

KazMunaiGas Exploration Production Joint Stock Company

Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2012

KAZMUNAIGAS EXPLORATION PRODUCTION JOINT STOCK COMPANY

Consolidated Interim Statement of Comprehensive Income (unaudited)

Tenge million

| | Notes | Three months ended September 30, | | Nine months ended September 30, | |
|--|-------|----------------------------------|----------------|---------------------------------|----------------|
| | | 2012 | 2011 | 2012 | 2011 |
| Revenue | 13 | 206,099 | 145,689 | 604,642 | 545,747 |
| Share of results of associates and joint ventures | 7, 8 | 22,125 | 21,185 | 63,030 | 69,764 |
| Finance income | | 6,439 | 6,801 | 23,345 | 22,176 |
| Total revenue and other income | | 234,663 | 173,675 | 691,017 | 637,687 |
| Production expenses | 14 | (33,087) | (25,149) | (103,820) | (87,847) |
| Selling, general and administrative expenses | 15 | (29,684) | (17,163) | (75,162) | (76,427) |
| Exploration expenses | | (731) | (1,951) | (5,057) | (2,629) |
| Depreciation, depletion and amortization | | (14,178) | (11,308) | (39,770) | (32,892) |
| Taxes other than on income | 16 | (74,570) | (56,128) | (218,842) | (217,999) |
| Loss on disposal of property, plant and equipment | | (1,408) | (1,269) | (1,808) | (3,398) |
| Finance costs | | (2,628) | (1,676) | (5,601) | (5,465) |
| Foreign exchange gain, net | | 2,235 | 5,467 | 6,491 | 732 |
| Profit before tax | | 80,612 | 64,498 | 247,448 | 211,762 |
| Income tax expense | 17 | (29,241) | (14,187) | (74,612) | (47,113) |
| Profit for the period | | 51,371 | 50,311 | 172,836 | 164,649 |
| Exchange difference on translating foreign operations | | 883 | 2,282 | 2,387 | 1,471 |
| Other comprehensive gain for the period, net of tax | | 883 | 2,282 | 2,387 | 1,471 |
| Total comprehensive income for the period, net of tax | | 52,254 | 52,593 | 175,223 | 166,120 |
| EARNINGS PER SHARE – Tenge thousands | | | | | |
| Basic and diluted | 12 | 0.74 | 0.70 | 2.48 | 2.28 |

KAZMUNAIGAS EXPLORATION PRODUCTION JOINT STOCK COMPANY

Consolidated Interim Statement of Cash Flows (unaudited)

Tenge million

| | | Nine months ended September 30, | |
|---|-------|---------------------------------|-----------------|
| | Notes | 2012 | 2011 |
| Cash flows from operating activities | | | |
| Profit before tax | | 247,448 | 211,762 |
| Adjustments to add / (deduct) non-cash items | | | |
| Depreciation, depletion and amortisation | | 39,770 | 32,892 |
| Share of result of associates and joint ventures | | (63,030) | (69,764) |
| Loss on disposal of property, plant and equipment (PPE) | 6 | 1,808 | 3,398 |
| Impairment of PPE and intangible assets | | 508 | 1,544 |
| Dry well expense on exploration and evaluation assets | | 3,736 | 816 |
| Recognition of share-based payments | | 266 | 312 |
| Unrealised foreign exchange gain on non-operating activities | | (5,566) | (2,315) |
| Other non-cash income and expense | | 1,677 | 4,755 |
| Add finance costs | | 5,601 | 5,465 |
| Deduct finance income relating to investing activity | | (23,345) | (22,176) |
| Working capital adjustments | | | |
| Change in other assets | | 175 | (550) |
| Change in inventories | | 4,614 | (2,791) |
| Change in taxes prepaid and VAT recoverable | | (14,026) | 600 |
| Change in prepaid expenses | | (3,929) | 13,942 |
| Change in trade and other receivables | | (56,993) | (8,927) |
| Change in trade and other payables | | 18,509 | (8,350) |
| Change in mineral extraction and rent tax payable | | 3,073 | (4,800) |
| Change in provisions | | 8,560 | 7,059 |
| Income tax paid | | (73,777) | (52,895) |
| Net cash generated from operating activities | | 95,079 | 109,977 |
| Cash flows from investing activities | | | |
| Purchases of PPE | 6 | (67,666) | (57,828) |
| Proceeds from sale of PPE | | 825 | 655 |
| Purchases of intangible assets | | (8,645) | (9,643) |
| Acquisition of share in a joint venture | 7 | - | (23,907) |
| Loans provided to a joint venture | 7 | (1,724) | (1,206) |
| Dividends received from joint ventures and associates | 7, 8 | 66,153 | 55,919 |
| Interest received from investment in Debt Instruments of NC KMG | | 6,586 | 6,462 |
| (Purchase) / sale of financial assets held-to-maturity | | (92,036) | 28,911 |
| Proceeds from sale of other financial assets | | 5,546 | - |
| Repayments of loans receivable from related parties | | 2,856 | - |
| Deferred payment for acquisition of subsidiary | | - | (416) |
| Interest received | | 2,345 | 3,701 |
| Net cash (used in) / generated from investing activities | | (85,760) | 2,648 |
| Cash flows from financing activities | | | |
| Share buy back | 12 | (25,399) | (10,328) |
| Repayment of borrowings | | (81,129) | (34,957) |
| Dividends paid to Company's shareholders | | (33,886) | (19,210) |
| Interest paid | | (2,975) | (4,665) |
| Net cash used in financing activities | | (143,389) | (69,160) |
| Net change in cash and cash equivalents | | (134,070) | 43,465 |
| Cash and cash equivalents at the beginning of the year | 9 | 206,512 | 98,520 |
| Exchange (losses) / gains on cash and cash equivalents | | (4) | 720 |
| Cash and cash equivalents at the end of the period | 9 | 72,438 | 142,705 |

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, 2010 (audited) | 263,095 | (49,013) | 1,740 | 931,455 | 12,376 | 1,159,653 |
| Profit for the period | – | – | – | 164,649 | – | 164,649 |
| Other comprehensive gain | – | – | – | – | 1,471 | 1,471 |
| Total comprehensive income | – | – | – | 164,649 | 1,471 | 166,120 |
| Recognition of share-based payments | – | – | 312 | – | – | 312 |
| Exercise of employee options (Note 12) | – | 100 | – | – | – | 100 |
| Share buy back (Note 12) | – | (10,328) | – | – | – | (10,328) |
| Dividends (Note 12) | – | – | – | (56,637) | – | (56,637) |
| As at September 30, 2011 (unaudited) | 263,095 | (59,241) | 2,052 | 1,039,467 | 13,847 | 1,259,220 |
| As at December 31, 2011 (audited) | 263,095 | (64,643) | 2,124 | 1,083,749 | 14,354 | 1,298,679 |
| Profit for the period | – | – | – | 172,836 | – | 172,836 |
| Other comprehensive gain | – | – | – | – | 2,387 | 2,387 |
| Total comprehensive income | – | – | – | 172,836 | 2,387 | 175,223 |
| Recognition of share-based payments | – | – | 266 | – | – | 266 |
| Exercise of employee options (Note 12) | – | 698 | – | – | – | 698 |
| Share buy back (Note 12) | – | (25,399) | – | – | – | (25,399) |
| Dividends (Note 12) | – | – | – | (90,237) | – | (90,237) |
| As at September 30, 2012 (unaudited) | 263,095 | (89,344) | 2,390 | 1,166,348 | 16,741 | 1,359,230 |