

KazTransOil JSC

Interim condensed
separate financial statements

For the six months ended 30 June 2015

CONTENTS

Report on review of interim condensed separate financial statements

Interim condensed separate financial statements

Interim separate statement of financial position	1-2
Interim separate statement of comprehensive income	3
Interim separate statement of cash flows	4-5
Interim separate statement of changes in equity	6
Notes to the interim condensed separate financial statements	7-23



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Report on review of interim condensed separate financial statements

To the Shareholders of KazTransOil JSC

Introduction

We have reviewed the accompanying interim condensed separate financial statements of KazTransOil JSC (hereinafter "the Company"), comprising the interim separate statement of financial position as at 30 June 2015 and the related interim separate statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed separate financial statements in accordance with International Financial Reporting Standard 34 *Interim Financial Reporting* (IAS 34). Our responsibility is to express a conclusion on these interim condensed separate 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 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, 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.

Conclusion

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

Ernst & Young LLP



Alexandr Nazarkulov
Auditor

Auditor qualification certificate
No. MF-0000059 dated 6 January 2012

4 August 2015




Evgeny Zhemaletdinov
General Director
Ernst and 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

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION


<i>In thousands of Tenge</i>	Notes	As at 30 June 2015 (unaudited)	As at 31 December 2014 (audited)
Assets			
Non-current assets			
Property, plant and equipment	3	402,224,495	387,584,884
Intangible assets	4	1,244,759	1,307,502
Investments in subsidiaries	5	28,208,864	28,208,864
Investments in joint ventures	6	7,404,945	7,404,945
Advances to suppliers for property, plant and equipment	7	11,622,484	10,714,631
Bank deposits	13	3,600,634	3,729,880
Other non-current assets		8,922	10,341
		454,315,103	438,961,047
Current assets			
Inventories	8	4,623,153	2,316,435
Trade and other accounts receivable	9	6,049,454	5,132,826
Advances to suppliers	10	1,735,984	674,842
Prepayment for corporate income tax		-	5,814,078
VAT recoverable and other prepaid taxes	11	2,064,369	3,057,461
Other current assets	12	3,233,568	3,295,466
Bank deposits	13	16,029,668	32,111,695
Cash and cash equivalents	14	24,539,898	39,248,732
		58,276,094	91,651,535
Assets classified as held for sale		21,974	1,261
		58,298,068	91,652,796
Total assets		512,613,171	530,613,843

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of Tenge</i>	Notes	As at 30 June 2015 (unaudited)	As at 31 December 2014 (audited)
Equity and liabilities			
Equity			
Share capital	15	61,937,567	61,937,567
Asset revaluation reserve		105,043,334	108,539,359
Other reserves		(1,810,510)	(1,810,510)
Retained earnings		242,121,290	244,927,026
Total equity		407,291,681	413,593,442
Non-current liabilities			
Employee benefits liability	16	11,636,786	11,204,603
Deferred tax liabilities	29	39,039,966	39,801,492
Provision on asset retirement obligation and land reclamation obligation	20	19,494,626	20,631,009
		70,171,378	71,637,104
Current liabilities			
Employee benefits liability	16	445,000	408,757
Corporate income tax payable		234,405	-
Trade and other accounts payable	17	9,261,694	15,293,796
Advances received	18	15,992,368	16,651,614
Other taxes payable	19	493,616	886,648
Provisions	20	106,405	94,692
Other current liabilities	21	8,616,624	12,047,790
		35,150,112	45,383,297
Total liabilities		105,321,490	117,020,401
Total equity and liabilities		512,613,171	530,613,843
Book value of ordinary shares (in Tenge)	15	1,056	1,072


Signed and approved for issue on 4 August 2015.

Acting General Director



Nussupova A.B.

Chief Accountant



Sarmagambetova M.K.

The accounting policy and explanatory notes on pages 7 through 23 form an integral part of these interim condensed separate financial statements.

INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of Tenge</i>	Notes	For the six months ended 30 June (unaudited)	
		2015	2014
Revenue	22	97,354,184	91,292,939
Cost of sales	23	(48,947,676)	(44,620,472)
Gross profit		48,406,508	46,672,467
General and administrative expenses	24	(4,506,244)	(3,920,045)
Other operating income	25	1,137,842	454,696
Other operating expenses	26	(1,140,595)	(67,801)
Loss from impairment of property, plant and equipment	3	(148,331)	(71,008)
Operating profit		43,749,180	43,068,309
Net foreign exchange gain/(loss)		925,573	(53,007)
Dividends income		2,759,120	717,897
Finance income	27	1,627,236	3,045,876
Finance costs	28	(922,902)	(709,866)
Profit before tax		48,138,207	46,069,209
Income tax expense	29	(9,612,847)	(9,313,878)
Profit for the period		38,525,360	36,755,331
Earnings per share (in Tenge)	15	100	96
Other comprehensive (loss)/income			
<i>Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent events</i>			
Impairment of property, plant and equipment, net	3	(66,043)	(26,984)
Income tax effect	29	13,209	5,397
		(52,834)	(21,587)
Actuarial loss from employee benefit	16	-	(963,600)
Income tax effect	29	-	192,719
		-	(770,881)
Provision on asset retirement obligation and land reclamation	20	2,068,844	-
Income tax effect	29	(413,768)	-
		1,655,076	-
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods, net of tax		1,602,242	(792,468)
Total other comprehensive (loss)/income for the period, net of tax		1,602,242	(792,468)
Total comprehensive income for the period, net of tax		40,127,602	35,962,863

Signed and approved for issue on 4 August 2015.

