

KAZMUNAIGAS EXPLORATION PRODUCTION JOINT STOCK COMPANY

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (unaudited)

Tenge million

	Notes	June 30, 2017 Unaudited	December 31, 2016 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	6	334,920	311,597
Intangible assets		11,195	11,607
Investments in joint ventures	7	112,462	144,532
Investments in associate	8	125,689	135,633
Receivable from a jointly controlled entity		18,531	16,696
Loans receivable from joint ventures	7	31,029	29,638
Other financial assets	9	35,072	35,961
Deferred tax asset		50,007	51,459
Other assets and advances paid		12,879	970
Total non-current assets		731,784	738,093
Current assets			
Inventories		24,158	24,774
Income taxes prepaid		21,623	51,567
VAT recoverable, net of allowance	18	31,108	16,680
Mineral extraction and rent tax prepaid		–	15,676
Export customs duty and other taxes prepaid		11,239	15,071
Prepaid expenses		19,516	11,529
Trade and other receivables	9	79,797	74,121
Receivable from a jointly controlled entity		17,034	17,617
Other financial assets	9	1,039,584	983,257
Cash and cash equivalents	9	219,431	162,091
Total current assets		1,463,490	1,372,383
Total assets		2,195,274	2,110,476
EQUITY			
Share capital	10	165,403	165,343
Other capital reserves		2,366	2,448
Retained earnings		1,512,479	1,444,351
Foreign currency translation reserve		306,687	321,370
Total equity		1,986,935	1,933,512
LIABILITIES			
Non-current liabilities			
Borrowings		2,757	3,844
Deferred tax liability		138	138
Provisions	11	47,373	45,300
Total non-current liabilities		50,268	49,282
Current liabilities			
Borrowings		5,400	5,483
Income tax payable		5,319	33
Provisions	11	33,690	45,926
Mineral extraction tax and rent tax payable		27,350	8,571
Trade payables		34,133	37,751
Dividend payable and other payables		52,179	29,918
Total current liabilities		158,071	127,682
Total liabilities		208,339	176,964
Total liabilities and equity		2,195,274	2,110,476

The notes on pages 5 to 16 are an integral part of these condensed consolidated interim financial statements.

KAZMUNAIGAS EXPLORATION PRODUCTION JOINT STOCK COMPANY

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (unaudited)

Tenge million

	Notes	Three months ended June 30,		Six months ended June 30,	
		2017	2016	2017	2016
Revenue	12	223,252	192,176	436,978	313,366
Share of results of associate and joint ventures	7,8	6,165	(3,020)	14,571	(6,710)
Finance income		7,679	6,260	14,999	14,275
Total revenue and other income		237,096	195,416	466,548	320,931
Production expenses	13	(79,464)	(68,591)	(149,543)	(123,209)
Selling, general and administrative expenses	14	(33,723)	(32,281)	(59,203)	(62,597)
Net loss on acquisition of a subsidiary	5	(3,249)	–	(3,249)	–
Exploration expenses		(168)	–	(168)	–
Depreciation, depletion and amortization		(8,553)	(6,728)	(16,909)	(13,349)
Taxes other than on income	15	(61,391)	(45,115)	(126,986)	(79,310)
Net reversal/(allowance) for VAT recoverable		26,414	(6,936)	26,414	(6,936)
Gain/(loss) on disposal of property, plant and equipment	6	(200)	(151)	197	(282)
Finance costs		(930)	(925)	(2,199)	(1,866)
Foreign exchange (loss)/gain, net		26,054	(11,864)	(32,599)	1,449
Profit before tax		101,886	22,825	102,303	34,831
Income tax expense	16	(16,277)	(6,500)	(14,423)	(17,582)
Profit for the period		85,609	16,325	87,880	17,249
Foreign currency translation difference		15,040	(8,548)	(14,683)	883
Other comprehensive (loss)/income for the period to be reclassified to profit and loss in subsequent periods		15,040	(8,548)	(14,683)	883
Total comprehensive income for the period, net of tax		100,649	7,777	73,197	18,132
EARNINGS PER SHARE – Tenge thousands					
Basic and diluted		1.26	0.24	1.29	0.25

