water transportation, oil storage, expedition services, services on support and maintenance of pipelines, are included into service related to oil transportation. Separate management report is not provided to the Management of the Group on some types of these services and accordingly they cannot be identified as separate segments.

Services on transshipment of oil and oil-products through BSP with operation of BOT are included in "Oil transshipment" segment. Revenue from oil terminal is generated through storage, transshipment of oil and oil-products and expedition. Expedition services represent transshipment of oil and oil-products services through railway from Azerbaijanian-Georgian border to terminal in Batumi. This type of activity is directly related to oil transshipment, and therefore is not shown as a separate segment. Management analyses its operating segments by segment profit.

<i>In thousands Tenge</i>	For the three months ended 31 March 2015 (unaudited)				For the three months ended 31 March 2014 (audited)			
	Oil Transportation and related services (Kazakhstan)	Oil transshipment (Georgia)	Other	Total segments	Oil Transportation and related services (Kazakhstan)	Oil transshipment (Georgia)	Other	Total segments
Revenue								
External customers	48,489,817	4,217,547	860,976	53,568,340	41,352,427	3,361,648	670,797	45,384,872
Total revenue	48,489,817	4,217,547	860,976	53,568,340	41,352,427	3,361,648	670,797	45,384,872
Financial results								
Reversal of impairment of property, plant and equipment through profit and loss	53,781	–	–	53,781	2,947	–	–	2,947
Depreciation and amortization	(7,813,974)	(261,081)	(137,927)	(8,212,982)	(7,631,766)	(571,225)	(181,954)	(8,384,945)
Interest income	825,532	5,355	6,832	837,719	1,330,178	4,425	3,064	1,337,667
Share in income/(loss) of joint ventures	1,063,523	–	–	1,063,523	(10,064,333)	–	–	(10,064,333)
Income tax expense	(4,803,831)	(316,473)	(43,760)	(5,164,064)	(4,163,746)	(26,723)	250,379	(3,940,090)
Segment profit for the period	20,153,059	295,609	112,630	20,561,298	5,037,630	(92,425)	131,572	5,076,777
Other disclosures								
Capital expenditures	13,400,097	116,139	50,591	13,566,827	3,976,130	141,785	113,190	4,231,105
	As at 31 March 2015 (unaudited)				As at 31 December 2014 (audited)			
Total assets	561,598,688	26,005,109	12,670,800	600,274,597	544,843,461	25,391,508	15,172,248	585,407,217
Total liabilities	114,949,209	2,912,477	5,683,304	123,544,990	118,386,824	3,515,708	5,860,364	127,762,896
Other disclosures								
Investments in joint ventures (Note 5)	51,140,155	–	–	51,140,155	49,843,334	–	–	49,843,334

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. SEGMENT INFORMATION (continued)

<i>In thousands of Tenge</i>	For three months ended 31 March (unaudited)	
	2015	2014
Reconciliation of profit		
Segment profit	19,582,601	15,179,098
Adjustments and eliminations	(84,826)	(37,988)
Recognition of share in income/(loss) of joint ventures	1,063,523	(10,064,333)
Group profit	20,561,298	5,076,777

<i>In thousands of Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Reconciliation of assets		
Segment operating assets	584,748,158	571,177,599
Adjustments and eliminations	15,526,439	14,229,618
Total assets	600,274,597	585,407,217

<i>In thousands of Tenge</i>	31 March 2015 (unaudited)	31 December 2014 (audited)
Reconciliation of liabilities		
Segment operating liabilities	123,657,960	127,951,554
Adjustments and eliminations	(112,970)	(188,658)
Total liabilities	123,544,990	127,762,896

30. RELATED PARTY TRANSACTIONS

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form,

Related party transactions were made on terms agreed to 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,

The following tables provide the total amount of transactions, which have been entered into with related parties during three months ended 31 March 2015 and 31 March 2014 and the related balances as at 31 March 2014 and 31 December 2014:

Carrying amount of transactions with related parties

Trade and other accounts receivables from related parties were presented as follows:

<i>In thousands Tenge</i>	Notes	31 March 2015 (unaudited)	31 December 2014 (audited)
Trade and other accounts receivable from related parties			
Trade accounts receivable from joint ventures		1,952,267	1,261,676
Trade accounts receivable from entities under common control of KMG		796,419	679,430
Trade accounts receivable from entities under common control of Samruk-Kazyna Group		306	206
	8	2,748,992	1,941,312
Other accounts receivables from entities under common control of KMG and Samruk-Kazyna Group	8	89,656	102,156
Total		2,838,648	2,043,468

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**
30. RELATED PARTY TRANSACTIONS (continued)
Carrying amount of transactions with related parties (continued)

Advances provided to related parties were presented as follows:

<i>In thousands Tenge</i>	Notes	31 March 2015 (unaudited)	31 December 2014 (audited)
Advances paid to related parties			
Advances paid to entities under common control of KMG		996,406	361,049
Advances paid to entities under common control of Samruk-Kazyna Group		428,946	86,746
Advances paid to joint ventures		-	81
Total	9	1,425,352	447,876

Prepaid expenses on transactions with related parties were presented as follows:

<i>In thousands of Tenge</i>	Notes	31 March 2015 (unaudited)	31 December 2014 (audited)
Prepaid expenses on transactions with related parties			
Prepaid expenses on transactions with related parties		526	-
Total	11	526	-