Acting General Director



Nussupova A.B.

Chief Accountant

Sarmagambetova M.K.

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INTERIM SEPARATE STATEMENT OF CASH FLOWS

<i>In thousands of Tenge</i>	Notes	For the six months ended 30 June (unaudited)	
		2015	2014
Cash flows from operating activities			
Profit before income tax		48,138,207	46,069,209
Non-cash adjustment to reconcile profit before tax to net cash flows			
Depreciation and amortization	23, 24	15,611,999	15,353,919
Net charge/(reversal) of the provision for allowance for doubtful debts		40,884	(6,759)
Finance costs	28	922,902	709,866
Finance income	27	(1,627,236)	(3,045,876)
Dividend income		(2,759,120)	(717,897)
Employee benefits, current service costs	23, 24	401,233	247,501
Net charge/(reversal) of provisions	20	11,713	(7)
Net loss on disposal of property, plant and equipment and intangible assets	26	1,122,512	11,213
Impairment of property, plant and equipment	26	148,331	71,008
Gain/(loss) from disposal assets held as for sale	25, 26	8,176	(466)
Income from revision of estimates and write-off of provision on asset retirement obligation and land reclamation	25	(604,133)	–
Expenses on liquidation of idle oil pumping stations	26	–	40,741
Income from write-off of payables	25	(39,653)	(74,355)
Amortization of deferred income	25	(156,183)	(156,183)
Unrealized foreign exchange loss		(810,729)	183,360
Charge/(reversal) of provision for slow-moving and obsolete inventories, net	24	–	(6,710)
Operating cash flows before working capital changes		60,408,903	58,678,564
(Increase)/decrease in operating assets			
Inventories		(1,649,857)	(917,476)
Trade and other accounts receivable		(951,890)	(3,554,798)
Advances to suppliers		(1,061,053)	(419,599)
VAT recoverable and other prepaid taxes		774,219	(735,559)
Other current assets		1,095,421	20,651
Increase/(decrease) in operating liabilities			
Trade and other accounts payable		(2,446,784)	195,408
Advances received		(686,962)	(696,569)
Other taxes payable		(393,032)	(606,559)
Other current and non-current liabilities and employee benefits liability		(2,668,326)	(4,376,952)
Cash generated from operating activities		52,420,639	47,587,111
Income tax paid		(4,507,576)	(9,570,086)
Interest received		1,464,272	3,526,597
Net cash flow from operating activities		49,377,335	41,543,622

INTERIM SEPARATE STATEMENT OF CASH FLOWS (continued)

<i>In thousands of Tenge</i>	Notes	For the six months ended 30 June (unaudited)	
		2015	2014
Cash flows from investing activities			
Withdrawal of bank deposits		48,234,711	77,951,531
Placement of bank deposits		(30,903,157)	(46,854,598)
Purchase of property, plant and equipment		(36,498,555)	(26,179,695)
Purchase of intangible assets		(97,943)	(195,123)
Proceeds from disposal of property, plant and equipment, intangible assets		27,716	55,700
Proceeds from disposal of assets held as for sale		-	33,438
Dividends received		1,735,020	342,179
Net cash flow (used in)/received from investing activities		(17,502,208)	5,153,432
Cash flows from financing activities			
Dividends paid	15	(46,429,363)	-
Net cash flow used in financing activities		(46,429,363)	-
The effects of changes in foreign exchange rates		(154,598)	23,527
Net change in cash and cash equivalents		(14,708,834)	46,720,581
Cash and cash equivalents at the beginning of the period		39,248,732	24,398,342
Cash and cash equivalents at the end of the period		24,539,898	71,118,923

Signed and approved for issue on 4 August 2015.

Acting General Director



Nussupova
Nussupova A.B.

Chief Accountant

Sarmagambetova
Sarmagambetova M.K.

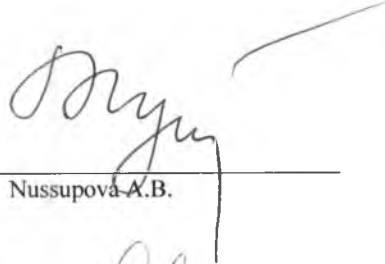
The accounting policy and explanatory notes on pages 7 through 23 form an integral part of these interim condensed separate financial statements.

INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY

<i>In thousands of Tenge</i>	Share capital	Asset revaluation reserve	Other capital reserves	Retained earnings	Total
As at 31 December 2014 (audited)	61,937,567	108,539,359	(1,810,510)	244,927,026	413,593,442
Profit for the period	-	-	-	38,525,360	38,525,360
Other comprehensive income	-	1,602,242	-	-	1,602,242
Total comprehensive income for the period	-	1,602,242	-	38,525,360	40,127,602
Depreciation transfer of revalued property, plant and equipment	-	(5,098,267)	-	5,098,267	-
Dividends (Note 15)	-	-	-	(46,429,363)	(46,429,363)
As at 30 June 2015 (unaudited)	61,937,567	105,043,334	(1,810,510)	242,121,290	407,291,681
As at 31 December 2013 (audited)	61,937,567	138,931,685	(1,016,431)	215,903,107	415,755,928
Profit for the period	-	-	-	36,755,331	36,755,331
Other comprehensive loss	-	(21,587)	(770,881)	-	(792,468)
Total comprehensive income/(loss) for the period	-	(21,587)	(770,881)	36,755,331	35,962,863
Depreciation transfer of revalued property, plant and equipment	-	(6,810,655)	-	6,810,655	-
Dividends (Note 15)	-	-	-	(41,925,280)	(41,925,280)
As at 30 June 2014 (unaudited)	61,937,567	132,099,443	(1,787,312)	217,543,813	409,793,511


Signed and approved for issue on 4 August 2015.

