

KazTransOil JSC

**Interim condensed consolidated
financial statements (unaudited)**

30 September 2013

CONTENTS

Independent auditors' report on review results of interim condensed consolidated financial statements

Interim condensed consolidated financial statements (unaudited)

Interim consolidated statement of financial position.....	1-2
Interim consolidated statement of comprehensive income.....	3-4
Interim consolidated statement of cash flows.....	5-6
Interim consolidated statement of changes in equity	7
Notes to the interim condensed consolidated financial statements	8-32



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

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

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

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 JSC and its subsidiaries ("the Group"), comprising the interim consolidated statement of financial position as at 30 September 2013 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the three and nine-month periods 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 Standard IAS 34 Interim Financial Reporting ("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 financial information 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young LLP

Aisulu Narbayeva
Auditor

Auditor Qualification Certificate
No. 0000137 dated 21 October 1994

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

20 February 2014

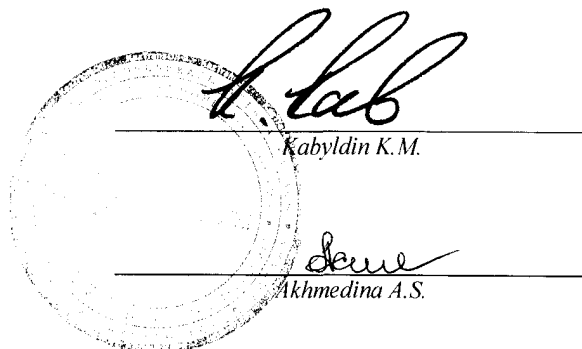
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In thousands of Tenge</i>	Note	As of	
		30 September 2013 (unaudited)	31 December 2012 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	391,045,066	362,869,105
Intangible assets	6	5,706,059	6,233,226
Investments in joint ventures	7	50,937,431	40,815,549
Advances to suppliers for property, plant and equipment	8	8,651,833	524,274
Bank deposits	14	657,831	-
Other non-current assets		126,163	130,805
		457,124,383	410,572,959
Current assets			
Inventories	9	3,449,136	2,599,941
Trade and other accounts receivable	10	3,217,257	2,527,881
Advances to suppliers	11	1,232,219	603,109
Prepayment for corporate income tax		3,841	1,580,756
VAT recoverable and other prepaid taxes	12	2,585,948	2,092,013
Other current assets	13	2,818,251	4,405,862
Bank deposits	14	79,701,288	53,084,676
Cash and cash equivalents	15	21,054,923	18,954,044
		114,062,863	85,848,282
Assets classified as held for sale		271,874	29,299
		114,334,737	85,877,581
TOTAL ASSETS		571,459,120	496,450,540

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of Tenge</i>	Note	As of	
		30 September 2013 (unaudited)	31 December 2012 (audited)
EQUITY AND LIABILITIES			
Equity			
Share capital	16	61,937,567	61,937,567
Asset revaluation reserve	16	173,453,700	144,421,031
Other reserves		17,104	17,104
Foreign currency translation reserve		10,577,856	9,875,876
Retained earnings		208,710,722	176,062,485
Total equity		454,696,949	392,314,063
Non-current liabilities			
Financial guarantee issued on behalf of joint venture		-	199,654
Employee benefit liability		6,985,013	6,562,263
Deferred tax liabilities	29	44,362,664	39,406,770
Provisions on asset retirement obligation	21	16,441,070	15,531,037
Deferred income	17	4,181,661	4,412,922
		71,970,408	66,112,646
Current liabilities			
Employee benefit liability		182,203	238,000
Income tax payable		9,173,289	919,213
Trade and other accounts payable	18	6,489,673	6,771,926
Advances received	19	15,470,577	15,970,695
Other taxes payable	20	2,411,476	1,639,801
Provisions	21	333,084	353,697
Other current liabilities	22	10,731,461	12,130,499
		44,791,763	38,023,831
Total liabilities		116,762,171	104,136,477
TOTAL EQUITY AND LIABILITIES		571,459,120	496,450,540
Book value of ordinary shares (in Tenge)	16	1,167	1,004

General Director



Kabyldin K.M.

Chief Accountant



Akhmedina A.S.

The accounting policy and explanatory notes on pages 8 through 32 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of Tenge</i>	Note	For three months ended 30 September		For nine months ended 30 September	
		2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Revenue	23	48,618,449	36,668,791	141,482,581	103,026,345
Cost of sales	24	(27,019,496)	(26,071,203)	(74,758,429)	(71,906,140)
Gross profit		21,598,953	10,597,588	66,724,152	31,120,205
General and administrative expenses	25	(2,708,617)	(3,365,722)	(7,157,171)	(7,793,257)
Other operating income	26	1,594,722	272,063	3,347,304	911,985
Other operating expenses		(139,614)	(68,875)	(499,967)	(380,797)
Impairment of property, plant and equipment	5	(12,645,386)	(706,591)	(12,683,830)	(707,486)
Income from disposal of subsidiary		–	309,675	–	309,675
Operating profit		7,700,058	7,038,138	49,730,488	23,460,325
Net foreign exchange (loss)/income		27,266	(131,255)	(6,740)	(146,729)
Finance income	27	1,014,880	482,524	2,730,762	1,562,889
Finance costs	28	(329,464)	(267,235)	(999,770)	(365,329)
Share in income of joint ventures	7	3,038,167	1,977,886	9,266,989	4,832,850
Profit before tax		11,450,907	9,100,058	60,721,729	29,344,006
Income tax expense	29	(1,823,690)	(3,034,320)	(10,657,740)	(6,378,509)
Profit for the period less income tax		9,627,217	6,065,738	50,063,989	22,965,497
Earnings per share, related to the income for the reporting period, of the shareholders of the Company like parent Company of the Group (in Tenge)	16	25	18	130	66

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)


<i>In thousands of Tenge</i>	Note	For three months ended 30 September		For nine months ended 30 September	
		2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Other comprehensive income of the Group					
Foreign currency translation		508,345	15,951	697,004	365,237
Revaluation of property, plant and equipment	5	70,073,538	23,044,136	70,074,895	23,044,136
Income tax effect		(13,668,340)	(4,608,827)	(13,668,611)	(4,608,827)
		56,405,198	18,435,309	56,406,284	18,435,309
Impairment of property, plant and equipment	5	(21,557,822)	(2,769)	(21,565,553)	(2,888)
Income tax effect		4,318,810	553	4,320,355	577
		(17,239,012)	(2,216)	(17,245,198)	(2,311)
Total other comprehensive income of the Group for the period net of tax		39,674,531	18,449,044	39,858,090	18,798,235
Share of the other comprehensive income of joint ventures					
Foreign currency translation	7	3,408	740	4,976	2,426
Revaluation of property, plant and equipment		1,629,376	-	1,629,376	-
Income tax effect		(325,875)	-	(325,875)	-
		1,303,501	-	1,303,501	-
Share of the other comprehensive income of joint ventures accounted for using the equity method, net of tax		1,306,909	740	1,308,477	2,426
Total other comprehensive income for the period, net of tax		40,981,440	18,449,784	41,166,567	18,800,661
Total comprehensive income for the period, net of tax		50,608,657	24,515,522	91,230,556	41,766,158

General Director



Kabyldin K.M.

Chief Accountant



Akhmedina A.S.

