

**KazMunaiGas Exploration Production
Joint Stock Company**

Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2014

Contents

	Page
<i>Condensed Consolidated Interim Financial Statements</i>	
Consolidated Interim Statement of Financial Position -----	1
Consolidated Interim Statement of Comprehensive Income -----	2
Consolidated Interim Statement of Cash Flows -----	3
Consolidated Interim Statement of Changes in Equity -----	4
Notes to Condensed Consolidated Interim Financial Statements -----	5-18

Consolidated Interim Statement of Financial Position*Tenge million*

		September 30, 2014	December 31, 2013
	Notes	Unaudited	Audited
ASSETS			
Non-current assets			
Property, plant and equipment	6	366,779	350,675
Intangible assets		11,399	12,064
Investments in joint ventures	7	102,263	88,967
Investments in associate	8	145,162	107,095
Receivable from a jointly controlled entity		17,918	13,222
Loans receivable from joint ventures		24,676	18,402
Other financial assets	9	19,180	21,711
Deferred tax asset		44,396	34,356
Other assets		6,535	19,542
Total non-current assets		738,308	666,034
Current assets			
Inventories		29,129	27,422
Income taxes prepaid		32,202	43,684
Taxes prepaid and VAT recoverable		80,922	72,169
Mineral extraction tax and rent tax prepaid		2,581	1,967
Prepaid expenses		25,089	22,067
Trade and other receivables	9	111,340	153,219
Receivable from a jointly controlled entity		2,424	3,969
Loans receivable from joint ventures		6,149	3,933
Other financial assets	9	428,896	482,006
Cash and cash equivalents	9	272,349	119,036
Total current assets		991,081	929,472
Total assets		1,729,389	1,595,506
EQUITY			
Share capital	10	163,004	162,969
Other capital reserves		2,413	2,482
Retained earnings		1,293,128	1,185,815
Other components of equity		74,822	22,509
Total equity		1,533,367	1,373,775
LIABILITIES			
Non-current liabilities			
Borrowings		4,392	4,291
Deferred tax liability		574	881
Provisions	11	34,973	34,203
Total non-current liabilities		39,939	39,375
Current liabilities			
Borrowings		3,075	2,503
Provisions	11	15,989	20,067
Income taxes payable		15,478	29,341
Mineral extraction tax and rent tax payable		64,721	61,956
Trade and other payables		56,820	68,489
Total current liabilities		156,083	182,356
Total liabilities		196,022	221,731
Total liabilities and equity		1,729,389	1,595,506

KAZMUNAIGAS EXPLORATION PRODUCTION JOINT STOCK COMPANY

Consolidated Interim Statement of Comprehensive Income (unaudited)

Tenge million

Three months ended September 30, Nine months ended September 30,

	Notes	2014	2013	2014	2013
Revenue	12	225,829	222,469	690,274	606,306
Share of results of associate and joint ventures	7, 8	10,373	10,176	48,725	39,324
Finance income		4,878	4,312	16,036	15,859
Total revenue and other income		241,080	236,957	755,035	661,489
Production expenses	13	(56,136)	(43,838)	(144,620)	(126,166)
Selling, general and administrative expenses	14	(26,012)	(23,749)	(75,432)	(69,876)
Exploration expenses		(412)	(3,558)	(798)	(10,470)
Depreciation, depletion and amortization		(17,163)	(14,969)	(44,266)	(36,966)
Taxes other than on income	15	(91,632)	(85,370)	(269,809)	(228,514)
Impairment of property, plant and equipment	6	(983)	(70)	(28,431)	(58,562)
Loss on disposal of fixed assets	6	(1,260)	(924)	(2,068)	(2,840)
Finance costs		(719)	(1,575)	(2,691)	(5,687)
Foreign exchange (loss) / gain, net	2	(5,711)	7,282	107,724	11,422
Profit before tax		41,052	70,186	294,644	133,830
Income tax expense	16	(9,360)	(15,828)	(52,648)	(40,669)
Profit for the period		31,692	54,358	241,996	93,161
Exchange difference on translating foreign operations	2	(3,296)	3,223	52,313	4,878
Other comprehensive (loss)/income for the period to be reclassified to profit and loss in subsequent periods		(3,296)	3,223	52,313	4,878
Total comprehensive income for the period, net of tax		28,396	57,581	294,309	98,039
EARNINGS PER SHARE – Tenge thousands					
Basic and diluted		0.46	0.80	3.55	1.37