Acting General Director

 Nussupova A.B.

Chief Accountant



 Sarmagambetova M.K.

The accounting policy and explanatory notes on pages 7 through 23 form an integral part of these interim condensed separate financial statements.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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" ("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 the Closed Joint Stock Company "KazTransOil" was re-registered as KazTransOil Joint Stock Company (hereinafter "Company").

As at 30 June 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 except for one share owned by minority shareholders who acquired them within the "People's IPO".

As at 30 June 2015 and 2014, the Company had interest ownership in the following companies:

	Place of incorporation	Principal activities	Ownership	
			30 June 2015	31 December 2014
"SZTK 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'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 (Head information and computing centre) and representative offices in the Russian Federation (Moscow, Omsk and Samara).

The Company operates network of main oil pipelines of 5,373 km and water pipelines of 1,975 km within the Republic of Kazakhstan. Also the Company is engaged in storage, loading, transshipment and transfer of crude oil to other related pipeline systems. Company's joint ventures MunaiTas and KCP own Kenkiyak-Atyrau, Kenkiyak-Kumkol and Atasu-Alashankou pipelines used for transportation of Kazakhstani crude oil to China.

The company is a natural monopolist and, accordingly, 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 is responsible for approving the methodology for calculating the tariff and tariff rates for oil transportation within the Republic of Kazakhstan.

In general, tariff rates are based on the cost of capital return on operating assets. In accordance with the legislation of 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.

On 18 May 2015 amendments to the Law of the Republic of Kazakhstan "On natural monopolies and regulated markets" came into force. According to the amendments transit of crude oil through the pipelines on the territory of the Republic of Kazakhstan and export from the Republic of Kazakhstan is excluded from the regulation of natural monopolies.

These interim condensed separated financial statements for the six month period ended 30 June 2015 were signed and approved for issue by the Acting General director and Chief accountant on 4 August 2015.

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

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

These interim condensed separated financial statements for the six month period ended 30 June 2015 have been prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These interim condensed separated financial statements have been prepared on a historical cost basis, except for property, plant and equipment, which are stated at revalued amount.

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

These interim condensed separate financial statements are represented in Tenge and all amounts are rounded to the nearest thousands, except for when otherwise indicated. Functional currency of the Company is Tenge.

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

The accounting policies adopted in the preparation of the interim condensed separate financial statements are consistent with policies, adopted in the preparation of the 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 other new standards and amendments apply for the first time in 2015. However, they do not impact the annual separate financial statements and the interim condensed separate financial statements of the Company. The nature and the impact of each new standard or amendment are described below:

The Company applied, for the first time, certain standards and amendments:

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. This amendment is not relevant to the Company, since none of the entities within the Company has defined benefit plans with contributions from employees or third parties.

Annual Improvements of IFRS 2010-2012 Cycle

These improvements are effective from 1 July 2014 and the Company has applied these amendments for the first time in these interim condensed separate financial statements. They include:

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). This is consistent with the Company's current accounting policy, and thus this amendment does not impact the Company's accounting policy.

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

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The Company did not record any revaluation adjustments during the current interim period.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

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

New standards, interpretations and amendments thereof, adopted by the Company (continued)

Annual Improvements of IFRS 2010-2012 Cycle (continued)

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. This amendment is not relevant for the Company as it does not receive any management services from other entities.

Annual Improvements of IFRS 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Company has applied these amendments for the first time in these interim condensed separated financial statements. 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). The Company does not apply the portfolio exception in IFRS 13.

Seasonality of operations

The Company'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 than in the first half of the year. These fluctuations are mainly due to the pipeline repairs that are performed mainly during the second half of the year. Purchasing of inventories is performed mainly during the first half of the year.

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 six month periods ended 30 June 2015 and 2014 were as follows:

<i>Tenge</i>	For the six months ended 30 June	
	2015	2014
US dollars	185.25	176.43
Russian rubles	3.23	5.04
Euro	206.79	241.83

As at 30 June 2015 and 31 December 2014, the currency exchange rates of KASE were:

<i>Tenge</i>	30 June 2015	31 December 2014
US dollars	186.20	183.51
Russian rubles	3.37	5.45
Euro	206.98	249.92