The accounting policy and explanatory notes on pages 8 through 32 form an integral part of these interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In thousands of Tenge</i>	Note	For nine months ended 30 September	
		2013 (unaudited)	2012 (unaudited)
Cash flows from operating activities			
Profit before tax		60,721,729	29,344,006
Non-cash adjustment to reconcile profit before tax to net cash flows:			
Depreciation and amortization	24, 25	21,990,762	20,764,659
Allowance on doubtful debts	25	40,767	72,299
Share in income of joint ventures	7	(9,266,989)	(4,832,850)
Finance costs	28	999,770	365,329
Finance income	27	(2,730,762)	(1,562,889)
Employee benefits	24, 25	345,000	222,000
Provisions	21	45,467	300,750
Loss on disposal of property, plant and equipment and intangible assets, net amount		333,182	8,221
Income from disposal of asset held for sale, net amount	26	(95,198)	-
Impairment of property, plant and equipment		12,683,830	707,486
Impairment of intangible assets		165,060	-
Income from write-off of accounts payable		(7,153)	(3,071)
Amortization of deferred income from related parties	26	(234,274)	(234,274)
Write-off of VAT recoverable	25	136,348	229,144
Amortization of financial guarantee issued on behalf of joint venture	26	(26,463)	(103,337)
Derecognition of financial guarantee on behalf of joint venture	26	(177,743)	-
Unrealized foreign exchange loss		565,574	192,298
Reversal of provision for slow-moving and obsolete inventory	25	(3,294)	(3,659)
Income from sale of subsidiary		-	(309,675)
Operating cash flows before working capital changes		85,485,613	45,156,437
Changes in inventories		(777,375)	(2,944,185)
Changes in trade and other accounts receivable		(584,050)	2,742,809
Changes in advances to suppliers		(629,300)	(131,755)
Changes in taxes recoverable		(806,349)	472,381
Changes in other current assets		1,623,825	(551,388)
Changes in trade and other accounts payable		305,671	(1,918,533)
Changes in advances received		(500,118)	(204,714)
Changes in taxes payable		771,675	235,913
Changes in other current and non-current liabilities and employee benefit liabilities		(1,689,278)	(597,979)
Cash generated from operations		83,200,314	42,258,986
Income taxes paid		(4,978,340)	(5,261,083)
Interest received		1,092,511	1,215,964
Net cash flow from operating activities		79,314,485	38,213,867
Cash flows from investing activities			
Withdrawal of term deposits		40,950,000	33,700,174
Placement of term deposits		(67,265,662)	(9,600,000)
Purchase of property, plant and equipment		(23,011,742)	(17,400,045)
Purchase of intangible assets		(178,389)	(260,559)
Proceeds from disposal of property, plant and equipment and intangible assets		686,273	49,061
Proceeds from sale of subsidiary		-	5,671,856
Dividends received	7	453,584	-
Net cash flow (used in) / acquired from investing activities		(48,365,936)	12,160,487

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

<i>In thousands of Tenge</i>	Note	For nine months ended 30 September	
		2013 (unaudited)	2012 (unaudited)
Net cash flow from financing activities			
Dividends received	16	(28,847,670)	(52,002,000)
Net cash flow from financing activities		(28,847,670)	(52,002,000)
Net change in cash and cash equivalents		2,100,879	(1,627,646)
Cash and cash equivalents at the beginning of the year		18,954,044	21,852,387
Cash and cash equivalents at the end of the year	15	21,054,923	20,224,741


NON-CASH TRANSACTIONS

The following non-cash transactions have been excluded from the interim condensed consolidated statement of cash flows:

Offset of the taxes

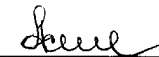
During nine months ended 30 September 2013, the Group has made an offset of CIT payable with prepayments of other taxes to the amount of 176,066 thousand Tenge (for nine months ended 30 September 2012: 199,704 thousand Tenge).

General Director



Kabyldin K.M.

Chief Accountant

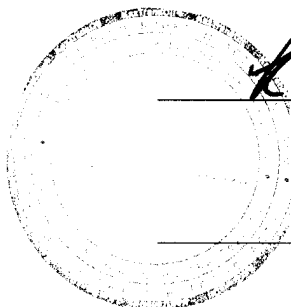


Akhmedina A.S.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>In thousands of Tenge</i>	Share capital	Asset revaluation reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Total
As at 1 January 2013 (audited)	61,937,567	144,421,031	9,875,876	17,104	176,062,485	392,314,063
Profit for the period	-	-	-	-	50,063,989	50,063,989
Revaluation of property, plant and equipment (Note 5)	-	40,464,587	-	-	-	40,464,587
Other comprehensive income	-	-	701,980	-	-	701,980
Total comprehensive income for the period	-	40,464,587	701,980	-	50,063,989	91,230,556
Depreciation transfer of revalued property, plant and equipment	-	(11,431,918)	-	-	11,431,918	-
Dividends payable (Note 16)	-	-	-	-	(28,847,670)	(28,847,670)
As at 30 September 2013 (unaudited)	61,937,567	173,453,700	10,577,856	17,104	208,710,722	454,696,949
As at 1 January 2012 (audited)	34,617,204	138,056,828	9,334,129	17,104	189,472,821	371,498,086
Profit for the period	-	-	-	-	22,965,497	22,965,497
Revaluation of property, plant and equipment	-	18,432,998	-	-	-	18,432,998
Currency translation	-	-	367,663	-	-	367,663
Total other comprehensive income for the year	-	18,432,998	367,663	-	22,965,497	41,766,158
Depreciation transfer of revalued property, plant and equipment	-	(9,338,430)	-	-	9,338,430	-
Dividends payable	-	-	-	-	(60,002,000)	(60,002,000)
As at 30 September 2012 (unaudited)	34,617,204	147,151,396	9,701,792	17,104	161,774,748	353,262,244

General Director



K. Kab
Kabylain K.M.

Chief Accountant

Akhmedina A.S.
Akhmedina A.S.

The accounting policy and explanatory notes on pages 8 through 32 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" ("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 (the "Company").

As of 30 September 2013, National Company KazMunayGas JSC ("KMG" or the "Parent Company") is a major shareholder of the Company (90 percent). KMG is owned by "Sovereign Wealth Fund Samruk-Kazyna" JSC ("Samruk-Kazyna"), which is controlled by the Government of the Republic of Kazakhstan.

In 2012 the Company performed a share split in proportion 1:10, as a result of which the number of authorized shares has increased from 34,617,204 to 346,172,040, however, share capital has not changed (34,617,204 thousand Tenge). Thereafter, the Company increased the number of authorized shares by 38,463,560 (10% from total amount of 384,635,600 shares), with a purpose to place them on the Kazakhstan Stock Exchange under the "People's IPO" programme. Trades in the shares of JSC "KazTransOil" on the Kazakhstan Stock Exchange were opened on 25 December 2012. As a result, 38,463,559 common shares at 725 Tenge per share were sold for 27,886,080 thousand Tenge.

As at 30 September 2013 and 31 December 2012 the Company had interest ownership in the following companies:

		Place of incorporation	Principal activities	Ownership	
				30 September 2013	31 December 2012
"SZTK MunaiTas" JSC ("MunaiTas")	Joint Venture	Kazakhstan	Oil transportation	51%	51%
"Kazakhstan-China Pipeline" LLP ("KCP")	Joint Venture	Kazakhstan	Oil transportation	50%	50%
"Batumi Capital Partners Limited" ("BCPL")	Subsidiary	Cyprus*	Forwarding, transshipment and storage of oil and oil products	50%*	50%*
"Batumi Industrial Holdings Limited" ("BIHL")	Subsidiary	Cyprus*	Forwarding, transshipment and storage of oil and oil products and operating of Batumi Sea Port and Oil Terminal	100%*	100%*

* Main activities of BCPL and BIHL are carried out by their subsidiaries located in Georgia. BIHL directly owns 50% of BCPL. Accordingly, the Company directly and indirectly, through its subsidiary BIHL, owns 100% of BCPL.

