



**North-West Pipeline Company
MunaiTas JSC**

Financial Statements
for the year ended
December 31, 2013

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

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NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

Management is responsible for preparation of the financial statements that present fairly the financial position of North-West Pipeline Company MunaiTas JSC (the "Company") as of December 31, 2013, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, the management is responsible for:


- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- making an assessment of the Company's ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with Kazakhstani legislation and accounting standards;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- preventing and detecting fraud and other irregularities.

These financial statements of the Company for the year ended December 31, 2013 were approved by management on January 31, 2014.

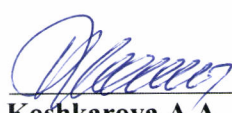
On behalf of the Management:



Soltanbayev Kh. Zh.
General Director

January 31, 2014
Almaty, Republic of Kazakhstan





Koshkarova A.A.
Chief Accountant

January 31, 2014
Almaty, Republic of Kazakhstan

INDEPENDENT AUDITORS REPORT

To the Shareholders of JSC North-West Pipeline Company MunaiTas:

We have audited the accompanying financial statements of JSC North-West Pipeline Company MunaiTas (the “Company”), which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



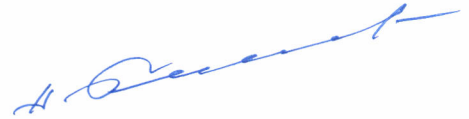
Deloitte, LLP

Deloitte, LLP
Governmental license on auditor activities on territory of
Republic of Kazakhstan #0000015, type MFU-2, issued by the
Ministry of Finance of the Republic of Kazakhstan
dated September 13, 2006

January 31, 2014
Almaty, Republic of Kazakhstan



Daulet Kuatbekov
Engagement Partner
Qualified Auditor,
Republic of Kazakhstan
Qualification certificate No. 0000523
as of February 15, 2002



Nurlan Bekenov
General Director
Deloitte, LLP

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2013 (in thousands of Kazakhstani Tenge)

	Notes	December 31, 2013	December 31, 2012
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	28,809,381	27,606,620
Intangible assets		30,947	31,910
Other non-current assets	7	249,581	228,034
Total non-current assets		29,089,909	27,866,564
CURRENT ASSETS			
Inventories	7	32,725	77,641
Trade receivables		31,941	32,265
Income tax prepaid		158,468	19,756
Short-term financial investments	9	2,107,750	-
Other current assets		66,087	21,308
Cash and cash equivalents	8	318,195	1,543,124
		2,715,166	1,694,094
Non-current assets held for sale	10	125,358	125,358
Total current assets		2,840,524	1,819,452
TOTAL ASSETS		31,930,433	29,686,016
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	48,600	48,600
Retained earnings		15,615,629	13,690,773
Revaluation reserve		9,188,907	7,098,480
Total equity		24,853,136	20,837,853
NON-CURRENT LIABILITIES			
Asset retirement obligation	14	1,292,088	1,332,899
Deferred tax liability	19	5,203,443	4,942,049
Total non-current liabilities		6,495,531	6,274,948
CURRENT LIABILITIES			
Current portion of long-term borrowings	13	-	1,658,543
Value added tax payable		132,978	205,187
Trade payables		34,265	105,749
Advances received	15	347,631	542,162
Other current liabilities		66,892	61,574
Total current liabilities		581,766	2,573,215
TOTAL EQUITY AND LIABILITIES		31,930,433	29,686,016

On behalf of the management:


Soltanbayev Kh.Zh.
General Director

January 31, 2014
Almaty, Republic of Kazakhstan




Koshkarova A.A.
Chief Accountant

January 31, 2014
Almaty, Republic of Kazakhstan


The notes set out on pages 9-35 form an integral part of these financial statements.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2013 (in thousands of Kazakhstani Tenge)


	Notes	2013	2012
REVENUE	16	7,794,757	7,718,963
COST OF SERVICES	17	<u>(3,574,927)</u>	<u>(3,705,883)</u>
GROSS PROFIT		4,219,830	4,013,080
General and administrative expenses	18	(1,115,216)	(1,090,923)
Other expense, net		<u>(120,189)</u>	<u>(105,743)</u>
OPERATING PROFIT		2,984,425	2,816,414
Finance costs		(93,733)	(104,632)
Finance income		46,145	15,217
Foreign exchange gain/(loss)		<u>5,527</u>	<u>(43,383)</u>
PROFIT BEFORE TAX		2,942,364	2,683,616
Income tax expense	19	<u>(593,586)</u>	<u>(550,105)</u>
PROFIT FOR THE YEAR		<u>2,348,778</u>	<u>2,133,511</u>
OTHER COMPREHENSIVE INCOME			-
Items that will not be reclassified subsequently to profit or loss:			
Net gain from fixed assets revaluation	6	3,070,583	-
Net gain from change in estimates for asset retirement obligations	14	124,273	-
Income tax	19	<u>(638,971)</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME AFTER TAX		<u>2,555,885</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>4,904,663</u>	<u>2,133,511</u>

On behalf of the management:


Soltanbayev Kh.Zh
General Director

January 31, 2014
Almaty, Republic of Kazakhstan




Koshkarova A.A.
Chief Accountant

January 31, 2014
Almaty, Republic of Kazakhstan

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NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2013 (in thousands of Kazakhstani Tenge)


	Share capital	Revaluation provision	Retained earnings	Total equity
Balance at January 1, 2012	48,600	7,539,563	11,116,179	18,704,342
Profit for the year	-	-	2,133,511	2,133,511
Revaluation provision utilised less tax	-	(441,083)	441,083	-
Balance at December 31, 2012	48,600	7,098,480	13,690,773	20,837,853
Profit for the year	-	-	2,348,778	2,348,778
Other comprehensive income	-	2,555,885	-	2,555,885
Revaluation provision utilised less tax	-	(465,458)	465,458	-
Dividends declared (Note 12)	-	-	(889,380)	(889,380)
Balance at December 31, 2013	48,600	9,188,907	15,615,629	24,853,136

On behalf of the management:


Soltanbayev Kh.Zh.
General Director

January 31, 2014
Almaty, Republic of Kazakhstan




Koshkarova A.A.
Chief Accountant

January 31, 2014
Almaty, Republic of Kazakhstan

The notes set out on pages 9-35 form an integral part of these financial statements.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2013 (in thousands of Kazakhstani Tenge)

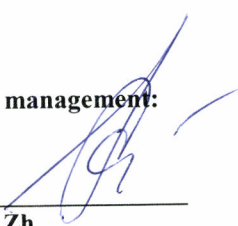
	Notes	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year		2,348,778	2,133,511
Income tax expense		593,586	550,105
Adjustments for:			
Depreciation and amortisation	17, 18	1,981,887	1,894,219
Loss from disposal of property, plant and equipment		140,497	130,077
Unrealised foreign exchange loss		449	43,430
Finance income		(46,145)	(15,217)
Finance expense		93,733	104,632
Income from changes in the fair value of fixed assets	6	(14,265)	-
Operating cash flows before working capital changes		5,098,520	4,840,757
Change in trade receivables		324	134,572
Change in inventories		44,916	(27,188)
Change in other current assets		(20,181)	13,304
Change in VAT payable		(72,209)	102,996
Change in trade payables		(71,484)	4,989
Change in advances received		(194,531)	959
Change in current liabilities		281	49,657
Cash from operating activities		4,785,636	5,120,046
Interest paid		(12,671)	(108,133)
Income tax paid		(1,104,839)	(885,839)
Net cash generated by operating activities		3,668,126	4,126,074
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment		(235,558)	(232,005)
Acquisition of intangible assets		(3,777)	(356)
Placement of short-term bank deposits, net	9	(2,107,750)	-
Net cash used in investing activities		(2,347,085)	(232,361)