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KAZMUNAIGAS EXPLORATION PRODUCTION JOINT STOCK COMPANY

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (unaudited)

Tenge million

		Six months ended June 30,	
	Notes	2017	2016
Cash flows from operating activities			
Profit before tax		102,303	34,831
Adjustments to add/(deduct) non-cash items			
Depreciation, depletion and amortisation		16,909	13,349
Share of result of associate and joint ventures		(14,571)	6,710
(Gain)/loss on disposal of property, plant and equipment (PPE)	6	(197)	282
Recognition of share-based payments		-	1,350
Forfeiture of share-based payments		(13)	(2)
Unrealised foreign exchange loss/(gain) on non-operating activities		30,225	(1,387)
Change in provisions		(2,545)	2,372
Net (reversal)/allowance for VAT recoverable		(26,414)	6,936
Net loss on acquisition of a subsidiary	5	3,249	-
Other non-cash income and expense		629	350
Add finance costs		2,199	1,866
Deduct finance income		(14,999)	(14,275)
Working capital adjustments			
Change in other assets		(604)	(3,056)
Change in inventories		617	1,246
Change in export customs duty, VAT recoverable and other taxes prepaid		14,443	(9,483)
Change in prepaid expenses		(7,987)	709
Change in trade and other receivables		7,724	(19,948)
Change in trade and other payables		(6,170)	4,449
Change in mineral extraction and rent tax payable and prepaid		36,427	13,388
Income tax refunded/(paid)		12,096	(35,248)
Net cash generated from operating activities		153,321	4,439
Cash flows from investing activities			
Purchases of PPE and advances paid for PPE	6	(49,951)	(49,484)
Proceeds from sale of PPE		496	384
Purchases of intangible assets		(368)	(430)
Loans provided to joint ventures		(814)	(1,468)
Dividends received from joint ventures and associate, net of withholding tax		38,159	9,696
(Purchase)/proceeds from withdrawal of financial assets held to maturity		(80,421)	166,625
Proceeds from acquisition of a subsidiary	5	181	-
Interest received		4,963	8,576
Net cash (used in)/generated from investing activities		(87,755)	133,899
Cash flows from financing activities			
Repayment of borrowings		(1,192)	(924)
Dividends paid to Company's shareholders		(36)	(35)
Net cash used in financing activities		(1,228)	(959)
Net change in cash and cash equivalents		64,338	137,379
Cash and cash equivalents at the beginning of the period	9	162,091	237,310
Net foreign exchange difference on cash and cash equivalents		(6,998)	5,385
Cash and cash equivalents at the end of the period	9	219,431	380,074

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KAZMUNAIGAS EXPLORATION PRODUCTION JOINT STOCK COMPANY

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (unaudited)

Tenge million

	Share capital	Treasury stock	Other capital reserves	Retained earnings	Foreign currency translation reserve	Total Equity
As at December 31, 2015 (audited)	263,095	(100,091)	3,945	1,311,759	333,141	1,811,849
Profit for the period	-	-	-	17,249	-	17,249
Other comprehensive income	-	-	-	-	883	883
Total comprehensive income	-	-	-	17,249	883	18,132
Recognition of share-based payments	-	-	1,350	-	-	1,350
Forfeiture of share-based payments	-	-	(2)	-	-	(2)
Exercise of employee options	-	1,666	(2,053)	387	-	-
Dividends (Note 10)	-	-	-	(52)	-	(52)
As at June 30, 2016 (unaudited)	263,095	(98,425)	3,240	1,329,343	334,024	1,831,277
As at December 31, 2016 (audited)	263,095	(97,752)	2,448	1,444,351	321,370	1,933,512
Profit for the period	-	-	-	87,880	-	87,880
Other comprehensive loss	-	-	-	-	(14,683)	(14,683)
Total comprehensive income	-	-	-	87,880	(14,683)	73,197
Exercise of employee options	-	60	(69)	9	-	-
Forfeiture of share-based payments	-	-	(13)	-	-	(13)
Dividends (Note 10)	-	-	-	(19,761)	-	(19,761)
As at June 30, 2017 (unaudited)	263,095	(97,692)	2,366	1,512,479	306,687	1,986,935

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