The Company and its subsidiaries are hereafter 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), and Astana (Computing Centre), and representative offices in the Russian Federation (Moscow, Omsk and Samara) and Ukraine (Kiev).

The Group operates network of main oil pipelines of 5,503 km and water pipelines of 2,148 km within the Republic of Kazakhstan. Also the Group is engaged in storage, loading, transshipment or 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 BIHL owns Batumi Oil Terminal and has controlling interest of Batumi Sea Port, main activity of which is storage and transshipment of oil and dry cargoes.

The company is a natural monopolist and, accordingly, is subject to regulation of the Agency of the Republic of Kazakhstan for Regulation of Natural Monopolies ("NMRA").

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. GENERAL (continued)

NMRA is responsible for approving the methodology for calculating the tariff and tariff rates, which serves as a base for receiving major part of Group's revenue in Republic of Kazakhstan. In general, 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, rates can not be lower than the cost of the expenditure required to provide services, and to consider the possibility of making a profit, providing the effective functioning of a natural monopoly.

On 1 December 2012 NMRA increased tariffs of Company for oil transportation on domestic and export markets: the tariff for the domestic market for the transportation of one ton of oil per 1,000 km has been increased from 1,303 Tenge to 1,954.5 Tenge; tariff of oil transportation on export has been increased from 3,331 Tenge to 4,732.6 Tenge for 1 ton of oil per 1,000 km.

These interim condensed consolidated financial statements for nine months ended 30 September 2013 were approved for issue by the General director and the Chief Accountant of the Company on 20 February 2014.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND CHANGES IN ACCOUNTING POLICIES

Basis of preparation of financial statements

These interim condensed consolidated financial statements for nine months ended 30 September 2013 have been prepared in accordance with International Financial Reporting IAS 34 *Interim Financial Reporting* ("IFRS 34").

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 2012.

The interim condensed consolidated financial statements are presented in Tenge and all values are rounded to the nearest thousand, except when otherwise indicated.

Foreign currency translation

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange ("KASE") are used as official currency exchange rates in the Republic of Kazakhstan. As at 30 September 2013 and 31 December 2012, the currency exchange rate of KASE was 153.62 and 150.74 Tenge to USD 1, respectively.

New standards, interpretations and amendments thereof, adopted by the Group for the first time

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 2012, except for the adoption of new standards and interpretations as of 1 January 2013.

The Group applies, for the first time, certain standards and amendments. These include IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IAS 19 (Revised 2011) *Employee Benefits*, IFRS 13 *Fair Value Measurement and Amendments to IAS 1 Presentation of Financial Statements*. As required by IAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of IFRS 12 *Disclosure of Interest in Other Entities* would result in additional disclosures in the annual consolidated financial statements. These standards and amendments did not impact the interim condensed consolidated financial statements of the Group.

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

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND CHANGES IN ACCOUNTING
POLICIES (continued)****New standards, interpretations and amendments thereof, adopted by the Group for the first time (continued)**

The nature and the impact of each new standard/amendment are described below:

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group's financial position or performance.

IAS 1 Clarification of the Requirement for Comparative Information (Amendment)

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements.

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet.

IAS 32 Tax Effects of Distributions to Holders of Equity Instruments (Amendment)

The amendment to IAS 32 *Financial Instruments: Presentation* clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 *Income Taxes*. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the interim condensed consolidated financial statements for the Group, as there is no tax consequences attached to cash or non-cash distribution.

IAS 34 Interim Financial Reporting and Segment Information for Total Assets and Liabilities (Amendment)

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 *Operating Segments*. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment.

IAS 19 Employee Benefits (Revised 2011) (IAS 19R)

IAS 19 includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures. The amendment did not affect materially the interim condensed consolidated financial statements.

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

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND CHANGES IN ACCOUNTING
POLICIES (continued)****New standards, interpretations and amendments thereof, adopted by the Group for the first time (continued)***IFRS 7 Financial Instruments: Disclosures Offsetting Financial Assets and Financial Liabilities Amendments to IFRS 7*

The amendment requires an entity to disclose information about rights to set-off financial instruments and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment does not have an impact on the Group.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities, IFRS 10 replaces the parts of previously existing IAS 27 *Consolidated and Separate Financial Statements* that dealt with consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*, IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including:

- (a) an investor has power over an investee;
- (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

IFRS 10 had no impact on the interim condensed consolidated financial statements of the Group.

IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities – Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. IFRS 11 is effective for annual periods beginning on or after 1 January 2013. Application of this standard did not impact the financial position of the Group, as this method is been applied to joint ventures since 1 January 2009.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. Some of these disclosures are specifically required for financial instruments by IAS 34,16A(j), thereby affecting the interim condensed consolidated financial statements period. The Group disclosed required information in Note 32.

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

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND CHANGES IN ACCOUNTING
POLICIES (continued)****New standards, interpretations and amendments thereof, adopted by the Group for the first time (continued)***IFRS 13 Fair Value Measurement (continued)*

In addition, to the above-mentioned amendments and new standards, IFRS 1 *First-time Adoption of International Financial Reporting Standards* was amended with effect for reporting periods starting on or after 1 January 2013. The Group is not a first-time adopter of IFRS therefore, this amendment is not relevant to the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. 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 than in the first two quarters. These fluctuations are mainly due to the pipeline repairs that are performed mainly during the second part of the year.

4. 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 Batumi sea port 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 Batumi sea port with operation of Batumi oil terminal 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. SEGMENT INFORMATION (continued)**

Management analyses its operating segments by segment profit. Information on revenue and profit of the Group's segments for three months ended 30 September 2013 and 30 September 2012 respectively presented in table below:

<i>In thousands Tenge</i>	For three months ended 30 September 2013 (unaudited)				For three months ended 30 September 2012 (unaudited)				
	Oil transportation and related services	Oil shipment	Other segments	Adjustments and eliminations	Oil transportation and related services	Oil shipment	Other segments	Adjustments and eliminations	Consolidated
Revenue									
External customers	43,519,956	4,048,369	1,050,124	48,618,449	31,648,599	3,805,393	1,214,799	36,668,791	36,668,791
Inter-segment (eliminated during consolidation)	-	-	-	-	-	-	131,777	(131,777)	-
Total revenue	43,519,956	4,048,369	1,050,124	48,618,449	31,648,599	3,805,393	1,346,576	36,800,568	36,668,791
Financial results									
Impairment of property, plant and equipment through profit or loss	(12,645,386)	-	-	(12,645,386)	(706,591)	-	-	(706,591)	(706,591)
Depreciation and amortization	(7,047,000)	(362,191)	(121,957)	(7,531,148)	(6,573,668)	(199,600)	(185,683)	(6,958,951)	(6,958,951)
Interest income	1,004,167	4,125	(405)	1,007,887	456,931	9,981	9,258	476,170	476,170
Interest expenses	(1,792,159)	(37,109)	60,482	(1,768,786)	(2,969,952)	(8,383)	7,265	(1,118)	(8,383)
CIT expense	8,013,734	(1,471,174)	101,394	6,643,954	5,064,091	265,257	(64,368)	(3,034,320)	(3,034,320)
Segment profit	8,013,734	(1,471,174)	101,394	6,643,954	2,983,263	2,983,263	9,627,217	5,435,244	6,065,738
<i>In thousands of Tenge</i>	For three months ended 30 September 2013 (unaudited)				For three months ended 30 September 2012 (unaudited)				
Reconciliation of profit									
Segment profit				6,643,954				5,435,244	
Share in income of joint ventures				3,038,167				1,977,886	
Adjustments and eliminations				(54,904)				(1,347,392)	
Group profit				9,627,217				6,065,738	