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 *(in thousands of Kazakhstani Tenge)*


	Notes	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings	13	(1,656,590)	(2,463,268)
Paid dividends	12	(889,380)	-
Net cash used in financing activities		(2,545,970)	(2,463,268)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS, NET			
CASH AND CASH EQUIVALENTS, at the beginning of the year		1,543,124	112,679
CASH AND CASH EQUIVALENTS, at the end of the year	8	318,195	1,543,124

On behalf of the management:


Soltanbayev Kh.Zh.
General Director

January 31, 2014
Almaty, Republic of Kazakhstan




Koshkarova A.A.
Chief Accountant

January 31, 2014
Almaty, Republic of Kazakhstan

The notes set out on pages 9-35 form an integral part of these financial statements.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

(in thousands of Kazakhstani Tenge)

1. NATURE OF ACTIVITY

North-West Pipeline Company Munaitas JSC (the “Company”) was incorporated on December 11, 2001 as a joint-stock company in accordance with the legislation of the Republic of Kazakhstan. The Company is a joint venture of KazTransOil JSC (the “KazTransOil”), a subsidiary of National Company KazMunaiGas JSC (the “KazMunaiGas”) and CNPC Exploration and Development Company Ltd. (the “CNPC E&D”), a subsidiary of Petro China, owning 51% and 49% shares in the share capital, respectively. The Company is jointly controlled by KazTransOil and CNPC E&D on an equal basis in accordance with the constituent documents. KazTransOil is ultimately controlled by NWF Samruk – Kazyna JSC, which is owned by the Government of the Republic of Kazakhstan and the ultimate controlling party of CNPC E&D is CNPC, a state company of China.

The Company was founded to construct and operate the oil pipeline Kenkiyak (Aktobe oblast) – Atyrau (Atyrau oblast) located in the West Kazakhstan. On June 18, 2004 the Company put the pipeline into operation. The Company is considered as a monopolist and, accordingly, is subject to be governed by the Agency of the Republic of Kazakhstan on regulation of natural monopolies (the “Agency”). The Agency approves tariff rates which are based on return of capital for assets used.

The Company’s registered address is: 29D Satpayev Street, 2nd floor, Almaty, Republic of Kazakhstan.

2. FINANCIAL STATEMENTS PRESENTATION

Compliance report

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The Company’s financial statements are prepared based on historical cost principle, except for valuation of financial instruments and revaluation of property, plant and equipment. The principal accounting policies are disclosed in Note 4.

Use of estimates and assumptions

Preparation of the financial statements in accordance with IFRS assumes that the management makes the estimates and assumptions that affect the assets and liabilities recognised in the financial statements and income and expenses and disclosure of contingent assets and liabilities during the subsequent financial period. Estimates and judgements are continually evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also uses professional judgements and estimates in the process of applying the accounting policies. Due to uncertainty specific to such estimates, actual results reflected in future accounting periods may be based on amounts, which differ from these estimates. Important accounting estimates and professional judgements are presented in Note 5.

These financial statements have been drawn up on the basis of accounting policies consistent with those applied in the financial statements for the year ended December 31, 2012 except where new policies have been applied. New or revised standards and the effect of their changes on these financial statements are set out in Note 3.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 *(in thousands of Kazakhstani Tenge)*

Going concern

These financial statements have been prepared in accordance with IFRS, on the basis that the Company will continue as a going concern. This assumes that the Company realisation of assets and payment of liabilities within the normal course of business.

Functional and presentation currency

The functional and presentation currency of the Company which reflects the Company's operations economic essence is Kazakhstani Tenge ("KZT").

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Company has adopted the following new or revised standards and interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee (the "IFRIC"), which became effective for the Company's annual financial statements for the year ended December 31, 2013:

- IFRS 10 *Consolidated Financial Statements*;
- IFRS 11 *Joint Arrangements*;
- IFRS 12 *Disclosure of Interests in Other Entities*;
- IFRS 13 *Fair Value Measurement*;
- amendments to IFRS 7 *Disclosures—Offsetting Financial Assets and Financial Liabilities*;
- amendments to IFRS 10, IFRS 11 and IFRS 12: transition guidance;
- amendments to IAS 1 *Presentation of financial statement*;
- IAS 19 *Employee Benefits* (as revised in 2011);
- IAS 27 *Separate Financial Statements* (as revised in 2011);
- IAS 28 *Investments in Associates and Joint Ventures* (as revised in 2011);
- amendments to IFRS: Annual improvements to IFRSs 2009 - 2011 cycle;
- interpretation of IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*.

The adoption of new or revised Standards did not have a material impact on the financial positions and financial results of the Company. New and revised Standards have been applied retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

New and revised IFRS – in issue but not yet effective

Below is a list of new and revised Standards and interpretations that was issued but is not mandatorily effective, yet and was not applied early by the Company as at the date of the issuance of financial statement:

- IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after January 1, 2015);
- amendments to IFRS 9 and IFRS 7 *Mandatory Effective Date of IFRS 9 and Transition Disclosures* (effective for annual periods beginning on or after January 1, 2015);
- amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements* (effective for annual periods beginning on or after January 1, 2015);
- amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities* (effective for annual periods beginning on or after January 1, 2014);

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2013

(in thousands of Kazakhstani Tenge)

- amendments to IAS 39 *Financial Instruments: Recognition and Measurement* (effective for annual periods beginning on or after January 1, 2014);
- amendments to IAS 36 *Impairment of Assets* (effective for annual periods beginning on or after January 1, 2014);
- interpretation IFRIC 21 *Levies* (effective for annual periods beginning on or after January 1, 2014).

Company will adopt new and revised standards and new interpretations from the effective dates. IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* requires retrospective adoption of new and revised standards, unless otherwise stated in notes below.

Management of the Company anticipates that amendments will have no material impact on the financial position and results of the Company.

Company will adopt all new, revised and amended Standards and Interpretations from the effective dates. Management of the Company anticipates that adoption of those Standards and Interpretations will have no material impact in financial position of the Company, statement of comprehensive income and cash flow statement.

4. SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment are carried at fair value less accumulated depreciation and provision for impairment, where required.

Property, plant and equipment are subject to revaluation on a regular basis. The frequency of revaluation depends upon the movements in the fair values of the assets being revalued. Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity; all other decreases are charged to the statement of comprehensive income. The revaluation reserve in equity is transferred directly to retained earnings when the surplus is realised either on the retirement or disposal of the asset or as the asset is used by the Company; in the latter case, the amount of the surplus realised is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Property, plant and equipment are revalued on the basis of independent appraisers' report and with the consent of the authorised bodies for the purposes of setting oil transportation tariffs.