Trade and other accounts payable to related parties were presented as follows:

<i>In thousands Tenge</i>	Notes	31 March 2015 (unaudited)	31 December 2014 (audited)
Accounts payables to related parties for goods and services			
Accounts payables to entities under common control of KMG		345,705	629,359
Accounts payables to entities under common control of Samruk-Kazyna Group		198,963	43,632
Total accounts payable to related parties for goods and services	16	544,668	672,991
Other payables to related parties			
Other payables to entities under common control of Samruk-Kazyna Group		672	-
Total other accounts payable to related parties		672	-
Total	16	545,340	672,991

Advances received from related parties were presented as follows:

<i>In thousands Tenge</i>	Notes	31 March 2015 (unaudited)	31 December 2014 (audited)
Advances received from related parties			
Advances from entities under common control of KMG		9,019,893	9,087,230
Advances from entities under common control of Samruk-Kazyna Group		1,615,739	1,527,936
Total	17	10,635,632	10,615,166

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. RELATED PARTY TRANSACTIONS (continued)

Other current liabilities to related parties were presented as follows:

<i>In thousands Tenge</i>	Notes	31 March 2015 (unaudited)	31 December 2014 (audited)
Accounts payable for oil transportation expedition to related parties			
Accounts payable for oil transportation expedition to entities under common control of KMG		2,887,067	2,871,849
	20	2,887,067	2,871,849
Employee benefits of key management personnel			
Employee benefits of key management personnel		5,644	6,155
		5,644	6,155
Current portion of deferred income from related parties			
Current portion of deferred income from entities under common control of KMG		182,213	260,305
	20	182,213	260,305
Total other current liabilities to related parties		3,074,924	3,138,309

Transactions with related parties

The following tables provide the total amount of transactions, which have been entered into with related parties during the three months ended 31 March 2015 and 2014:

<i>In thousands Tenge</i>	For the three months ended 31 March (unaudited)	
	2015	2014
Sales to related parties		
Revenue from main activities with entities under common control of KMG	27,901,918	23,409,247
Revenue from main activities with joint ventures	1,902,814	1,677,928
Revenue from main activities with entities under common control of Samruk-Kazyna Group	1,399,886	2,114,664
Revenue from other activities with entities under common control of KMG	71,099	11,973
Total	31,275,717	27,213,812

Revenue from main activities with entities under common control of KMG is related to the services of oil and water transportation.

<i>In thousands Tenge</i>	For the three months ended 31 March (unaudited)	
	2015	2014
Purchases from related parties		
Purchases of services from entities under common control of KMG	2,583,961	2,149,579
Purchases of services from entities under common control of Samruk-Kazyna Group	680,333	329,833
Purchases of inventory from entities under common control of KMG	816,587	2,043
Purchases of intangible assets from entities under common control of Samruk-Kazyna Group	-	111,221
Total	4,080,881	2,592,676

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. RELATED PARTY TRANSACTIONS (continued)

Other operating income of the Group from transactions with related parties is as follows:

<i>In thousands Tenge</i>	Note	For the three months ended 31 March (unaudited)	
		2015	2014
Other operating income from related parties			
Amortization of deferred income from related parties	24	78,091	78,091
Total		78,091	78,091

The total remuneration of members of the key management personnel comprised:

<i>In thousands Tenge</i>	For the three months ended 31 March (unaudited)	
	2015	2014
Salary	29,745	32,748
Other short-term benefits	6,892	7,557
Post-employment benefits	-	328
Total	36,637	40,633
Number of persons	8	7

31. CONTINGENT LIABILITIES AND COMMITMENTS

Information on contingent liabilities and commitments of the Group is disclosed in the consolidated financial statements for the year ended 31 December 2014. During three months ended 31 March 2015 there were no significant changes, except for the following:

Contractual commitments

As at 31 March 2015, the Group had contractual obligations to acquire property, plant and equipment, and construction services for the amount of 85,400,453 thousand Tenge (31 December 2014: 29,256,791 thousand Tenge).

Share of the Group as at 31 March 2015 in contractual obligations of joint ventures to acquire property, plant and equipment, and construction services for the amount of 138,918 thousand Tenge (31 December 2014: 159,201 thousand Tenge).

Legal proceedings

Legal proceedings with business counterparties of BOT

During the first quarter of 2015 the companies of the Group have been involved in a number of disputes in Georgia. The total amount of claims against the Group is equal to 62 million US dollars (equal to 11,510,300 thousand Tenge). The Management of the Group believes that an agreement will be reached at mutually beneficial terms without any loss to the Group and, accordingly, as at 31 March 2015 no provision for probable losses was recognized.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has trade receivables and cash and cash equivalents that arrive directly from its operations.

Fair value of financial instruments

The carrying amount of cash, bank deposits, trade and other accounts receivable, trade and other accounts payable and other current liabilities approximates their fair value due to the short-term maturity of these financial instruments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

33. EVENTS AFTER THE REPORTING PERIOD

As at 15 April 2015 the Board of Directors made a decision to recommend approval of the dividends payment in the amount of 46,429,363 thousand Tenge (120.71 Tenge per 1 share) based on the results of the 2014 year.