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**4. SEGMENT INFORMATION (continued)**

Information on revenue and profit of the Group's segments for nine months ended 30 September 2013 and 30 September 2012 respectively presented in table below:

<i>In thousands Tenge</i>	For nine months ended 30 September 2013 (unaudited)					For nine months ended 30 September 2012 (unaudited)					
	Oil transportation and related services	Oil transshipment	Other segments	Total segments	Adjustments and eliminations	Oil transportation and related services	Oil transshipment	Other segments	Total segments	Adjustments and eliminations	Consolidated
Revenue											
External customers	125,894,668	12,643,969	2,943,944	141,482,581	-	88,953,717	10,769,209	3,303,419	103,026,345	-	103,026,345
Inter-segment (eliminated during consolidation)	-	-	-	-	-	-	-	394,544	394,544	(394,544)	-
Total revenue	125,894,668	12,643,969	2,943,944	141,482,581	-	88,953,717	10,769,209	3,697,963	103,420,889	(394,544)	103,026,345
Financial results											
Impairment of property, plant and equipment through profit or loss	(12,683,830)	-	-	(12,683,830)	-	(707,486)	-	-	(707,486)	-	(707,486)
Depreciation and amortization	(20,726,061)	(987,630)	(277,071)	(21,990,762)	-	(19,620,252)	(742,458)	(401,949)	(20,764,659)	-	(20,764,659)
Interest income	2,681,759	11,519	10,308	2,703,586	-	1,467,457	16,056	41,438	1,524,951	-	1,524,951
Interest expenses	-	-	-	-	-	-	(24,977)	-	(24,977)	-	(24,977)
CIT expense	(10,127,914)	98,521	(39,559)	(10,265,994)	(391,746)	(6,229,542)	-	(148,967)	(6,378,509)	-	(6,378,509)
Segment profit	41,406,792	(133,535)	369,073	41,642,330	8,421,659	18,315,044	964,572	(79,790)	19,199,826	3,765,671	22,965,497
<i>In thousands of Tenge</i>	For nine months ended 30 September 2013 (unaudited)					For nine months ended 30 September 2012 (unaudited)					
Reconciliation of profit											
Segment profit				41,642,330					19,199,826		
Share in income of joint ventures				9,266,989					4,832,850		
Adjustments and eliminations				(391,746)					1,067,179		
Adjustment on dividends from joint ventures				(453,584)					-		
Group profit				50,063,989					22,965,497		

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)**5. PROPERTY, PLANT AND EQUIPMENT**

<i>In thousands of Tenge</i>	Land	Pipelines	Transpor- tation assets	Buildings and facilities	Machinery and equipment	Techno- logical oil	Other	Construction in progress	Total
Net book value as at 31 December 2012 (audited)	10,461,817	94,187,717	5,785,732	66,766,431	66,671,736	82,892,325	10,243,220	25,860,127	362,869,105
Foreign currency translation	134,331	-	43,319	216,605	144,001	-	7,474	41,382	587,112
Additions	71,531	2,904	145,552	430,110	670,591	2,200	732,873	12,502,367	14,558,128
Disposals	(55,885)	(38,706)	(92,376)	(1,206,139)	(359,564)	(79,415)	(173,706)	(13,776)	(2,019,567)
Depreciation charge	-	(7,309,646)	(847,141)	(4,389,161)	(6,998,852)	-	(2,036,265)	-	(21,581,065)
Accumulated depreciation on disposal	-	27,902	81,089	224,400	311,521	-	171,811	-	816,723
Impairment (included in net profit)	(59,951)	(4,073,594)	(314,631)	(5,023,178)	(2,090,447)	(44,560)	(506,480)	(570,989)	(12,683,830)
Revaluation (revaluation reserve)	525,985	9,292,074	1,611,704	7,964,350	19,186,107	5,750,073	2,578,396	1,600,653	48,509,342
Transfer from construction-in-progress	10,050	3,261,146	1,462,789	2,998,458	3,536,227	-	174,578	(11,443,248)	-
Transfer to intangible assets	-	-	-	-	(477)	-	(205)	(10,200)	(10,882)
Transfers and reclassifications	-	16,296	(29,050)	(192)	(22,803)	-	35,148	601	-
Net book value as at 30 September 2013 (unaudited)	11,087,878	95,366,093	7,846,987	67,981,684	81,048,040	88,520,623	11,226,844	27,966,917	391,045,066
As at 30 September 2013 (unaudited)	11,087,878	97,060,726	8,096,826	69,639,599	82,978,764	88,520,623	11,635,487	27,966,917	396,986,820
At fair value	-	(1,694,633)	(249,839)	(1,657,915)	(1,930,724)	-	(408,643)	-	(5,941,754)
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Net book value	11,087,878	95,366,093	7,846,987	67,981,684	81,048,040	88,520,623	11,226,844	27,966,917	391,045,066
As at 31 December 2012 (audited)	10,461,817	117,778,752	8,395,851	81,619,611	86,669,540	82,892,325	14,654,033	25,860,127	428,332,056
At fair value	-	(23,591,035)	(2,610,119)	(14,853,180)	(19,997,804)	-	(4,410,813)	-	(65,462,951)
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Net book value	10,461,817	94,187,717	5,785,732	66,766,431	66,671,736	82,892,325	10,243,220	25,860,127	362,869,105

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 30 September 2013 and 31 December 2012, CIP mainly includes projects under construction, main oil pipelines, (including construction of main oil pipeline Kumkol-Karakoin, realized as a part of interstate Kazakhstan-China oil pipeline construction project), and reconstruction of fire fighting system, reconstruction of electricity supply systems and other.

As at 30 September 2012 there was created a provision for impairment of the complex of kindergartens in Atasu village of Karaganda region amounted to 768,463 thousand Tenge. A provision was created due to the fact these object is for the social purpose and it will not bring economic benefits in the future. Also, in year 2012, impairment of other assets including project and development works, in the amount of 59,804 thousand Tenge was recognized through profit or loss.

As at 30 September 2012 construction-in-progress includes materials and spare parts in the amount of 11,373,860 thousand Tenge (2012: 12,838,006 thousand Tenge), which were purchased for construction purposes.

During the nine months, ended 30 September 2013 the depreciation included in the cost of construction-in-progress amounted to 7,803 thousand Tenge (for nine months, ended 30 September 2012: 9,564 thousand Tenge).

The Group performed revaluation of property, plant and equipment as at July 31, 2013 (except for technological oil). The previous revaluation was performed as of June 30, 2010. Revaluation was performed by independent professional appraiser "PricewaterhouseCoopers Tax and Advisory" LLP.

Valuation method was mainly based on assessment of the depreciable replacement cost ("cost method"). Cost method is basically used for valuation of specific assets within the lack of active market.

Also the Company assessed its long-live assets for recoverability as part of the revaluation. The recoverable amount was calculated using assessment of the value in use. Following assumptions were used in calculation of the value in use:

	Cash generating unit		
	Oil Transportation	Oil transshipment	Sea port
Discount rate	12.7%	14.7%	14.5%
Long-term growth rate	5.16%	2.2%	2.2%
Remaining useful life of the primary asset	13.6 years	10 years	10 years

The assessment of the value in use is sensitive to the forecasted volumes of services rendered, tariffs for the services rendered, the amount of capital repair and operating costs. As a result of the analysis, Group's value in use was determined as 414,201,492 thousand Tenge.