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 30 June 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 cost as at 31 December 2014 (audited)	3,905,170	147,474,455	6,279,383	59,315,573	101,311,191	69,238,572	14,269,705	27,625,768	429,419,817
Additions	25	–	465,255	27,900	727,425	–	576,011	29,019,921	30,816,537
Disposals	–	(1,508,019)	(2,457)	(8,581)	(63,547)	(1,816)	(140,950)	(10,713)	(1,736,083)
Recognition of asset retirement and land reclamation obligation (Note 20)	–	903,351	–	–	–	–	–	–	903,351
Transfer to intangible assets (Note 4)	–	–	–	–	–	–	–	(34,520)	(34,520)
Transfer to non-current assets, held for sale	(2,443)	–	–	(27,573)	–	–	–	–	(30,016)
Transfer from construction-in-progress	212	4,469,994	249	1,281,793	3,110,280	–	115,222	(8,977,750)	–
Transfers and reclassifications	–	33,382	496,023	(61,236)	137,196	–	186,657	(792,022)	–
Revalued cost as at 30 June 2015 (unaudited)	3,902,964	151,373,163	7,238,453	60,527,876	105,222,545	69,236,756	15,006,645	46,830,684	459,339,086
Accumulated depreciation and impairment as at 31 December 2014 (audited)	–	(14,327,030)	(1,546,897)	(7,116,726)	(14,601,608)	–	(4,222,557)	(20,115)	(41,834,933)
Depreciation charge	–	(5,041,481)	(624,680)	(2,486,686)	(5,791,983)	–	(1,471,918)	–	(15,416,748)
Disposals	–	136,920	1,884	3,028	63,547	–	134,661	3,382	343,422
Impairment (through profit and loss)	–	(53,010)	–	(3,788)	(86,438)	–	(5,095)	–	(148,331)
Impairment (revaluation reserve)	–	(10,732)	–	(1,747)	(53,219)	–	(345)	–	(66,043)
Transfer to non-current assets, held for sale	–	–	–	8,042	–	–	–	–	8,042
Transfers and reclassifications	–	–	–	3,709	(3,131)	–	(578)	–	–
Accumulated depreciation and impairment as at 30 June 2015 (unaudited)	–	(19,295,333)	(2,169,693)	(9,594,168)	(20,472,832)	–	(5,565,832)	(16,733)	(57,114,591)
As at 30 June 2015 (unaudited)									
At revalued cost	3,902,964	151,373,163	7,238,453	60,527,876	105,222,545	69,236,756	15,006,645	46,830,684	459,339,086
Accumulated depreciation and impairment	–	(19,295,333)	(2,169,693)	(9,594,168)	(20,472,832)	–	(5,565,832)	(16,733)	(57,114,591)
Net book value (unaudited)	3,902,964	132,077,830	5,068,760	50,933,708	84,749,713	69,236,756	9,440,813	46,813,951	402,224,495
As at 31 December 2014 (audited)									
At revalued cost	3,905,170	147,474,455	6,279,383	59,315,573	101,311,191	69,238,572	14,269,705	27,625,768	429,419,817
Accumulated depreciation and impairment	–	(14,327,030)	(1,546,897)	(7,116,726)	(14,601,608)	–	(4,222,557)	(20,115)	(41,834,933)
Net book value (audited)	3,905,170	133,147,425	4,732,486	52,198,847	86,709,583	69,238,572	10,047,148	27,605,653	387,584,884

The carrying value of each class of revalued assets that would have been included in the separated financial statements, if the assets were accounted for at historical cost less accumulated depreciation and accumulated impairment losses, are 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
As at 30 June 2015	885,044	96,108,032	4,738,490	30,237,375	65,727,393	1,168,350	6,953,232	44,963,586	250,781,502
As at 31 December 2014	885,361	97,829,484	4,392,954	30,461,554	66,280,665	1,168,388	7,131,531	25,698,188	233,848,125

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 30 June 2015 construction in progress mainly includes the following production projects:

- construction, 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;
- repair of the certain routes of the main oil pipelines (including replacement of the pipeline);
- reconstruction of firefighting system, electricity supply systems and others.

As at 30 June 2015:

- the initial cost and correspondingly accumulated depreciation of fully depreciated property, plant and equipment were 3,619,647 thousand Tenge (31 December 2014: 2,981,191 thousand Tenge);
- the amount of depreciation for six month period ended as at 30 June 2015 included in the cost of construction in progress was 7,769 thousand Tenge (for six month period ended as at 30 June 2014: 6,207 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 3,319,797 thousand Tenge (as at 31 December 2014: 2,489,518 thousand Tenge), which were acquired for construction works.

4. INTANGIBLE ASSETS

Intangible assets as at 30 June 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	Licenses	Software	Other	Total
Net book value as at 31 December 2014 (audited)	145,451	1,129,545	32,506	1,307,502
Additions	5,916	96,692	3,149	105,757
Disposals	(44,322)	(155,775)	(2,923)	(203,020)
Transfer from property, plant and equipment (Note 3)	–	34,520	–	34,520
Net book value as at 30 June 2015 (unaudited)	107,045	1,104,982	32,732	1,244,759
As at 30 June 2015 (unaudited)				
At cost	471,172	4,101,489	87,470	4,660,131
Accumulated amortization and impairment	(364,127)	(2,996,507)	(54,738)	(3,415,372)
Net book value (unaudited)	107,045	1,104,982	32,732	1,244,759
As at 31 December 2014 (audited)				
At cost	465,256	3,970,277	84,321	4,519,854
Accumulated amortization and impairment	(319,805)	(2,840,732)	(51,815)	(3,212,352)
Net book value (audited)	145,451	1,129,545	32,506	1,307,502

5. INVESTMENTS IN SUBSIDIARIES

Investments in joint ventures as at 30 June 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	30 June 2015 (unaudited)	31 December 2014 (audited)
BTL	47,074,550	47,074,550
Less: impairment of investments in BTL	(18,865,686)	(18,865,686)
Total	28,208,864	28,208,864

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS IN JOINT VENTURES

Investments in joint venture as at 30 June 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	30 June 2015 (unaudited)	31 December 2014 (audited)
KCP	6,500,000	6,500,000
MunaiTas	904,945	904,945
Total	7,404,945	7,404,945

7. ADVANCES TO SUPPLIERS FOR PROPERTY, PLANT AND EQUIPMENT

Advances to suppliers for property, plant and equipment as at 30 June 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	30 June 2015 (unaudited)	31 December 2014 (audited)
Advances to third parties for property, plant and equipment	11,721,828	10,814,157
Less: allowance for doubtful debts	(99,344)	(99,526)
Total	11,622,484	10,714,631