Subsequent expenses on major repairs related to an asset, which has already been recognized, increase its carrying value, if the company is more likely to receive future economic benefits and if those costs meet the requirements of recognition. If the recognition criteria for property, plant and equipment are satisfied, the costs incurred in replacing or upgrading of an asset are recognized as a purchase of a new separate asset and the carrying amount (net book value) of the replaced asset is written off.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 *(in thousands of Kazakhstani Tenge)*

Calculation of the replacement cost of property, plant and equipment is based on the proportional method. If significant parts of the property, plant and equipment with different useful lives were not identified in the individual objects during the initial recognition of the asset, then during the major repairs, which require division from indivisible object of property, plant and equipment any component or part, a working group and experts of relevant business units shall conduct a one-time downsizing of the object under repair and evaluate each of the selected part according to normative and technical documentation.

Costs of minor repairs and maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired. Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in statement of comprehensive income.

At each reporting date management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of: an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in the statement of comprehensive income to the extent it exceeds the previous revaluation surplus in equity. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in profit or loss for the year (within other operating income or expenses).

Depreciation

Land is not depreciated. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their revalued amounts to their residual values over their estimated useful lives:

	Useful lives (in years)
Buildings and constructions	6-41
Oil pipeline	15-25
Machinery and equipment	1-20
Other	1-16

Depreciation expense is included in the statement of comprehensive income. The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Company expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Intangible assets

Intangible assets include computer software and licenses. Intangible assets are recorded at purchase cost and amortised using the straight-line method over their estimated economic useful lives of six years. If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 (in thousands of Kazakhstani Tenge)

Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost of inventory is assigned on FIFO basis. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Financial instruments

Key measurement terms. Depending on their classification financial instruments are carried at fair value or amortised cost as described below.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value is the current bid price for financial assets and current asking price for financial liabilities which are quoted in an active market. For assets and liabilities with offsetting market risks, the Company may use mid-market prices as a basis for establishing fair values for the offsetting risk positions and apply the bid or asking price to the net open position as appropriate. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other institution and those prices represent actual and regularly occurring market transactions on an arm's length basis. Valuation techniques such as discounted cash flows models or models based on recent arm's length transactions or consideration of financial data of the investees are used to fair value certain financial instruments for which external market pricing information is not available. Valuation techniques may require assumptions not supported by observable market data. Disclosures are made in these financial statements if changing any such assumptions to a reasonably possible alternative would result in significantly different profit, income, total assets or total liabilities.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 *(in thousands of Kazakhstani Tenge)*

Financial assets and liabilities

(i) Classification of financial assets

The management of the Company classifies its financial assets upon initial recognition. Financial assets of the Company include trade receivables and deposits.

Classification of financial liabilities

Financial liabilities of the Company include financial liabilities carried at amortised cost. Financial liabilities in the statement of financial position comprise borrowings received and trade payables.

(ii) Initial recognition of financial instruments

Financial assets and financial liabilities are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

(iii) Derecognition of financial assets

The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control over such financial assets. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash at bank and in hand as well as short-term deposits with original maturities of three months or less. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2013

(in thousands of Kazakhstani Tenge)

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount at the date of reclassification and fair value less costs to sell.

Value added tax

Value added tax ("VAT") related to sales is payable to tax authorities when goods are shipped or services are rendered. Input VAT is reclaimable against output VAT upon receipt of a tax invoice from a supplier. The tax legislation permits the settlement of VAT on a net basis. Accordingly, VAT related to sales and purchases, which have not been settled at the statement of financial position date is recognised in the statement of financial position on a net basis.

Trade payables

Trade payables are accrued when the counterparty has performed its obligations under the contract. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Advances received are stated at actual amounts received from third parties.

Borrowings

Borrowings are carried at amortised cost using the effective interest method.

Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that are not carried at fair value and that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets, if the commencement date for capitalisation is on or after January 1, 2009. Other borrowing costs are recognized as expenses using the effective interest method. The Company capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Company's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

The commencement date for capitalisation is when (a) the Company incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 *(in thousands of Kazakhstani Tenge)*

Provisions for liabilities and charges

Provisions for liabilities and charges are recognised when the Company has a present obligation (legal or constructive) as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be insignificant.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Income tax

Income taxes have been provided for in the financial statements in accordance with Kazakhstani legislation enacted or substantively enacted by the reporting date. The income tax charge comprises current tax and deferred tax and is recognised in the statement of comprehensive income unless it relates to transactions that are recognised, in the same or a different period, directly in equity.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within operating expenses.

In case if financial statements are approved before the submission date of corresponding tax returns, taxable income or losses based on estimated data. Deferred income tax is provided using the balance sheet liability method for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the reporting date which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Uncertain tax positions

The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 *(in thousands of Kazakhstani Tenge)*

Foreign currency transactions

The Company's monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into KZT at the official exchange rate of the Kazakhstani Stock Exchange ("KASE") at the reporting date. Foreign currency transactions are accounted for using the exchange rate of KASE at the dates of transactions. Foreign exchange gains and losses related to borrowings and cash and cash equivalents are classified as finance income/finance expense in the statement of comprehensive income. All other foreign exchange gains and losses are recognised in operating profit or loss in the statement of comprehensive income.

As of December 31, 2013 the official exchange rate used for revaluing foreign currency balances was KZT 153.61 for USD 1 (2012: KZT 150.74 for USD 1). Exchange restrictions and currency controls exist relating to converting KZT into other currencies. Currently, KZT is not freely convertible in most countries outside of the Republic of Kazakhstan.

Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are both classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends

Dividends are recorded as a liability and deducted from equity at the end of reporting period only if they are declared before or on the end of reporting period. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorised for issue.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably. Revenue from transportation services is recognised based on actual volumes of crude oil transported during the reporting period. Revenues are shown net of VAT. Revenues are measured at fair value of the consideration received or receivable. Revenue is based on the application of authorised tariffs for corresponding services as approved by the Agency.

Employee benefits

Wages, salaries, contributions to pension funds, paid annual leave and sick leave, bonuses, and other benefits are accrued in the year in which the associated services are rendered by the employees of the Company.

In accordance with the legal requirements of the Republic of Kazakhstan, the Company withholds pension contributions from employees' salaries and transfers them into state or private pension funds. As pension contributions transferred, the Company does not have further pension obligations. Upon retirement of employees, all pension payments are administered by such pension funds directly.

Related parties

Related parties include the Company's shareholders, key management personnel and entities wherein the shareholders or key management personnel of the Company have an interest that ensures significant influence on such entities.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 *(in thousands of Kazakhstani Tenge)*

5. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Company makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Useful life of property, plant and equipment

Assessment of useful life of property, plant and equipment are subject to judgments based on the experience in reflecting similar assets. Future economic benefits on assets are mainly gained through usage. Nevertheless other factors such as technical and commercial impairment and depreciation often lead to minimization of economic benefits on assets. The management assesses the remaining periods in which assets potentially might bring such benefits to the Company. The following key factors should be considered: (a) assumed use of assets; (b) assumed depreciation which depends on operational factors and operational programs; (c) technical and commercial impairment arisen as a result of changes in market conditions.