Technological oil is revalued annually as of 30 September, due to significant fluctuations in a market price of oil. Management has concluded that as of September 30, 2013 the fair value of one ton of technological oil is 264.7 US Dollar (40,663 Tenge). As of September 30, 2013 the estimated volume of oil in pipelines of the Company is 2,176,933 tons. Estimated fair value of one ton of oil is based on the average price of oil in the domestic market.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**
6. INTANGIBLE ASSETS

<i>In thousands of Tenge</i>	Licenses	Software	Right for land use	Other	Total
Net book value at 31 December 2012 (audited)	254,920	1,060,376	4,639,163	278,767	6,233,226
Additions	5,021	133,657	39,711	-	178,389
Disposals	-	(102,862)	-	(631,762)	(734,624)
Accumulated amortization on disposals	-	102,862	-	409,087	511,949
Amortization charge	(59,913)	(246,963)	(82,151)	(28,473)	(417,500)
Impairment of intangible assets	-	-	(165,060)	-	(165,060)
Transfer from property, plant and equipment	-	10,882	-	-	10,882
Transfers and reclassifications	1,818	(1,818)	-	-	-
Usage of provisions in impairment of other disposals	-	-	-	170	170
Foreign currency translation	1,411	23	85,829	1,364	88,627
Net book value at 30 September 2013 (unaudited)	203,257	956,157	4,517,492	29,153	5,706,059
As at 30 September 2013 (unaudited)					
At cost	455,703	4,036,475	6,106,994	76,049	10,675,221
Accumulated amortization and impairment	(252,446)	(3,080,318)	(1,589,502)	(46,896)	(4,969,162)
Net book value	203,257	956,157	4,517,492	29,153	5,706,059
As at 31 December 2012 (audited)					
At cost	447,373	3,996,520	5,953,009	704,353	11,101,255
Accumulated amortization and impairment	(192,453)	(2,936,144)	(1,313,846)	(425,586)	(4,868,029)
Net book value	254,920	1,060,376	4,639,163	278,767	6,233,226

7. INVESTMENTS IN JOINT VENTURES

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
KCP	38,357,703	30,188,246
MunaiTas	12,579,728	10,627,303
	50,937,431	40,815,549

During nine months ended 30 September 2013, the Group has recognized its share in income and comprehensive income of MunaiTas in the amount of 1,102,508 and 1,303,501 thousand Tenge, respectively (during nine months ended 30 September 2012: 683,527 thousand Tenge and null, respectively). During the nine months ended 30 September 2013, the Group has received dividends from MunaiTas in the amount of 453,584 thousand Tenge (for the nine months ended 30 September 2012: nil).

During nine months ended 30 September 2013, the Group has recognized its share in income of KCP in the amount of 8,164,481 thousand Tenge (during nine months ended 30 September 2012: 4,149,323 thousand Tenge), and share in other comprehensive income of 4,976 thousand Tenge (for nine months ended 30 September 2012: 2,426 thousand Tenge).

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

The tables below present generalized financial information relating to joint ventures (the Group's proportional share):

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Share in total assets and liabilities of joint ventures		
Current assets	24,151,881	23,918,509
Non-current assets	140,792,633	136,049,737
Current liabilities	(20,092,167)	(15,339,074)
Non-current liabilities	(93,914,916)	(103,813,623)
Share in net assets	50,937,431	40,815,549

<i>In thousands of Tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Total revenue and net income of joint ventures for the period				
Revenue and operating income	9,322,220	8,298,722	27,504,550	22,488,700
Net income	3,038,167	1,977,886	9,266,989	4,832,850
Other comprehensive income/ (loss)	1,306,909	740	1,308,477	2,426

8. ADVANCES TO SUPPLIERS FOR PROPERTY, PLANT AND EQUIPMENT

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Advances to third parties for property, plant and equipment	8,751,163	623,604
Less: allowance for doubtful debts	(99,330)	(99,330)
	8,651,833	524,274

Advances on 30 September 2013 include advances for the reconstruction of the main oil pipeline "Kalamkas Karajanbas-Aktau" and "Uzen-Zhetybai-Aktau" in the amount of 4,037,691 thousand tenge and the construction of an oil pipeline Kumkol-Karakoin, land plot 26 km-MOPS named by Dzhumagaliev in the amount of 3,417,426 thousand Tenge.

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>	For three months ended 30 September		For nine months ended 30 September	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
As at 1 January (audited)	-	-	(99,330)	-
Accrued in the period	-	(76)	-	(76)
Rehabilitation of accounts receivable	-	-	-	(99,330)
As at 30 September (unaudited)	-	(76)	(99,330)	(99,406)

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

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Spare parts	1,321,865	962,951
Fuel	897,806	770,441
Construction materials	285,394	154,549
Chemical reagents	170,534	89,053
Goods	40,234	76,248
Other	783,338	612,112
Less: provision for slow-moving and obsolete inventory	(50,035)	(65,413)
	3,449,136	2,599,941

10. TRADE AND OTHER ACCOUNTS RECEIVABLE

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Trade accounts receivable from related parties (Note 30)	1,906,884	1,031,480
Trade accounts receivable from third parties	1,282,254	1,049,790
Other accounts receivable from third parties	642,270	825,882
Other accounts receivable from related parties (Note 30)	3,594	198,918
Less: allowance for doubtful debts	(617,745)	(578,189)
	3,217,257	2,527,881

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

<i>In thousands of Tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2013	2012	2013	2012
As at 1 January	604,638	551,885	578,189	109,690
Charge for the period	14,146	20,259	40,577	70,569
Write-off of receivable	(1,066)	7,721	(1,066)	(10,269)
Recovery of accounts receivable with related allowance	-	(25)	-	409,686
Currency translation	27	71	45	235
Disposal of subsidiary	-	(24,067)	-	(24,067)
As at 30 September (unaudited)	617,745	555,844	617,745	555,844

Trade and other accounts receivable are denominated as follows:

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Tenge	2,368,271	2,052,571
US Dollars	795,291	429,910
Russian rubles	3,462	780
Other currency	50,233	44,620
	3,217,257	2,527,881

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**
11. ADVANCES TO SUPPLIERS

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Advances to third parties	887,538	184,307
Advances to related parties (Note 30)	346,353	420,284
Less: allowance for doubtful debts	(1,672)	(1,482)
	1,232,219	603,109

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

<i>In thousands of Tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2013	2012	2013	2012
As at 1 January (audited)	1,452	3,164	1,482	3,443
Charge/(reversal) of provision for the period	220	(627)	190	1,654
Write-off of advances	-	2,361	-	(199)
Disposal of subsidiary	-	(1,013)	-	(1,013)
As at 30 September (unaudited)	1,672	3,885	1,672	3,885

12. VAT RECOVERABLE AND OTHER PREPAID TAXES

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
VAT recoverable	2,519,116	1,974,968
Other taxes prepaid	66,832	117,045
	2,585,948	2,092,013

13. OTHER CURRENT ASSETS

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Due for oil transportation coordination services	2,272,127	4,284,419
Prepaid insurance	247,164	34,635
Due from employees	222,903	41,315
Deferred expenses to third parties	9,432	7,409
Prepaid expense to related party (Note 30)	266	-
Other	68,975	40,700
Less: allowance for doubtful debts	(2,616)	(2,616)
	2,818,251	4,405,862

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. BANK DEPOSITS

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Short-term bank deposits	78,004,148	53,000,000
Accrued interest on deposits	1,697,140	84,676
Long-term bank deposits	657,831	-
	80,359,119	53,084,676

As at 30 September 2013 bank deposits comprised of the following:

Short-term deposits denominated in Tenge placed with Kazakhstani banks with maturity from 7 to 12 months (31 December 2012: 3 to 12 months), which earn interest of from 3.7% to 6.1% per annum (31 December 2012: from 3.3% to 7.1% per annum), maturing in June 2014 (31 December 2012: December 2013).