8. INVENTORIES

Inventories as at 30 June 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	30 June 2015 (unaudited)	31 December 2014 (audited)
Spare parts	2,194,080	1,371,518
Fuel	748,689	589,785
Chemical reagents	712,502	35,575
Construction materials	458,859	107,620
Overalls	218,222	78,892
Goods	100,220	93,138
Other	213,858	63,184
	4,646,430	2,339,712
Less: provision for slow-moving and obsolete inventory	(23,277)	(23,277)
Total	4,623,153	2,316,435

9. TRADE AND OTHER ACCOUNTS RECEIVABLE

Trade and other accounts receivable as at 30 June 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	30 June 2015 (unaudited)	31 December 2014 (audited)
Trade accounts receivable from related parties (Note 30)	4,548,704	1,902,654
Trade accounts receivable from third parties	1,073,975	1,489,130
Other accounts receivable from third parties	992,168	2,273,771
Other accounts receivable from related parties (Note 30)	110,560	102,156
	6,725,407	5,767,711
Less: allowance for doubtful debts	(675,953)	(634,885)
Total	6,049,454	5,132,826

Other receivables mainly represent receivables from fines and penalties for nominated and non-delivered crude oil volumes under oil transportation contracts on "ship or pay" terms.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

9. TRADE AND OTHER ACCOUNTS RECEIVABLE (continued)

Movement in allowance for doubtful accounts related to trade and other receivables for the six month periods ended 30 June 2015 and 2014 is as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June	
	2015	2014
At the beginning of the period (audited)	634,885	630,921
Charge/(reversal) for the period	41,149	(5,778)
Write-off of receivable	(81)	–
At the end of the period (unaudited)	675,953	625,143

Trade and other accounts receivable of the Company as at 30 June 2015 and 31 December 2014 were denominated in the following currencies:

<i>In thousands of Tenge</i>	30 June 2015 (unaudited)	31 December 2014 (audited)
Tenge	6,046,838	5,131,578
Foreign currency	2,616	1,248
Total	6,049,454	5,132,826

10. ADVANCES TO SUPPLIERS

Advances to suppliers as at 30 June 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	30 June 2015 (unaudited)	31 December 2014 (audited)
Advances to related parties (Note 30)	1,224,557	447,876
Advances to third parties	512,411	228,039
	1,736,968	675,915
Less: allowance for doubtful debts	(984)	(1,073)
Total	1,735,984	674,842

11. VAT RECOVERABLE AND OTHER PREPAID TAXES

VAT recoverable and other prepaid taxes as at 30 June 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	30 June 2015 (unaudited)	31 December 2014 (audited)
VAT recoverable	2,018,142	2,890,385
Other taxes prepaid	46,227	167,076
Total	2,064,369	3,057,461

12. OTHER CURRENT ASSETS

Other current assets as at 30 June 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	30 June 2015 (unaudited)	31 December 2014 (audited)
Due for oil transportation coordination services	1,827,063	3,245,840
Dividends receivable (Note 30)	1,024,100	–
Prepaid insurance	341,686	42,498
Deferred expenses to related parties (Note 30)	411	–
Other	42,930	9,744
	3,236,190	3,298,082
Less: allowance for doubtful debts	(2,622)	(2,616)
Total	3,233,568	3,295,466

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

13. BANK DEPOSITS

Bank deposits as at 30 June 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	30 June 2015 (unaudited)	31 December 2014 (audited)
Short-term bank deposits	15,715,280	31,984,190
Long-term bank deposits	3,600,634	3,729,880
Accrued interest on deposits	314,388	127,505
Total	19,630,302	35,841,575

As at 30 June 2015 bank deposits comprised of the following:

- US dollar denominated short-term bank deposits placed with Kazakhstani banks with maturity from 3 to 12 months, with interest from 1.5% to 3.5% per annum (as at 31 December 2014: from 0.6% to 3.5% per annum), 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.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 30 June 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	30 June 2015 (unaudited)	31 December 2014 (audited)
Current accounts with banks – US dollars	16,139,466	80
Time deposits with banks – Tenge	3,850,321	19,311,501
Time deposits with banks – US dollars	3,748,364	19,451,877
Current accounts with banks – Tenge	785,733	471,928
Other current accounts with banks	11,745	11,542
Current accounts with banks – Russian ruble	2,235	347
Cash on hand	2,034	1,457
Total	24,539,898	39,248,732

As at 30 June 2015 and 31 December 2014 time deposits and current accounts placed with Kazakhstani banks comprised of the following:

- Tenge denominated time deposits up to 3 months with interest of 3% per annum (as at 31 December 2014: from 14.5% to 17% per annum);
- Tenge denominated current accounts with interest of 0.5% per annum (as at 31 December 2014: from 3% to 3.5% per annum);
- US dollar denominated time deposits with interest from 1.2% to 1.3% per annum (as at 31 December 2014: from 0.3% to 1.77% per annum).

15. EQUITY

Share capital

As at 30 June 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 30 June 2015 and 31 December 2014 the share capital amounting to 61,937,567 thousand Tenge is net of consulting costs related to the issuance of shares in the amount of 565,717 thousand Tenge.

Dividends

On 30 June 2015 the Company paid dividends to the shareholders based on the decision of the shareholders meeting on 20 May 2015 in the amount of 46,429,363 thousands Tenge based on 120.71 Tenge per 1 share (2014: 41,925,280 thousands Tenge based on 109 Tenge per 1 share), including 41,786,427 thousand Tenge related to KMG (2014: 37,732,752 thousand Tenge) and 4,642,936 thousand Tenge related to minority shareholders (2014: 4,192,528 thousand Tenge).