Revaluation of property, plant and equipment

The property, plant and equipment owned by the Company are reflected at fair value based on statements prepared by independent appraisal company. Due to specifications of property, plant and equipment, their fair value is assessed based on different valuation approaches, which are most suitable in each case. Method of the strengthened indicators of recovery cost (SIRC) was used at determination of cost of buildings and constructions, pipeline assets. The method of market information – was used in the presence of information in the market, the method was applied to fixed assets of groups: transfer devices, machinery and equipment, other vehicles. On positions on which there was no information on technical characteristics or the integrated indicators on cost of construction, the basic cost method of indexation was used. Income approach was used for identification and determination of economic wear of estimated property. The main assumption for the usage of profitable approach, related to the confirmation that National Republic of China will purchase share in development of the Kashagan field that will be the most effective use of a complex of assets, by change of the current direction of pumping of oil on a reverse - Atyrau-Kenkiyak.

Provisions

The Company's production activity should be in compliance with various environmental laws and regulations. The Company estimates the provision for decommissioning of the pipeline based on management's understanding of the current legal requirements in different jurisdictions and internal engineering valuations. A provision is raised on the basis of the net present value of assets to be decommissioned at reporting date. Actual costs incurred in future periods may substantially differ from the amounts of provisions. In addition, future changes in environmental laws and regulations, estimates of date of decommissioning and discount rates may affect the carrying value of this provision.

Contingent liabilities

By their nature, contingent liabilities will be settled when one or several events in the future will or will not take place. The assessment of contingent liabilities involves a degree of judgment as regards the results of future events.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 (in thousands of Kazakhstani Tenge)

Transactions with related parties

In the normal course of business, the Company enters into transactions with its related parties. IAS 39 *Financial Instruments: Recognition and Measurement* requires initial recognition of the financial instruments at their fair value. The judgment is applied to determine whether the cost of transactions is marketed or non-marketed in the case when there is no active market of such transactions. The judgment is based on costs of similar transactions with non-related parties

6. PROPERTY, PLANT AND EQUIPMENT

Below presented are movements in the carrying value of property, plant and equipment:

	Buildings and constructions	Pipeline	Machinery and equipment	Other	Total
Revalued amount					
At January 1, 2012	2,719,348	24,208,573	3,595,428	554,072	31,077,421
Acquisitions	193,244	-	27,667	11,094	232,005
Asset created for provision to liquidate pipeline (Note 14)	-	1,332,899	-	-	1,332,899
Transfer from inventory	-	-	6,296	-	6,296
Transfer to assets held for sale (Note 10)	-	-	(144,352)	-	(144,352)
Disposals	(138,299)	-	(443)	(2,971)	(141,713)
At December 31, 2012	2,774,293	25,541,472	3,484,596	562,195	32,362,556
Acquisitions	204,277	-	2,214	29,068	235,559
Disposals	(140,963)	-	(146)	(2,032)	(143,141)
Disposal of accumulated depreciation due to revaluation	(247,267)	(4,187,809)	(1,321,702)	(96,510)	(5,853,288)
Revaluation	410,460	2,439,288	271,297	(36,197)	3,084,848
At December 31, 2013	3,000,800	23,792,951	2,436,259	456,524	29,686,534
Accumulated depreciation					
At January 1, 2012	(123,571)	(2,016,298)	(707,719)	(49,497)	(2,897,085)
Charged for the year	(82,987)	(1,344,199)	(429,041)	(33,253)	(1,889,480)
Disposals	8,542	-	122	2,971	11,635
Amortisation on disposals of assets held for sale (Note 10)	-	-	18,994	-	18,994
At December 31, 2012	(198,016)	(3,360,497)	(1,117,644)	(79,779)	(4,755,936)
Charged for the year	(90,912)	(1,486,658)	(361,298)	(38,279)	(1,977,147)
Disposals	969	-	36	1,637	2,642
Disposal of accumulated depreciation due to revaluation	247,267	4,187,809	1,321,702	96,510	5,853,288
At December 31, 2013	(40,692)	(659,346)	(157,204)	(19,911)	(877,153)
Net carrying value					
At December 31, 2012	2,576,277	22,180,975	2,366,952	482,416	27,606,620
At December 31, 2013	2,960,108	23,133,605	2,279,055	436,613	28,809,381

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 (in thousands of Kazakhstani Tenge)

As of July 31, 2013 property, plant and equipment have been revalued at market value. The revaluation was performed based on the report of the independent appraiser which has proved and relevant qualification and experience as an appraiser of similar assets. Due to specifications of property, plant and equipment, their fair value is assessed based on different valuation approaches, which are most suitable in each case. Method of the strengthened indicators of recovery cost (SIRC) was used at determination of cost of buildings and constructions, pipeline assets. The method of market information – was used in the presence of information in the market, the method was applied to fixed assets of groups: transfer devices, machinery and equipment, other vehicles. On positions on which there was no information on technical characteristics or the integrated indicators on cost of construction, the basic cost method of indexation was used. Income approach was used for identification and determination of economic wear of estimated property. The applicable discount rate was 16.09%.

Accumulated depreciation was credited to carrying value of property, plant and equipment, and a net amount was increased to revalued cost of property, plant and equipment.

The following changes to the book value appeared as a result of revaluation:

	Buildings and constructions	Pipeline	Machinery and equipment	Other	Total
Changes reflected in other comprehensive income	393,790	2,439,288	272,016	(34,511)	3,070,583
Restoration of impairment reflected in profit and losses of prior periods	16,670	-	11,241	186	28,097
Discount on account of profit and losses	-	-	(11,960)	(1,872)	(13,832)
Revaluation	<u>410,460</u>	<u>2,439,288</u>	<u>271,297</u>	<u>(36,197)</u>	<u>3,084,848</u>

Depreciation charge is allocated to the following items:

	2013	2012
Cost of services	1,954,714	1,871,666
General and administrative expenses	<u>22,433</u>	<u>17,814</u>
Total	<u>1,977,147</u>	<u>1,889,480</u>

In the fourth quarter of 2013, the Company performed capital repair of two reservoirs in the amount of KZT 205,004 thousand. Capital repair presents complex operations in the process of which worn-out constructions or facilities are repaired or replaced to more resistant and cost-effective ones to extend the maintenance period of exploitation.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 (in thousands of Kazakhstani Tenge)

Presented below are carrying amounts to be recognised if the Company's assets were accounted for under historical cost convention:

	Buildings and constructions	Pipeline	Machinery and equipment	Other	Total
Cost					
At January 1, 2013	2,368,027	23,510,354	5,091,575	289,118	31,259,074
Acquisitions	204,277	-	2,214	29,068	235,559
Disposals	(119,002)	-	(4,046)	(17,251)	(140,299)
At December 31, 2013	2,453,302	23,510,354	5,089,743	300,935	31,354,334
Accumulated Depreciation					
At January 1, 2013	(904,012)	(8,233,231)	(2,273,111)	(162,799)	(11,573,153)
Charge for the year	(103,698)	(1,127,551)	(542,334)	(46,818)	(1,820,401)
Disposals	32,384	-	2,734	14,081	49,199
At December 31, 2013	(975,326)	(9,360,782)	(2,812,711)	(195,536)	(13,344,355)
Net Book Value					
At December 31, 2012	1,464,015	15,277,123	2,818,464	126,319	19,685,921
At December 31, 2013	1,477,976	14,149,572	2,277,032	105,399	18,009,979

As of December 31, 2013 the Company did not have any property, plant and equipment pledged as collateral for loan or lease agreements.