Long-term deposits, restricted in use, with interest rate 2% per annum and maturity year 2028, ensure the mortgage loan of "Halyk Bank" JSC given to the employees of the Company.

15. CASH AND CASH EQUIVALENTS

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Current accounts with banks – Tenge	18,445,637	8,114,269
Time deposits with banks – Tenge	2,000,000	10,000,000
Current accounts with banks – US Dollars	475,145	332,576
Current accounts with banks – Lari	86,027	475,434
Current accounts with banks – Euro	33,336	11,908
Current accounts with banks – Russian Ruble	1,482	4,759
Current accounts with banks – Other currencies	-	152
Other current accounts with banks	10,519	12,365
Cash on hand	2,777	2,581
	21,054,923	18,954,044

As at 30 September 2013 most current accounts and time deposits up to 3 months placed with Kazakhstani banks carried interest at 4.10% per annum (31 December 2012: from 1.65% to 4% per annum).

16. EQUITY

Share capital

As at 30 September 2013 and 31 December 2012 the Company's share capital was comprised of 384,635,600 common shares authorized, from which 384,653,599 were issued and fully paid, in the amount of 62,503,284 thousand Tenge. 1 common share was issued but was not paid.

As at 30 September 2013 and 31 December 2012 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.

Asset revaluation reserve

Asset revaluation reserve as at 30 September 2013 increased by 29,032,669 tenge due to the revaluation of property, plant and equipment as at 31 July 2013, with the exception of technological oil, reassessed annually as of 30 September (previous revaluation was carried out as of 30 June 2010).

Dividends

On annual general meeting of the Company's shareholders held on 28 May 2013, it was decided to pay out dividends on common shares in the amount of 28,847,670 thousand Tenge (75 Tenge per share), of which 25,962,903 thousand Tenge related to the parent Company JSC "National Company KazMunaiGas".

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. EQUITY (continued)

Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Increase in the number of share as a result of share split is applied retrospectively from the beginning of the reporting period and for previous periods.

As the parent Company 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 income and share data used in the basic earnings per share computations:

<i>In thousands Tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Net profit attributable to ordinary equity holders of the parent for basic earnings	9,627,217	6,065,738	50,063,989	22,965,497
Weighted average number of ordinary shares for basic earnings per share	384,635,599	346,172,040	384,635,599	346,172,040
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)	25	18	130	66

Book value of ordinary shares

Book value of the ordinary shares in accordance with requirements of KASE of the Parent company of the Group is as follows (share split was taken into account for the purpose of comparability):

<i>In thousands Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Total assets	571,459,120	496,450,540
Less: intangible assets	(5,706,059)	(6,233,226)
Less: total liabilities	(116,762,171)	(104,136,477)
Net assets for calculation of book value of ordinary shares	448,990,890	386,080,837
Number of ordinary shares	384,635,599	384,635,599
Book value per ordinary share (in Tenge)	1,167	1,004

17. DEFERRED INCOME

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Deferred income from third parties	3,843,265	3,840,252
Deferred income from related parties (Note 30)	338,396	572,670
	4,181,661	4,412,922

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**
18. TRADE AND OTHER ACCOUNTS PAYABLE

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Accounts payable to third parties for goods and services	5,541,910	5,905,433
Accounts payable to related parties for goods and services (Note 30)	468,065	596,783
Other payables to third parties	479,698	269,141
Other payables to related parties (Note 30)	-	569
	6,489,673	6,771,926

Trade and other accounts payables are denominated as follows:

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Tenge	5,469,505	6,274,570
US Dollars	786,418	223,020
Russian roubles	81,205	58,192
Euro	7,835	12,289
Other currency	144,710	203,855
	6,489,673	6,771,926

19. ADVANCES RECEIVED

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Advances received from related parties (Note 30)	9,942,552	10,426,287
Advances received from third parties	5,528,025	5,544,408
	15,470,577	15,970,695

20. OTHER TAXES PAYABLE

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
VAT payable	770,765	297,528
Personal income tax	561,471	432,489
Social tax	224,695	309,878
Property tax	159,918	79,651
Other taxes	694,627	520,255
	2,411,476	1,639,801

21. PROVISIONS

Movements in provisions were represented as follows:

<i>In thousands of Tenge</i>	KazTransOil (environmental provision)	KazTransOil (provisions on apartments)	BIHL (tax provisions)	Others	Total
As at 31 December 2012	167,477	-	174,406	11,814	353,697
Charged for nine months ended 30 September 2013	-	45,467	-	-	45,467
Use of provision	(24,392)	(33,206)	-	(11,814)	(69,412)
Foreign currency translation	-	-	3,332	-	3,332
As at 30 September 2013	143,085	12,261	177,738	-	333,084

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. PROVISIONS (continued)

On 27 February 2013 the Board of Directors adopted Rules on granting apartments to employees of "KazTransOil" JSC. Thus, as of 30 September 2013 the Group has accrued a provision for the obligation to provide apartments free of charge to employees, who have reached retirement age, and also to those who will achieve this age during 2013-2020, in the amount of 45,467 thousand Tenge, which is equal to the carrying value of apartments to be provided.

Asset retirement 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 rehabilitation.

Also long-term liabilities include provision on liquidation of waste disposal landfill. Provision was created in accordance with the requirements of the Environmental Code of the Republic of Kazakhstan, under which the owner of the waste disposal landfill creates a liquidation fund for land rehabilitation and monitoring of the environmental impact after closure of the landfill. The same paragraph prohibits the operation of the landfill without a liquidation fund. The amount of provision for the liquidation of the landfill is based on the discounted amount of related future expenses that will be incurred at the date of actual liquidation of the landfill. The interest rate on government securities (treasury bills) was applied as a discount rate.

Provision on asset retirement obligation

In thousands of Tenge

As at 31 December 2012	15,531,037
Charged for nine months ended 30 September 2013	189,263
Unwinding of discount on asset retirement obligation (Note 28)	720,770
As at 30 September 2013	16,441,070

22. OTHER CURRENT LIABILITIES

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Accounts Payable for oil transportation coordination services to related parties (Note 30)	3,996,761	4,839,624
Salaries and wages	2,683,070	2,941,700
Accounts Payable for oil transportation coordination services to third parties	2,657,136	3,190,974
Current portion of deferred income from third parties	416,617	444,532
Current portion of deferred income from related parties (Note 30)	312,365	312,365
Payable to pension funds	254,424	338,898
Other payables	411,088	62,406
	10,731,461	12,130,499

23. REVENUE

<i>In thousands of Tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Crude oil transportation	39,936,464	28,078,213	115,466,162	78,649,559
Oil reloading and railway shipment	4,048,369	3,805,393	12,643,969	10,769,209
Water transportation	1,763,503	1,721,236	4,917,705	4,917,002
Pipeline operation services	1,597,206	1,518,296	4,799,456	4,470,393
Transshipment of dry cargo	940,020	903,550	2,483,474	2,309,440
Oil transportation coordination services	179,451	185,467	534,033	550,825
Oil storage services	34,872	89,061	119,925	149,247
Other	118,564	367,575	517,857	1,210,670
	48,618,449	36,668,791	141,482,581	103,026,345

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. REVENUE (continued)

The increase in revenue is due to the aforementioned increase in tariffs on oil transportation to domestic and export markets (Note 1). For the nine months ended 30 September 2013 the revenue from the major three customers amounted to 30,442,011 thousand Tenge, 13,925,414 thousand Tenge and 13,297,723 thousand Tenge, respectively (For the nine months ended 30 September 2012 revenue from major three customers: 20,518,640 thousand Tenge, 9,889,436 thousand Tenge and 9,651,335 thousand Tenge, respectively).