Consolidated Interim Statement of Cash Flows (unaudited)*Tenge million*

		Nine months ended September 30,	
	Notes	2014	2013
Cash flows from operating activities			
Profit before tax		294,644	133,830
Adjustments to add / (deduct) non-cash items			
Depreciation, depletion and amortisation		44,266	36,966
Share of result of associate and joint ventures		(48,725)	(39,324)
Loss on disposal of property, plant and equipment (PPE)	6	2,068	2,840
Impairment of PPE and intangible assets		28,444	58,608
Dry well expense on exploration and evaluation assets		202	9,316
Recognition of share-based payments		–	142
Forfeiture of share-based payments		(69)	(136)
Unrealised foreign exchange gain on non-operating activities		(9,654)	(6,702)
Other non-cash income and expense		356	1,266
Add finance costs		2,691	5,687
Deduct finance income relating to investing activity		(16,036)	(15,859)
Working capital adjustments			
Change in other assets		(20)	373
Change in inventories		(1,406)	4,364
Change in taxes prepaid and VAT recoverable		(7,269)	(10,083)
Change in prepaid expenses		(3,024)	(2,043)
Change in trade and other receivables		41,914	(22,557)
Change in trade and other payables		(11,285)	(16,173)
Change in mineral extraction and rent tax payable		3,952	17,139
Change in provisions		(1,653)	2,438
Income tax paid		(68,936)	(72,039)
Net cash generated from operating activities		250,460	88,053
Cash flows from investing activities			
Purchases of PPE	6	(85,182)	(83,103)
Proceeds from sale of PPE		219	34
Purchases of intangible assets		(1,058)	(6,112)
Loans provided to the joint ventures		(1,829)	(7,195)
Dividends received from joint ventures and associate, net of withholding tax	7,8	27,377	38,142
Interest received from investment in Debt Instruments of NC KMG		–	4,734
Proceeds from repayment of investment in Debt Instruments of NC KMG		–	135,243
Sale / (purchase) of financial assets held-to-maturity, net		79,229	(16,473)
Repayments of loan receivable from related parties		2,232	2,511
Proceeds from sale of other financial assets		155	–
Interest received		11,748	6,562
Net cash generated from investing activities		32,891	74,343
Cash flows from financing activities			
Repayment of borrowings		(820)	(808)
Dividends paid to Company's shareholders		(128,849)	(109,875)
Net cash used in financing activities		(129,669)	(110,683)
Net change in cash and cash equivalents		153,682	51,713
Cash and cash equivalents at the beginning of the period	9	119,036	154,705
Exchange (loss) / gain on cash and cash equivalents		(369)	174
Cash and cash equivalents at the end of the period	9	272,349	206,592

KAZMUNAIGAS EXPLORATION PRODUCTION JOINT STOCK COMPANY

Consolidated Interim Statement of Changes in Equity

Tenge million

	Share capital	Treasury stock	Other capital reserves	Retained earnings	Foreign currency translation reserve	Total Equity
As at December 31, 2012 (audited)	263,095	(100,143)	2,474	1,154,335	18,009	1,337,770
Profit for the period	–	–	–	93,161	–	93,161
Other comprehensive income	–	–	–	–	4,878	4,878
Total comprehensive income	–	–	–	93,161	4,878	98,039
Recognition of share-based payments	–	–	142	–	–	142
Forfeiture of share-based payments	–	–	(136)	–	–	(136)
Exercise of employee options (Note 10)	–	10	–	–	–	10
Dividends (Note 10)	–	–	–	(110,349)	–	(110,349)
As at September 30, 2013 (unaudited)	263,095	(100,133)	2,480	1,137,147	22,887	1,325,476
As at December 31, 2013 (audited)	263,095	(100,126)	2,482	1,185,815	22,509	1,373,775
Profit for the period	–	–	–	241,996	–	241,996
Other comprehensive income	–	–	–	–	52,313	52,313
Total comprehensive income	–	–	–	241,996	52,313	294,309
Forfeiture of share-based payments	–	–	(69)	–	–	(69)
Exercise of employee options (Note 10)	–	35	–	–	–	35
Dividends (Note 10)	–	–	–	(134,683)	–	(134,683)
As at September 30, 2014 (unaudited)	263,095	(100,091)	2,413	1,293,128	74,822	1,533,367