7. INVENTORY

	December 31, 2013	December 31, 2012
Current inventories:		
Spare parts	18,959	62,670
Materials	12,401	13,281
Fuel	1,365	1,690
Total	32,725	77,641
Non-current inventories:		
Spare parts	249,581	228,034

Non-current inventories are spare parts designated for current repair of the pipeline in subsequent periods.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 (in thousands of Kazakhstani Tenge)

8. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012
Cash at bank accounts	316,849	437,146
Special bank deposit	725	528
Short-term deposits	-	1,105,000
Cash on hand	621	450
Total	<u>318,195</u>	<u>1,543,124</u>

As at December 31, 2013, cash at special bank account was denominated in KZT, and represented the amount that, according to the legislation of the Republic of Kazakhstan, shall be deposited in a special bank account in order to receive permission for expatriate personnel to work for the Company in Kazakhstan. That deposit will be available when the Company ceases to use expatriate personnel in Kazakhstan.

As at December 31, 2013 and 2012 all cash and cash equivalents were denominated in KZT.

9. SHORT-TERM FINANCIAL INVESTMENTS

	December 31, 2013	December 31, 2012
Short-term financial investments	2,107,750	-

As at December 31, 2013 the Company had short-term deposit, placed in Halyk Bank in the amount of KZT 1,500,000 thousand, at annual interest rate of 2.95% - 5%, and maturity more than 3 months. Also, as at December 31, 2013 the Company had short-term deposit, placed in Kazinvestbank JSC in the amount of KZT 607,750 thousand at annual interest rate of 5.5%, and maturity date till June 6, 2014.

10. NON-CURRENT ASSETS HELD FOR SALE

	December 31, 2013	December 31, 2012
Fibre-optic cable	125,358	125,358

The Company expects to sell its four fibre-optic cables during 2014 due to changes in technological cycle. As a natural monopoly, the Company received a letter of consent from the Agency for regulation of natural monopolies on disposal of assets. During 2012 and 2013, the Company had taken active steps to find a buyer and implement the sale plan. At the beginning of the year 2014, the process of signing agreement with KazTransOil on sale of these assets has been commenced.

On the date of transfer the fair value of the assets has exceeded the carrying value.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 (in thousands of Kazakhstani Tenge)

11. SHARE CAPITAL

As at December 31, 2013 the total ordinary shares authorised was 243 thousand shares with a par value of KZT 200 per share (2012: 243 thousand shares). All ordinary shares issued are fully paid. Each ordinary share equals one vote.

Presented below is the structure of the Company's shareholders as at December 31, 2013 and 2012:

	December 31, 2013		December 31, 2012	
	Ownership percentage	Amount	Ownership percentage	Amount
KazTransOil	51%	24,786	51%	24,786
CNPC E&D	49%	23,814	49%	23,814
Total	100%	48,600	100%	48,600

12. DIVIDENDS

On April 5, 2013 the Company has declared in amount of KZT 889,930 thousands, which has been fully repaid on June 25, 2013.

13. BORROWINGS

In accordance with the loan agreement dated July 29, 2004, the Company obtained the loan facility from EBRD in the amount of USD 81,600 thousand US dollars at interest rate that equals to three months plus 2.25%. The interest expense is paid quarterly. The interest rate has been increasing by 0.25% each subsequent year. JSC KazTransOil acted as a guarantor for this loan. Under the loan agreement terms, neither the Company nor JSC KazTransOil should sell, lease, transfer or otherwise dispose of a material part of their assets that could result in inability to settle obligations, if necessary.

On March 12, 2013 the Company has fully repaid principal amount of the borrowings, amounting to KZT 1,656,590 thousands including foreign exchange, and accrued interest in the amount of KZT 12,671 thousands; the Company has fulfilled its obligations under the loan agreement in advance.

14. ASSET RETIREMENT OBLIGATION

	December 31, 2013	December 31, 2012
At January 1	1,332,899	-
Change in estimate	(124,273)	
Unwinding discount	83,462	
Provision charge	-	1,332,899
At December 31	1,292,088	1,332,899

In accordance with the Law of Republic of Kazakhstan On main Pipeline No.21-V dated June 22, 2012, the Company is under a legal obligation to dismantle and liquidate the pipeline, as well as to restore the land.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013

(in thousands of Kazakhstani Tenge)

As of July 31, 2013, the Company has assessed in the best way the obligation to liquidate its main pipeline in the amount of KZT 1,651,399 thousand (2012: KZT 1,567,363 thousand), adjusted for the discount rate of 5.75% (2012: 6.01%) and rate of inflation at 4.62% (2012: 5.6%).

The estimated maturity date of obligation is the end of the license period of subsoil use contract of the main customers – 2037.

15. ADVANCES RECEIVED

	December 31, 2013	December 31, 2012
Advances received from related parties (Note 20)	216,136	97,249
Advances received from third parties	131,495	444,913
Total	<u>347,631</u>	<u>542,162</u>

16. REVENUE

	2013	2012
Kazakhoil Aktobe LLP	2,956,215	2,568,556
CNPC – Aktobemunaigaz JSC	2,143,921	2,755,870
Mangistaumunaigas JSC	680,004	-
Alties Petroleum International B.V.	591,942	696,862
Kazakhturkmunai LLP	365,473	355,740
Sagiz Petroleum Company LLP	215,741	-
Embamunaigas JSC	196,482	56,166
Exploration and Production KazMunaiGas JSC	-	137,657
Sales to other parties	644,979	1,148,112
Total	<u>7,794,757</u>	<u>7,718,963</u>

17. COST OF SERVICES

	2013	2012
Depreciation and amortisation	1,956,468	1,873,420
Pipeline maintenance	793,964	1,118,071
Security services	192,664	182,841
Payroll and related taxes	145,644	116,377
Communication equipment maintenance	63,921	61,230
Air patrol of pipeline	52,664	57,315
Insurance of pipeline	49,889	52,226
Materials	53,701	15,110
Other	266,012	229,293
Total	<u>3,574,927</u>	<u>3,705,883</u>

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 (in thousands of Kazakhstani Tenge)

18. GENERAL AND ADMINISTRATIVE EXPENSES

	2013	2012
Payroll and related taxes	435,378	444,923
Taxes other than income tax	402,043	385,967
Office rent	42,602	48,782
Consulting services expenses	30,758	22,000
Transport repair expenses	27,616	23,253
Business trip expenses	25,832	20,957
Depreciation and amortisation	25,419	20,798
Entertainment expenses	22,853	22,151
Communication expenses	5,963	6,464
Bank charges	5,713	3,496
Other	91,039	92,132
	<u>1,115,216</u>	<u>1,090,923</u>
Total		

19. INCOME TAX

Income tax expense includes following:

	2013	2012
Current income tax expense	971,163	903,475
Deferred income tax benefit	<u>(377,577)</u>	<u>(353,370)</u>
Income tax expense for the year	<u>593,586</u>	<u>550,105</u>