24. COST OF SALES

<i>In thousands of Tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Personnel cost	8,313,344	7,688,047	22,329,589	20,920,035
Depreciation and amortization	7,334,135	6,809,062	21,438,682	20,307,522
Railway services	2,118,818	2,074,701	7,019,078	5,956,861
Electric energy	1,579,473	1,434,371	4,574,250	3,982,649
Materials and fuel	1,934,846	1,854,679	3,959,638	4,015,732
Taxes other than corporate income tax	1,206,125	1,054,716	3,592,712	3,176,791
Repair and maintenance costs	1,502,731	1,780,890	3,149,504	3,308,010
Security services	880,018	924,492	2,579,366	2,682,325
Gas expenses	332,877	290,525	1,573,777	1,583,307
Air services	299,850	566,403	979,100	1,509,416
Business trip expenses	267,177	194,728	621,518	500,553
Post-employment benefits	107,711	69,560	323,646	208,680
Insurance	126,168	118,816	322,475	355,771
Rent expense	40,560	189,976	257,515	556,735
Communication services	78,095	50,060	196,467	159,708
Environmental protection	58,365	3,701	134,628	391,381
Diagnostics of pipelines	90,348	102,636	111,484	109,648
Other	748,855	863,840	1,595,000	2,181,016
	27,019,496	26,071,203	74,758,429	71,906,140

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In thousands of Tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Personnel costs	1,479,930	1,402,070	4,014,310	3,731,648
Depreciation and amortization	197,013	149,889	552,080	457,137
Office maintenance	103,726	19,937	254,960	37,761
Consulting	81,912	127,150	196,531	595,566
Social sphere expenses	71,652	23,576	193,611	147,089
Taxes other than corporate income tax	57,137	47,729	167,024	251,798
Impairment of intangible assets	165,060	-	165,060	-
Business trip expenses	53,927	51,471	164,151	140,736
Insurance and security	55,735	55,805	162,533	176,087
Charity expenses	15,771	1,015,071	139,987	1,052,869
Expenses on VAT	2,840	113,376	136,348	229,144
Materials and fuel	108,108	29,127	136,062	61,757
Repair and technical maintenance	47,455	42,303	131,804	151,396
Rent expense	38,064	36,992	113,107	111,248
Communication services	27,868	39,978	78,674	89,446
Bank costs	28,718	30,544	77,393	77,327
Training	33,623	26,978	61,685	65,019
Information expenses	20,779	28,091	52,363	57,103
Provision for allowance for doubtful debts (Note 10, 11)	14,366	19,708	40,767	72,299
Advertising expense	10,634	85,006	30,550	93,914
Post-employment benefits	7,289	4,439	21,354	13,320
Transportation expense	347	2,622	10,004	13,734
Reversal of provision for obsolete and slow-moving inventories	1,162	(1,798)	(3,294)	(3,659)
Other	85,501	15,658	260,107	170,518
	2,708,617	3,365,722	7,157,171	7,793,257

In 2012 the Company has provided a financial aid in the amount of 1,000,000 thousand Tenge to the public association "Pavlodar-our common home" for the construction of multifunctional sport complex in Pavlodar city.

26. OTHER OPERATING INCOME

<i>In thousands of Tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Income from fines and penalties	1,385,772	138,848	2,600,217	372,946
Amortization of deferred income (Note 30)	78,092	78,092	234,274	234,274
Derecognition of financial guarantee issued to joint venture	-	-	177,743	-
Gain on disposal of property, plant and equipment and intangible assets	10,548	-	95,198	-
Gain on disposal of inventory	86,387	1,040	86,742	16,600
Amortization of financial guarantee issued to joint venture (Note 30)	-	35,059	26,463	103,337
Gain on disposal on accounts payable	7,153	3,071	7,153	3,071
Income from rent	-	3,529	-	10,751
Other income	26,770	12,424	119,514	171,006
	1,594,722	272,063	3,347,304	911,985

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. OTHER OPERATING INCOME (continued)

In March 2013 MunaiTas has early repaid its obligation to EBRD under the loan agreement and obligations of the Company as its guarantor for the loan was terminated. Respectively, the Company derecognized the remaining amount of unamortized guarantee liability during the nine months ended 30 September 2013 (Note 31).

Income from fines and penalties are mainly presented by amounts for nominated and non-delivered crude oil volumes under oil transportation contracts on "ship or pay" terms. Increase in fines and penalties in 2013 is due to the postponement of the oil production in Kashagan oilfield.

27. FINANCE INCOME

<i>In thousands of Tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Interest income on bank deposits	1,006,358	474,674	2,699,190	1,520,640
Loans to employees: unwinding of discount	3,640	2,750	19,749	13,950
Other finance income	4,882	5,100	11,823	28,299
	1,014,880	482,524	2,730,762	1,562,889

28. FINANCE COSTS

<i>In thousands of Tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Unwinding of discount on asset retirement obligation (Note 21)	236,464	216,660	720,770	216,660
Employee benefits: unwinding of discount	93,000	40,751	279,000	122,251
Interest on loans and borrowings	-	9,824	-	26,418
	329,464	267,235	999,770	365,329

29. INCOME TAX EXPENSE

<i>In thousands of Tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Current income tax expense	4,775,595	1,915,529	14,989,656	6,613,102
Deferred income tax benefit	(2,951,905)	1,118,791	(4,331,916)	(234,593)
Income tax expense	1,823,690	3,034,320	10,657,740	6,378,509

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (unaudited)
As at 1 January	39,406,770	34,201,711
Charged to profit and loss	(4,331,916)	378,097
Charged to revaluation reserve	9,348,255	4,792,496
Foreign currency translation	(60,444)	34,466
At the end of period	44,362,665	39,406,770

Deferred tax liability as of 30 September 2013 has mainly increased due to revaluation of property, plant and equipment performed in 2013.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**
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 and nine months ended 30 September 2013 and 30 September 2012 and the related balances as at 30 September 2013 and 31 December 2012:

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

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Trade and other accounts receivable from related parties		
Trade accounts receivable from joint ventures	1,359,401	471,451
Trade accounts receivable from entities under common control of KMG	546,521	559,841
Trade accounts receivable from entities under common control of Samruk-Kazyna Group	962	188
	1,906,884	1,031,480
Other accounts receivables from entities under common control of KMG and Samruk-Kazyna Group	3,594	198,918
Total trade and other accounts receivable from related parties	1,910,478	1,230,398

Advances provided to related parties are as follows:

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Advances given to related parties		
Advances given to entities under common control of KMG	268,738	219,298
Advances given to entities under common control of Samruk-Kazyna Group	77,615	2,612
Advances given to other related parties	-	198,374
Total advances paid to related parties	346,353	420,284

Prepaid expenses on transactions with related parties are as follows:

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Prepaid expenses on transactions with related parties		
Prepaid expenses on transactions with related parties	266	-
	266	-