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

15. EQUITY (continued)

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 of Tenge</i>	2015	2014
Net profit for the period attributable to ordinary equity holders of the parent for basic earnings	38,525,360	36,755,331
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, as a parent company of the Group (in Tenge)	100	96

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>	30 June 2015 (unaudited)	31 December 2014 (audited)
Total assets	512,613,171	530,613,843
Less: intangible assets (Note 4)	(1,244,759)	(1,307,502)
Less: total liabilities	(105,321,490)	(117,020,401)
Net assets for calculation of book value per ordinary share	406,046,922	412,285,940
Number of ordinary shares	384,635,599	384,635,599
Book value per ordinary share (in Tenge)	1,056	1,072

16. EMPLOYEE BENEFITS 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 30 June 2015 and 31 December 2014 were presented as follows:

<i>In thousands Tenge</i>	30 June 2015 (unaudited)	31 December 2014 (audited)
Current portion of employee benefit liabilities	445,000	408,757
Non-current portion of employee benefit liabilities	11,636,786	11,204,603
Total	12,081,786	11,613,360

Changes in the present value of employee benefit liabilities for the six month periods ended 30 June 2015 and 2014 were as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June	
	2015	2014
Employee benefit liabilities at the beginning of the period (audited)	11,613,360	9,655,180
Unwinding of discount (Note 28)	289,659	208,500
Current services cost	401,233	247,501
Actuarial losses	—	963,600
Benefits paid	(222,466)	(192,359)
Employee benefit liabilities at the end of the period (unaudited)	12,081,786	10,882,422

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

17. TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable as at 30 June 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	30 June 2015 (unaudited)	31 December 2014 (audited)
Accounts payable to third parties for goods and services	8,458,144	14,427,444
Accounts payable to related parties for goods and services (Note 30)	637,553	672,626
Other payables to third parties	165,325	193,726
Other payables to related parties (Note 30)	672	–
Total	9,261,694	15,293,796

As at 30 June 2015 trade and other accounts payables included payables to related and third parties, related to the construction-in-progress in the amount of 5,866,954 thousand Tenge (as at 31 December 2014: 9,412,619 thousand Tenge).

Trade and other accounts payables as at 30 June 2015 and 2014 were denominated in the following currencies:

<i>In thousands of Tenge</i>	30 June 2015 (unaudited)	31 December 2014 (audited)
Tenge	9,260,050	15,258,129
Other currency	1,644	35,667
Total	9,261,694	15,293,796

18. ADVANCES RECEIVED

Advances received as at 30 June 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	30 June 2015 (unaudited)	31 December 2014 (audited)
Advances received from related parties (Note 30)	10,066,153	10,615,166
Advances received from third parties	5,926,215	6,036,448
Total	15,992,368	16,651,614

19. OTHER TAXES PAYABLE

Other taxes payable as at 30 June 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	30 June 2015 (unaudited)	31 December 2014 (audited)
Personal income tax	245,242	434,951
Social tax	229,786	412,145
Property tax	–	5,004
VAT payable	787	12,823
Other taxes	17,801	21,725
Total	493,616	886,648

20. PROVISIONS

Movements in provisions for the six month periods ended 30 June 2015 and 2014 were presented as follows:

Short-term provisions

<i>In thousands of Tenge</i>	Environmental provision	Other provisions	Total
As at 31 December 2014 (audited)	41,125	53,567	94,692
Charge for the period	11,713	–	11,713
As at 30 June 2015 (unaudited)	52,838	53,567	106,405
As at 31 December 2013 (audited)	41,642	–	41,642
Used provision	(510)	–	(510)
Reversal for the period (Note 26)	(7)	–	(7)
As at 30 June 2014 (unaudited)	41,125	–	41,125

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

20. PROVISIONS (continued)

Long-term provisions

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 Company 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.

As at 30 June 2015 the Company revised its long-term provisions taking into account current best estimate, which was based on the discount rate of 6.29% (as at 31 December 2014: 6.2%) and inflation rate of 5.5% (as at 31 December 2014: 6.0%).

<i>In thousands of Tenge</i>	For the six months ended 30 June	
	2015	2014
At the beginning of the period (audited)	20,631,009	16,677,538
Charge for the period (Note 3)	903,351	–
Revision of estimates and reversal of obligation (Note 25)	(604,133)	–
Revision of estimates through asset revaluation reserve	(2,068,844)	–
Unwinding of discount (Note 28)	633,243	501,366
At the end of the period (unaudited)	19,494,626	17,178,904

21. OTHER CURRENT LIABILITIES

Other current liabilities as at 30 June 2015 and 31 December 2014 were presented as follows:

<i>In thousands of Tenge</i>	30 June 2015 (unaudited)	31 December 2014 (audited)
Salaries and wages	3,744,930	5,589,818
Accounts payable for oil transportation coordination services for related parties (Note 30)	2,495,171	2,871,849
Accounts payable for oil transportation coordination services for third parties	1,889,944	2,464,587
Accounts payable to pension funds	334,292	659,667
Current portion of deferred income from related parties (Note 30)	104,123	260,305
Other current liabilities	48,164	201,564
Total	8,616,624	12,047,790

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

22. REVENUE

Revenue for the six month periods ended 30 June 2015 and 2014 was presented as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2015	2014
Crude oil transportation	88,739,487	80,028,954
Pipeline operation and maintenance services	4,415,658	3,959,011
Water transportation	3,204,088	3,410,391
Fees for undelivered oil volumes	632,399	3,427,816
Oil transportation coordination services	287,935	334,320
Oil storage services	27,767	62,934
Other	46,850	69,513
Total	97,354,184	91,292,939

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

22. REVENUE (continued)

During the six month period ended 30 June 2015 the revenue from sales to two major customers amounted to 24,658,237 thousand Tenge and 12,940,055 thousand Tenge, respectively (for the six month period ended 30 June 2014: 22,387,441 thousand Tenge and 10,798,174 thousand Tenge, respectively).