Reconciliation between the expected and the actual taxation charge is provided below:

	2013	2012
Profit before tax	2,942,364	2,683,616
Effective tax rate	<u>20%</u>	<u>20%</u>
Expected charge at rate of 20%	588,473	536,723
Non-deductible expenses	<u>5,113</u>	<u>13,382</u>
Income tax expense for the year	<u>593,586</u>	<u>550,105</u>

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 (in thousands of Kazakhstani Tenge)

	January 1, 2013	Recognised in profit or loss	Recognised in other comprehensive income	December 31, 2013
Tax effect of deductible temporary differences				
Asset retirement obligation	266,580	16,693	(24,855)	258,418
Provision for unused vacation	9,591	828	-	10,419
Other	1,132	115	-	1,247
Gross deferred tax asset	277,303	17,636	(24,855)	270,084
Deferred tax liability from:				
Property, plant and equipment and intangible assets	(5,217,081)	391,337	(614,116)	(5,439,860)
Other	(2,271)	(31,396)	-	(33,667)
Gross deferred tax liability	(5,219,352)	359,941	(614,116)	(5,473,527)
Total deferred tax liability, net	(4,942,049)	377,577	(638,971)	(5,203,443)
	January 1, 2012	Recognised in profit or loss	Recognised in other comprehensive income	December 31, 2012
Tax effect of deductible temporary differences				
Asset retirement obligation	-	266,580	-	266,580
Provision for unused vacation	-	9,591	-	9,591
Other	725	407	-	1,132
Gross deferred tax asset	725	276,578	-	277,303
Property, plant and equipment and intangible assets	(5,296,144)	79,063	-	(5,217,081)
Other	-	(2,271)	-	(2,271)
Gross deferred tax liability	(5,296,144)	76,792	-	(5,219,352)
Total deferred tax liability, net	(5,295,419)	353,370	-	(4,942,049)

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 (in thousands of Kazakhstani Tenge)

20. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The related parties include Company's shareholders, affiliated companies or companies over which the Company or its shareholders have a significant influence, and key management personnel.

The nature of relations with those related parties with whom the Company entered into significant transactions or had significant balances outstanding at December 31, 2013 and 2012 is presented below.

As of December 31, 2013 and 2012, accounts receivable from related parties were as follows:

	Nature of relations	December 31, 2013	December 31, 2012
CNPC Aktobemunaigas JSC	Company under control of CNPC	31,795	-
KazTransOil JSC	Company under control of Samruk-Kazyna	15	-
Kazakhoil Aktobe LLP	Company under control of Samruk-Kazyna	-	6,512
Total		<u>31,810</u>	<u>6,512</u>

As of December 31, 2013 and 2012 trade accounts payable to related parties were as follows:

	Nature of relations	December 31, 2013	December 31, 2012
Semser Security JSC	Company under control of Samruk-Kazyna	14,028	12,170
Semser Ort Sondyrushy LLP	Company under control of Samruk-Kazyna	3,954	3,954
Nursat JSC	Company under control of Samruk-Kazyna	224	223
KazTransOil JSC	Company under control of Samruk-Kazyna	26	72,280
Euro-Asia Air JSC	Company under control of Samruk-Kazyna	-	4,629
Total		<u>18,232</u>	<u>93,256</u>

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 (in thousands of Kazakhstani Tenge)

As of December 31, 2013 and 2012 advances received from related parties were as follows:

	Nature of relations	December 31, 2013	December 31, 2012
Kazakhoil Aktobe LLP	Company under control of Samruk-Kazyna	130,623	278,948
Kazakhturkmunai LLP	Company under control of Samruk-Kazyna	45,638	39,620
Embamunaigas JSC	Company under control of Samruk-Kazyna	21,737	23,809
Mangistaumunaigas JSC	Company under control of Samruk-Kazyna	18,318	-
KazMunaiGas Exploration Production JSC	Company under control of Samruk-Kazyna	-	5,871
CNPC Aktobemunaigas JSC	Company under control of CNPC	-	6,859
Total		<u>216,316</u>	<u>355,107</u>

During 2013 and 2012 trade transactions with related parties were as follows:

	Nature of relations	2013	2012
Kazakhoil Aktobe LLP	Company under control of Samruk-Kazyna	2,956,215	2,568,556
CNPC Aktobemunaigas JSC	Company under control of CNPC	2,143,921	2,755,870
Mangistaumunaigas JSC	Company under control of Samruk-Kazyna	680,004	-
Kazakhturkmunai LLP	Company under control of Samruk-Kazyna	365,473	355,740
Embamunaigas JSC	Company under control of Samruk-Kazyna	196,482	56,166
Urikhtau Operating JSC	Company under control of Samruk-Kazyna	8,762	-
KazMunaiGas Exploration Production JSC	Company under control of Samruk-Kazyna	-	137,657
Total		<u>6,350,857</u>	<u>5,873,989</u>

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 (in thousands of Kazakhstani Tenge)

During 2013 and 2012 purchase transaction with related parties were as follows:

	Nature of relations	2013	2012
<i>Pipeline maintenance:</i>			
KazTransOil JSC	Company under control of Samruk-Kazyna	782,431	771,071
<i>Security services:</i>			
Semser Security JSC	Company under control of Samruk-Kazyna	150,304	140,481
Semser Ort Sondyrushy LLP	Company under control of Samruk-Kazyna	42,360	42,360
<i>Other services:</i>			
Euro- Asia Air JSC	Company under control of Samruk-Kazyna	52,664	26,254
KazTransOil JSC	Company under control of Samruk-Kazyna	4,827	2,721
Total		<u>1,032,586</u>	<u>982,887</u>

Deposit accounts placed to related parties were as follows:

	Nature of relations	December 31, 2013	December 31, 2012
Halyk Bank of Kazakhstan JSC	Associated company of Samruk-Kazyna	<u>1,500,725</u>	<u>1,105,528</u>
Total		<u>1,500,725</u>	<u>1,105,528</u>

Interest income on deposits placed to related parties were as follows:

	Nature of relations	2013	2012
Halyk Bank of Kazakhstan JSC	Associated company of Samruk-Kazyna	<u>370</u>	<u>484</u>
Total		<u>370</u>	<u>484</u>

Terms of transactions with related parties

The services are rendered to related parties on the same terms as those to third parties. The outstanding balances at the end of year are not provided for, and settlements are performed in cash. No warranties have been provided or received with a view to trade receivables from related parties. Purchases from related parties are made on the terms specified at open tender. The management is unable to predict the extent of changes or to assess the impact of such changes on these financial statements.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2013

(in thousands of Kazakhstani Tenge)

Key management personnel compensation

Key management personnel consist of the Company's management, which comprised 3 persons as of December 31, 2013 (2012: 3 persons). The total compensation to the key management personnel which is included in general and administrative expenses in the statement of comprehensive income was KZT 62,914 thousand for 2013 (2012: KZT 67,553 thousand). Compensation payable to the key management personnel for fulfilment of their executive management functions consists of contractual salary, bonuses, vacation payments and financial aid.