Financial guarantee issued on behalf of joint ventures:

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Financial guarantee issued on behalf of joint ventures		
Financial guarantee issued on behalf of joint ventures	-	199,654
Total financial guarantee issued on behalf of joint ventures	-	199,654

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. RELATED PARTY TRANSACTIONS (continued)

Deferred income to related parties is as follows:

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Non-current portion of deferred income from related parties		
Non-current portion of deferred income from entities under common control of KMG	338,396	572,670
Total non-current portion of deferred income from related parties	338,396	572,670
Current portion of deferred income from related parties		
Current portion of deferred income from entities under common control of KMG	312,365	312,365
Total current portion of deferred income from related parties	312,365	312,365

Trade and other accounts payable to related parties are as follows:

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Accounts payables to related parties for goods and services		
Accounts payables to entities under common control of KMG	458,243	567,859
Accounts payables to entities under common control of Samruk-Kazyna Group	9,822	28,924
	468,065	596,783
Other payables to related parties		
Other payables to entities under common control of Samruk-Kazyna Group	-	569
Total other payables to related parties	-	569
Total trade and other accounts payable to related parties	468,065	597,352

Advances received from related parties are as follows:

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Advances received from related parties		
Advances from entities under common control of KMG	8,482,612	9,143,441
Advances from entities under common control of Samruk-Kazyna Group	1,459,925	1,282,846
Advances from joint ventures	15	-
Total advances received from related parties	9,942,552	10,426,287

Other current liabilities to related parties are as follows:

<i>In thousands of Tenge</i>	30 September 2013 (unaudited)	31 December 2012 (audited)
Accounts payable for oil transportation expedition for related parties		
Accounts payable for oil transportation expedition for entities under common control of KMG	3,996,761	4,839,624
	3,996,761	4,839,624
Employee benefits of key management personnel		
Employee benefits of key management personnel	5,339	17,577
	5,339	17,577

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)**
30. RELATED PARTY TRANSACTIONS (continued)

The Group had the following transactions with related parties:

<i>In thousands of Tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Sales to related parties:				
Income from main activities with entities under common control of KMG	24,592,903	17,148,848	70,510,678	49,102,054
Income from main activities with entities under common control of Samruk-Kazyna Group	3,077,809	2,305,115	8,694,853	5,152,697
Income from main activities with joint ventures	1,343,058	1,231,252	4,041,195	3,694,536
Income from main activities with other related parties	18	4,040	4,092	12,042
Income from other activities with entities under common control of KMG	116,483	625,444	182,602	636,088
Income from other activities with entities under common control of Samruk-Kazyna Group	14	-	103	-
Income from other activities with joint ventures	-	-	-	4,209
	29,130,285	21,314,699	83,433,523	58,601,626

<i>In thousands of Tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Purchases from related parties:				
Purchases of services from entities under common control of KMG	9,849,372	9,064,819	5,867,624	5,579,194
Purchases of services from entities under common control of Samruk-Kazyna Group	1,522,061	1,177,682	910,435	693,332
Purchases of services from other related parties	5,394,945	10,499,736	2,695,976	6,338,545
Purchases of inventory from entities under common control of KMG	147,127	166,594	78,464	116,161
Purchases of inventory from entities under common control of Samruk-Kazyna Group	13,735	25,674	9,108	12,837
Purchases of property, plant and equipment from other related parties	109,901	-	109,901	-
	17,037,141	20,934,505	9,671,508	12,740,069

Financial income of the Group on transactions with related parties is as follows:

<i>In thousands of Tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Financial income from related parties:				
Dividends received from joint ventures	-	-	453,584	-
Other financial income from related parties	18	3,583	4,092	23,967
	18	3,583	457,676	23,967

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. RELATED PARTY TRANSACTIONS (continued)

Amortization of income from related parties is as follows:

<i>In thousands of Tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Amortization of income from related parties:				
Amortization of deferred income from related parties	78,092	78,092	234,274	234,274
Amortization of financial guarantee issued to related party	-	35,059	26,463	103,337
	78,092	113,151	260,737	337,611

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

<i>In thousands of Tenge</i>	For three months ended 30 September		For nine months ended 30 September	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Bonuses	5,384	-	148,893	-
Salary	23,425	20,160	111,796	99,906
Short-term benefits	3,606	7,808	7,207	11,409
Post-employment benefits	123	83	331	203
	32,538	28,051	268,227	111,518
Number of persons	7	7	7	7

31. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities and commitments of the Group are disclosed in the financial statements for the year ended 31 December 2012. During nine months ended 30 September 2013, there were no significant transactions except for the following:

Covenants

Guarantees

On 29 July 2004 MunaiTas (joint venture of the Company) and Eurasian Bank of Reconstruction and Development (EBRD) entered into credit agreement in the amount of 81,600,000 USD. This amount was guaranteed by the Contract dated 29 July 2004, signed by EBRD and the Company, who acted as a guarantor.

In March 2013 MunaiTas has repaid its obligation to EBRD under the loan agreement and obligations of the Company under the Contract as guarantor was terminated.

Contractual commitments

As at 30 September 2013, the Group had contractual obligations to acquire property, plant and equipment, and construction services for the amount of 34,551,413 thousand Tenge (31 December 2012: 5,607,369 thousand Tenge). In addition, as at 30 September 2013, the Group has committed to purchase inventory (materials and spare parts) and services for the amount of 6,498,022 thousand Tenge (31 December 2012: 1,948,794 thousand Tenge).

Share of the Group as at 30 September 2013 in contractual obligations of joint ventures to acquire property, plant and equipment, and construction services for the amount of 4,868,448 thousand Tenge (31 December 2012: 11,623,922 thousand Tenge) and has commitments to purchase inventory (materials and spare parts) and services for the amount of 2,282,556 thousand Tenge (31 December 2012: 986,037 thousand Tenge).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. FINANCIAL INSTRUMENTS

The Group's principal financial liabilities comprise of 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

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments:

<i>In thousands of Tenge</i>	Carrying amount		Fair value	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
Financial assets				
Cash and cash equivalents	21,054,923	18,954,044	21,054,923	18,954,044
Bank deposits	80,359,119	53,084,676	80,359,119	53,084,676
Trade and other receivables	3,217,257	2,527,881	3,217,257	2,527,881
Financial liabilities				
Trade and other payables	6,489,673	6,771,926	6,489,673	6,771,926
Other financial liabilities	2,937,494	3,480,252	2,937,494	3,480,252

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.

33. EVENTS AFTER THE REPORTING DATE

On 11 December 2013 the process of reorganization of the BIHL group companies (including BCPL) was completed, as a result, the Company became a 100% shareholder of the Batumi Terminals Limited company.

Starting from 1 January 2014 Order of NMRA dated as of 21 November 2013 increasing tariffs of the Company for oil pumping in domestic and export markets came into force. Accordingly, oil transportation tariff in domestic market for transportation of 1 tonne oil increased from 1,945 Tenge till 2,931.8 Tenge (increase for 50%); oil transportation tariff in export market for transportation of 1 tonne oil increased from 4,732.6 Tenge till 4,850.6 Tenge (increase for 2.5%).

National Bank of the Republic of Kazakhstan starting from 11 February 2014 made a decision to cease supporting exchange rate of Tenge against US Dollar and other major currencies on the same level, reduce volume of currency interventions and reduce interventions in process of exchange rate formation. Exchange rate before and after devaluation was 155.56 Tenge and 184.5 Tenge per 1 US Dollar respectively. As of 20 February 2014 exchange rate was equal to 184.54 Tenge per 1 US Dollar.