Income from Fees for undelivered oil volumes is received by the Company under oil transportation contracts on “ship or pay” terms. Decrease in Fees for undelivered oil volumes for the six month period ended 30 June 2015 is due to the expiration of the oil transportation contracts on the above-mentioned terms (in December 2014) with the customers, participants of the Kashagan project.

23. COST OF SALES

Cost of sales for the six month periods ended 30 June 2015 and 2014 were presented as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2015	2014
Personnel cost	17,322,694	15,607,214
Depreciation and amortization	15,252,771	15,028,035
Electric energy	3,458,143	3,064,430
Taxes other than corporate income tax	2,629,952	2,284,243
Materials and fuel	2,230,988	1,505,073
Security services	1,926,401	1,750,134
Repair and maintenance	1,712,403	1,414,643
Gas expense	1,374,445	1,334,969
Air services	843,456	701,165
Post-employment benefits	377,236	231,678
Business trip expense	423,136	469,794
Insurance	220,836	199,546
Communication services	136,581	112,173
Operational rent expense	55,420	4,665
Environmental protection	117,588	129,150
Diagnostics of pipelines	134,152	112,278
Other	731,474	671,282
Total	48,947,676	44,620,472

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

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

24. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the six month periods ended 30 June 2015 and 2014 were presented as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2015	2014
Personnel cost	2,654,747	2,363,774
Depreciation and amortization	359,228	325,884
Consulting	237,677	55,450
Office maintenance	202,136	187,798
Write off of VAT recoverable	138,294	181,152
Business trip expenses	100,158	117,731
Taxes other than corporate income tax and VAT	90,063	88,316
Repair and maintenance	71,080	57,276
Materials and fuel	68,149	36,949
Social sphere expenses	64,912	93,977
Bank costs	60,921	63,408
Information support	50,042	45,216
Communication services	49,977	46,326
Insurance and security	48,688	42,959
Training	44,094	38,448
Post-employment benefits	23,997	15,823
Operational rent expense	11,220	18,063
Advertising expense	3,846	5,444
Charity expense	-	3,000
Reversal of provision for allowance for doubtful debt	-	(6,710)
Net charge/(reversal) of provision for slow-moving and obsolete inventories	40,884	(6,759)
Other	186,131	146,520
Total	4,506,244	3,920,045

25. OTHER OPERATING INCOME

Other operating income for the six month periods ended 30 June 2015 and 2014 was presented as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2015	2014
Income from revision of estimates and reversal of asset retirement and land reclamation obligation (Note 20)	604,133	-
Income from fines and penalties	267,532	142,270
Amortization of deferred income (Note 30)	156,183	156,183
Income from write-off of payables	39,653	74,355
Gain on disposal of inventory	34,419	46,438
Gain on disposal of other assets	-	466
Other income	35,922	34,984
Total	1,137,842	454,696

26. OTHER OPERATING EXPENSES

Other operating expenses for the six month periods ended 30 June 2015 and 2014 were presented as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2015	2014
Net loss on disposal of property, plant and equipment and intangible assets	1,122,512	11,213
Loss on disposal of inventory	-	14,912
Loss on disposal of other assets	8,176	-
Expenses on liquidation of idle oil pumping stations	-	40,741
Reversal of provisions (Note 20)	-	(7)
Other expenses	9,907	942
Total	1,140,595	67,801

Increase in loss on disposal of property, plant and equipment for the six month period ended 30 June 2015 is due to the write-off of certain idle main oil pipelines.

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

27. FINANCE INCOME

Finance income for the six month periods ended 30 June 2015 and 2014 was presented as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2015	2014
Interest income on bank deposits	1,619,226	3,037,892
Employees and related party loans: unwinding of discount	8,010	7,984
Total	1,627,236	3,045,876

28. FINANCE COSTS

Finance costs for the six month periods ended 30 June 2015 and 2014 were presented as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2015	2014
Unwinding of discount on asset retirement and land reclamation obligation (Note 20)	633,243	501,366
Employee benefits: unwinding of discount (Note 16)	289,659	208,500
Total	922,902	709,866

29. INCOME TAX EXPENSE

Income tax expenses for the six month periods ended 30 June 2015 and 2014 were presented as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2015	2014
Current income tax expense	10,774,932	10,120,958
Deferred income tax benefit	(1,162,085)	(807,080)
Income tax expense	9,612,847	9,313,878

Movement in deferred tax liabilities for the six month periods ended 30 June 2015 and 2014 was presented as follows:

<i>In thousands of Tenge</i>	For the six months ended 30 June	
	2015	2014
At the beginning of the period (audited)	39,801,492	38,732,066
Charged to profit and loss	(1,162,085)	(807,080)
Charged to other comprehensive income/(loss)	400,559	(198,116)
At the end of the period (unaudited)	39,039,966	37,726,870