21. CONTINGENCIES AND COMMITMENTS

Operational environment

Emerging markets including Republic of Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Republic of Kazakhstan continue to change rapidly; tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Republic of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Republic of Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas in the world market.

Tax legislation

Kazakhstani tax legislation is subject to varying interpretations and frequent changes, which may be retroactive. Management's interpretation of such legislation as applied to the transactions of the Company may be challenged by the relevant authorities which have right to impose fines and penalties. From the recent events in the Republic of Kazakhstan it can be assumed that tax authorities take more aggressive approach in their interpretation of the legislation and estimates, and, as a result, may challenge the transactions which had not been challenged in the past. Tax periods remain open to review by the tax authorities for five years since the date when tax review was conducted. Under certain circumstances reviews may cover longer periods.

While the Company's management believes that it has created adequate reserves for tax liabilities as at the reporting date based on its interpretation of the tax legislation, the facts above might expose the Company to additional financial risks.

Legal proceedings

During the Company's normal business, it can be subject to the litigations and claims. Management believes that final liability, if any results from such litigations and claims, will not have a material adverse effect on the Company's financial position or operations.

Environmental and site restoration obligations

The Company believes it is currently in compliance with all existing Republic of Kazakhstan environmental laws and regulations. However, Kazakhstan environmental laws and regulations may change in the future. The Company is unable to predict the timing or extent to which these environmental laws and regulations may change. Such change, if it occurs, may require the Company to modernize technology to meet more stringent standards.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 *(in thousands of Kazakhstani Tenge)*

Insurance

The Company has insurance of civil liability of owners of vehicles. The Company also provides insurance against accidents and sudden diseases, third parties obligations (life, health and property) and has environmental insurance due to its main activities.

Oil for pipeline filling

The Company obtained free of charge oil for the pipeline filling required for its operation from the shippers under the oil transportation contracts. The Company is fully liable for such oil safety and shall return it to the owners in case of the pipeline decommissioning or upon expiration of the oil transportation contracts. The Company does not record any assets or liabilities in respect to this oil filled at the reporting date. As of December 31, 2013, oil for the pipeline filling was 102 thousand tons (2012: 103 thousand tons).

Kazakhstan-China Pipeline

The agreement between Republic of Kazakhstan and National Republic of China was signed on December 8, 2012, on cooperation of development of Kazakhstan-China oil pipeline. Kazakhstan-China pipeline is the project on cooperation between two countries on expansion operation of Kazakhstan-China oil pipeline, for the ensuring stable supply of oil of the Kazakhstan origin via the pipeline on export. As of December 31, 2013 and 2012, Company did not conclude any agreements and there are no commitments related to this project.

Sales agreements

For the nearest next year the Company signed agreements on the following guaranteed minimum oil volume transported by the pipeline:

	Oil per year (thousand tons)
2014	2,706

If the Company is not able to transport such minimum oil volume, it may be imposed to penalties in the amount of non-rendered services.

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

In the normal course of business, the Company is subject to currency, credit and operational risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company does not use any derivative financial instruments to hedge risk exposures.

The Company's capital consists of debt which includes borrowings, cash and equity which comprises share capital and retained earnings.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 (in thousands of Kazakhstani Tenge)

Main categories of financial instruments

	December 31, 2013	December 31, 2012
<i>Financial assets</i>		
Trade receivables	31,941	32,265
Cash and cash equivalents	318,195	1,543,124
Short-term financial investments	2,107,750	-
<i>Total financial assets</i>	<u>2,457,886</u>	<u>1,575,389</u>
<i>Financial obligations</i>		
Borrowings	-	1,658,543
Trade payables	34,265	105,749
<i>Total financial obligations</i>	<u>34,265</u>	<u>1,764,292</u>

Presented below is the analysis of cash and cash equivalents by their credit quality based on Fitch rating as of December 31, 2013 and 2012:

		December 31, 2013	December 31, 2012
- rating A	Citibank Kazakhstan JSC	-	13,773
- rating BB	Halyk Bank of Kazakhstan JSC	1,817,486	1,123,866
- rating B	Kazkommertsbank JSC	10	-
- rating B-	KazInvestBank JSC	607,828	405,035
Total cash and cash equivalents excluding cash on hand, and short-term financial investments		<u>2,425,324</u>	<u>1,542,674</u>

Currency risk

The Company performs certain transactions denominated in foreign currencies. Thus, there are risks related to exchange rate fluctuations and resulted from borrowings which are denominated in a currency other than KZT. The Company does not use any derivative financial instruments to hedge its currency risk.

The carrying value of the Company's monetary liabilities denominated in a foreign currency as of December 31 was as follows:

	In thousands KZT 2013	In thousands KZT 2012
<i>Financial liabilities</i>		
Euro	1,345	-
Russian ruble	1,728	783
USD	7,109	1,669,546
KZT	24,083	93,963
Total	<u>34,265</u>	<u>1,764,292</u>

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 (in thousands of Kazakhstani Tenge)

As of December 31, 2013, if the USD had weakened/ strengthened by 10% against KZT with all other variables held constant, after-tax profit for the period would have increased/decreased by KZT 711 thousand (2012: decreased/increased by KZT 166,955 thousand if the USD had weakened/ strengthened by 10% against KZT), mainly as a result of foreign exchange gains/losses on translation of USD denominated borrowings. Since the Company does not hold any financial instruments revalued through equity, the effect of exchange rate change on equity would be the same as that on after-tax profit.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial liabilities as they mature. The Company controls the risk of insufficient cash using the current liquidity planning instrument. This instrument is used for maturity analysis, as well as to forecast cash flows from operating activities. For these purposes, the Company has developed a range of internal regulations, aimed at establishing control procedures for appropriate placing of temporary excess cash, invoice processing and payments, as well as preparation of operational budgets.

The table below provides analysis of the Company's financial liabilities by relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the maturity table are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Carrying value	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	Over 3 years
December 31, 2013						
Trade receivables	31,941	31,941	31,941	-	-	-
Short-term bank deposits	2,107,750	2,107,750	2,107,750	-	-	-
Total financial assets	2,139,691	2,139,691	2,139,691	-	-	-
Trade payables	(34,265)	(34,265)	(34,265)	-	-	-
Total financial liabilities	(34,265)	(34,265)	(34,265)	-	-	-
Net position	2,105,426	2,105,426	2,105,426	-	-	-
	Carrying value	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	Over 3 years
December 31, 2012						
Trade receivables	32,265	32,265	32,265	-	-	-
Total financial assets	32,265	32,265	32,265	-	-	-
Borrowings	(1,658,543)	(1,658,543)	(1,658,543)	-	-	-
Trade payables	(105,749)	(105,749)	(105,749)	-	-	-
Total financial liabilities	(1,764,292)	(1,764,292)	(1,764,292)	-	-	-
Net position	(1,732,027)	(1,732,027)	(1,732,027)	-	-	-

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2013 *(in thousands of Kazakhstani Tenge)*

Credit risk

Credit risk arises from cash and cash equivalents and bank deposits as well as credit exposures by customer which is represented by corporate clients. Financial assets which potentially subject to credit risk mainly consist of cash, bank deposits and trade receivables. The total carrying value of cash, bank deposits and trade receivables is KZT 2,457,886 thousand and represents the maximum amount exposed to credit risk (2012: KZT 1,575,389 thousand).