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 agreed terms between the parties that may not necessarily be at market rates, except for certain regulated services, which were 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 six month periods ended 30 June 2015 and 30 June 2014 and the related balances as at 30 June 2015 and 31 December 2014:

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

30. RELATED PARTY TRANSACTIONS (continued)

Trade and other accounts receivables from related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2015 (unaudited)	31 December 2014 (audited)
Trade and other accounts receivable from related parties			
Trade accounts receivable from joint venture		3,785,612	1,261,676
Trade accounts receivable from entities under common control of KMG		761,915	640,772
Trade accounts receivable from entities under common control of Samruk-Kazyna Group		1,177	206
	9	4,548,704	1,902,654
Other accounts receivables from entities under common control of KMG and Samruk-Kazyna Group	9	110,560	102,156
Total of trade and other accounts receivable		4,659,264	2,004,810

Advances provided to related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2015 (unaudited)	31 December 2014 (audited)
Advances paid to related parties			
Advances paid to entities under common control of KMG		689,527	361,049
Advances paid to entities under common control of Samruk-Kazyna Group		535,030	86,746
Advances paid to other related parties		–	81
Total of advances issued to related parties	10	1,224,557	447,876

Other current assets from related parties were presented as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2015 (unaudited)	31 December 2014 (audited)
Dividends receivable from related parties			
Dividends receivable from BTL		1,024,100	–
Total of dividends receivable from related parties	12	1,024,100	–

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

<i>In thousands of Tenge</i>	Notes	30 June 2015 (unaudited)	31 December 2014 (audited)
Prepaid expenses on transactions with related parties			
Prepaid expenses on transactions with Samruk-Kazyna Group		411	–
Total of prepaid expenses on transactions with related parties	12	411	–

Accounts payables and other payables to related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2015 (unaudited)	31 December 2014 (audited)
Accounts payables to related parties for goods and services			
Accounts payables to entities under common control of KMG		369,609	628,994
Accounts payables to entities under control of Samruk-Kazyna Group		267,944	43,632
	17	637,553	672,626
Other payables to entities under control of Samruk-Kazyna Group		672	–
	17	672	–
Total of trade and other accounts payable to related parties		638,225	672,626

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

30. RELATED PARTY TRANSACTIONS (continued)

Advances received from related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2015 (unaudited)	31 December 2014 (audited)
Advances received from related parties			
Advances from entities under common control of KMG		8,610,604	10,117,534
Advances from entities under common control of Samruk-Kazyna Group		1,449,476	497,617
Advances from joint ventures		6,073	15
Total of advances received from related parties	18	10,066,153	10,615,166

Other current liabilities to related parties are as follows:

<i>In thousands of Tenge</i>	Notes	30 June 2015 (unaudited)	31 December 2014 (audited)
Accounts payable for oil transportation coordination for related parties			
Accounts payable for oil transportation coordination for entities under common control of KMG		2,495,171	2,871,849
	21	2,495,171	2,871,849
Employee benefits			
Employee benefits of key management personnel		6,177	6,155
		6,177	6,155
Current portion of deferred income from related parties			
Current portion of deferred income from entities under common control of KMG		104,123	260,305
	21	104,123	260,305
Total of other current liabilities to related parties		2,605,471	3,138,309

The following tables provide the total amount of transactions, which have been entered into with related parties during the six month periods ended 30 June 2015 and 2014:

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2015	2014
Sales to related parties		
Revenue from main activities with entities under common control of KMG	56,336,069	50,662,420
Revenue from main activities with joint ventures	3,796,701	3,423,193
Revenue from main activities with entities under common control of Samruk-Kazyna Group	2,743,226	3,623,353
Revenue from other activities with entities under common control of KMG	314,945	265,755
Total	63,190,941	57,974,721
Purchases from related parties		
Purchases of services from entities under common control of KMG	4,728,779	4,089,711
Purchases of services from entities under common control of Samruk-Kazyna Group	1,348,180	644,437
Purchases of inventory from entities under common control of KMG	958,785	671,378
Purchases of inventory from entities under common control of Samruk-Kazyna Group	-	7,407
Purchases of intangible assets from entities under common control of Samruk-Kazyna Group	-	111,221
Total	7,035,744	5,524,154

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (continued)

30. RELATED PARTY TRANSACTIONS (continued)

<i>In thousands of Tenge</i>	Notes	For the six months ended 30 June (unaudited)	
		2015	2014
Other operating income from related parties			
Amortization of deferred income from related parties	25	156,183	156,183
Total		156,183	156,183

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2015	2014
Dividend income		
Dividends income from MunaiTas	1,735,020	637,620
Dividends income from BTL	1,024,100	–
Total	2,759,120	637,620

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

<i>In thousands of Tenge</i>	For the six months ended 30 June (unaudited)	
	2015	2014
Bonuses based on the results of the previous year	230,864	204,950
Salary	83,284	82,815
Other short-term benefits	6,891	7,557
Post-employment benefits	226	451
	321,265	295,773
Number of persons	8	8

31. CONTRACTUAL LIABILITIES AND COMMITMENTS

Information on contractual liabilities and commitments of the Company is disclosed in separate financial statements for the year ended 31 December 2014. During six month period ended 30 June 2015 there were no significant changes, except for the following:

Contractual commitments

As at 30 June 2015, the Company had contractual obligations to acquire property, plant and equipment, and construction services for the amount of 22,611,105 thousand Tenge (as at 31 December 2014: 29,152,744 thousand Tenge).

32. FINANCIAL INSTRUMENTS

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company 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 financial liabilities approximates their fair value due to the short-term maturity of these financial instruments.