Cash is placed with financial institutions which are considered to have minimal risk of default at the moment of placement.

Interest rate risk

As at December 31, 2013 the Company had no borrowings, or other obligations on which the interest expense can be charged. Respectively, as at December 31, 2013 the Company is not subject to interest rate risk.

Operational risk

Operational risk is the risk that the Company may incur financial loss caused by business interruption or potential damage to the Company's property as a result of natural disasters or technological emergencies.

As at December 31, 2013, management of the Company believes that it has adequate insurance policy for civil liability and loss of assets.

Exposure to credit, interest rate, currency, liquidity and operational risks arises in the normal course of business of the Company. The Company does not use derivative financial instruments to minimise its exposure to risks.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. Fair value is best evidenced by an active quoted market price of the instrument.

The estimated fair values of financial instruments have been determined by the Company using available market information, where it exists, and appropriate valuation methodologies. However, judgement is required to interpret market data to determine the estimated fair value. The Republic of Kazakhstan continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions, and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

NORTH-WEST PIPELINE COMPANY MUNAITAS JSC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2013

(in thousands of Kazakhstani Tenge)

Financial assets carried at amortised cost

The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on the credit risk of the counterparty. Due to the short-term nature of trade receivables, their carrying amount approximates their fair value.

Financial liabilities carried at amortised cost

The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Due to the short-term nature of trade payables, their carrying amount approximates their fair value. Fair value of borrowings approximates their carrying amount as disclosed in Note 13.

**АО «СЕВЕРО-ЗАПАДНАЯ
ТРУБОПРОВОДНАЯ
КОМПАНИЯ «МУНАЙТАС»**

Письмо руководству
по результатам аудита финансовой отчетности
за год, закончившийся 31 декабря 2013 г.

Руководству АО «Северо-Западная Трубопроводная Компания «Мунайтас»:

Уважаемые господа,

При планировании и проведении аудиторской проверки финансовой отчетности АО «Северо-Западная Трубопроводная Компания «Мунайтас» (далее – АО «СЗТК «Мунайтас» или «Компания») по состоянию на и за год, закончившийся на 31 декабря 2013 г, по которой мы выпустили наше заключение 31 января 2014г. в соответствии с Международными стандартами аудита («МСА»), мы рассмотрели системы внутреннего контроля Компании за подготовкой финансовой отчетности в том объеме, в котором это требовалось для определения аудиторских процедур, необходимых для выражения мнения об этой финансовой отчетности, но, не ставя перед собой цель, выразить мнение об эффективности систем внутреннего контроля Компании за подготовкой финансовой отчетности. Соответственно, мы не выражаем мнение об эффективности систем внутреннего контроля Компании за подготовкой финансовой отчетности.

Рассмотрение нами систем внутреннего контроля за подготовкой финансовой отчетности проводилось с ограниченной целью, указанной в предыдущем абзаце, и не предполагало выявления всех недостатков в системах внутреннего контроля за подготовкой финансовой отчетности, которые могут являться существенными недостатками.

Вопросы, указанные в данном отчете, были выявлены нами в ходе аудита и не обязательно представляют собой полный перечень всех существующих недостатков или всех возможных улучшений в системах внутреннего контроля. До внедрения рекомендаций по улучшению систем контроля Вам необходимо провести всестороннюю оценку эффекта от внедрения.

Данный отчет предназначен исключительно для информирования и использования Советом директоров, руководством и другими сотрудниками Общества. Он не предназначен для каких-либо третьих сторон и не подлежит использованию такими лицами. Мы не принимаем на себя ответственности за содержание данного отчета перед любыми третьими лицами, так как отчет не предназначался для них. Данный отчет не должен предоставляться третьим лицам без нашего письменного согласия.

Мы будем рады обсудить с Вами приведенные в отчете рекомендации и готовы оказать содействие в реализации любых из наших предложений.

Мы выражаем искреннюю благодарность руководству и сотрудникам Общества за помощь и сотрудничество при проведении аудита.

С уважением,



10 февраля 2013 г.
г. Алматы, Республика Казахстан

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АО «СЕВЕРО-ЗАПАДНАЯ ТРУБОПРОВОДНАЯ КОМПАНИЯ «МУНАЙТАС»

**ПИСЬМО РУКОВОДСТВУ
ЗА ГОД, ЗАКОНЧИВШИЙСЯ 31 ДЕКАБРЯ 2013 Г.**

1. РАСЧЕТ РЕЗЕРВА ПО ЛИКВИДАЦИИ МАГИСТРАЛЬНОГО ТРУБОПРОВОДА

Наблюдение	Рекомендации	Приоритет
<p>4 июля 2012 г. был введен в действие Закон Республики Казахстан «О магистральном трубопроводе», в соответствии с которым у Компании, как собственника, появилось обязательство по ликвидации магистрального трубопровода после вывода из эксплуатации, а так же по проведению мероприятий по восстановлению окружающей среды и рекультивации земель. В соответствии с МСБУ 37 «Оценочные обязательства, условные обязательства и условные активы», по состоянию на 31 декабря 2013 и 2012 гг. Компания признала резерв по данному обязательству. Расчет предполагаемой стоимости ликвидации магистрального трубопровода и проведения мероприятий по восстановлению окружающей среды и рекультивации земель был сделан специалистами Компании, базируясь на информационной программе ИВЦ-4, которая использует данные цен за 2001 г. с применением коэффициента изменения МРП на 2013 г. Также, Компанией был проведен выборочный маркетинговый анализ соответствия цен.</p>	<p>Мы рекомендуем руководству Компании нанять независимых квалифицированных специалистов для надежного расчета стоимости ликвидации магистрального трубопровода, а также проведения мероприятий по восстановлению окружающей среды и рекультивации земель.</p>	<p>Высокий</p>

АО «СЕВЕРО-ЗАПАДНАЯ ТРУБОПРОВОДНАЯ КОМПАНИЯ «МУНАЙТАС»

**ПИСЬМО РУКОВОДСТВУ
ЗА ГОД, ЗАКОНЧИВШИЙСЯ 31 ДЕКАБРЯ 2013 Г. (ПРОДОЛЖЕНИЕ)**

2. КОМПОНЕНТНЫЙ УЧЕТ В ОТНОШЕНИИ ОСНОВНЫХ СРЕДСТВ, ПОДВЕРЖЕННЫХ РЕГУЛЯРНОМУ КАПИТАЛЬНОМУ РЕМОНТУ ИЛИ ЗАМЕНЕ

Наблюдение	Рекомендации	Приоритет
<p>В ходе проведения аудиторских процедур финансовой отчетности Компании, было обнаружено, что при проведении капитального ремонта или замены элементов основного средства, Компания списывает заменяемые элементы основных средств путем пропорционального метода списания. Мы обнаружили, что остаточная стоимость таких элементов на момент замены существенна.</p>	<p>Мы рекомендуем Компании рассмотреть возможность применения компонентного учета в отношении основных средств, по которым периодически производится капитальный ремонт или замена, для более точного корректного распределения расходов по амортизации таких компонентов между периодами.</p>	<p>Средний</p>