



KAZAKHMYS PLC

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Company registered in England and Wales
Company Number: 5180783

25 August 2011

KAZAKHMYS PLC HALF-YEARLY REPORT FOR THE PERIOD ENDED 30 JUNE 2011

OPERATIONAL HIGHLIGHTS

- **Sound production in line with full year targets**
 - Copper cathode equivalent of 153 kt
 - Strong by-product output of zinc and silver at 76 kt and 6,773 koz, respectively
- **Continued growth in volumes at power business**
 - 19% increase in power generated at Ekibastuz GRES-1 to 6,395 GWh

GROWTH PROJECTS

- **Significant progress on major growth projects**
 - Bozshakol feasibility study completed and commencing development
 - Aktogay to start feasibility study

PORTFOLIO MANAGEMENT

- **Focus on core mining and power divisions**
 - Disposal of Petroleum Division for \$100 million

FINANCIAL HIGHLIGHTS

- **Financial performance benefited from low net cost and higher metals prices**
 - Group EBITDA (excluding special items) increased 20% to \$1,608 million
 - EPS based on Underlying Profit up 25% to 162 US cents per share
- **Net cash costs lower than target at 93 US cents per pound**
 - Assisted by positive by-product contribution
- **Strong cash flows creating flexible balance sheet**
 - Net debt reduced to \$36 million from \$350 million

RETURNS TO SHAREHOLDERS

- **Interim dividend of 8 US cents per share**
 - Increase from 6 US cents per share in prior period

- **Proposed share buy-back of up to \$250 million**

OUTLOOK

- **Copper production on track to meet full year target of 300 kt**
 - Costs for the full year to remain within the target range of 100 to 130 US cents per pound
- **Outlook for copper market remains positive**
- **Power demand and pricing to remain firm**
 - Output on track to meet full year target of 11,500 GWh

\$ million (unless otherwise stated)	Six months ended 30 June 2011	Six months ended 30 June 2010
Revenues	1,817	1,522
Earnings:		
Group EBITDA (excluding special items) ¹	1,608	1,342
Segmental EBITDA (excluding special items) ¹	1,065	935
Profit before taxation	550	631
Underlying Profit	866	696
EPS:		
Basic and diluted (\$)	0.70	1.07
Based on Underlying Profit ² (\$)	1.62	1.30
Free Cash Flow ³	554	239
Cash cost of copper after by-product credits ⁴ (USc/lb)	93	85

During the period ended 30 June 2011, an impairment charge of \$455 million has been recognised in respect of Kazakhmys Petroleum, and is included within profit before taxation. The impairment charge is treated as a special item and therefore it is excluded from Group and Segmental EBITDA.

¹ Reconciliation of Group and Segmental EBITDA (excluding special items) to operating profit is found in note 6(a)(iii).

² Reconciliation of EPS based on Underlying Profit is found in note 11(b).

³ Net cash flows from operating activities less sustaining capital expenditure on tangible and intangible assets.

⁴ Cash operating costs excluding purchased concentrate less by-product revenues, divided by the volume of copper cathode equivalent sales.

Oleg Novachuk, Chief Executive of Kazakhmys PLC, said: "Production has been in line with targets in all areas and costs remain highly competitive. Sound production, low net costs and rising metals prices have led to increased profitability and cashflows. In contrast to the current uncertainties in global financial markets, this has been a solid six months and the outlook remains positive. We are making excellent progress on our growth projects and have reached some important milestones. I am delighted to announce today the start of development at Bozshakol. I look forward to reporting on our growth projects in the coming months."

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Copies of the half-yearly report will not be mailed to shareholders. Copies can be obtained from the Kazakhmys website (www.kazakhmys.com) or by contacting the Corporate Communications department at the Company's registered office.

REGISTERED OFFICE

6th Floor, Cardinal Place, 100 Victoria Street, London SW1E 5JL.

SHAREHOLDER INFORMATION

The Company declares dividends in US dollars. For those shareholders who hold their shares on the London Stock Exchange the default currency for receipt of their dividends is US dollars although they can elect to receive their dividends in UK pounds sterling. For those shareholders who wish to receive their dividends in UK pounds sterling, currency election forms should be sent to the Company's registrar, Computershare Investor Services PLC, so as to arrive by 6.00pm on Monday 12 September 2011.

For those shareholders who hold their shares on the Hong Kong Stock Exchange the default currency for receipt of their dividends is Hong Kong dollars although they can elect to receive their dividends in US dollars. For those shareholders who wish to receive their dividends in US dollars, currency election forms should be sent to the Company's registrar, Computershare Hong Kong Investor Services Limited, so as to arrive by 4.30pm on Tuesday 27 September 2011.

For those shareholders who have elected to receive their dividends in UK pounds sterling, the currency conversion rate to convert the dividend into UK pounds sterling will be £0.60634 to the US dollar. For those shareholders who receive their dividends in Hong Kong dollars, the currency conversion rate to convert the dividend into Hong Kong dollars will be HK\$7.79514 to the US dollar. These conversion rates are based on the average exchange rate for the five business days ending two days before the date of the half-yearly results announcement.

The interim dividend in US dollars and UK pounds sterling will be paid on Tuesday 4 October 2011 to shareholders who hold their shares on the London Stock Exchange ('London register of members') at the close of business on Friday 9 September 2011 (the 'London record date'). The interim dividend in US dollars and Hong Kong dollars will be paid on Tuesday 4 October 2011 to shareholders who hold their shares on the Hong Kong Stock Exchange ('Hong Kong register of members') at the opening of business on Friday 9 September 2011 (the 'Hong Kong record date').

FORWARD-LOOKING STATEMENT

This half-yearly report includes forward-looking statements with respect to the business, strategy and plans of Kazakhmys and its current goals, assumptions and expectations relating to its future financial condition, performance and results. By their nature, forward-looking statements involve known and unknown risks, assumptions and uncertainties and other factors which may cause actual results, performance or achievements of Kazakhmys to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Although Kazakhmys believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements.

No part of this half-yearly report constitutes, or shall be taken to constitute, an invitation or inducement to invest in Kazakhmys PLC, or any other entity, and shareholders are cautioned not to place undue reliance on the forward-looking statements. Except as required by the Listing Rules and applicable law, Kazakhmys does not undertake any obligation to update or change any forward-looking statements to reflect events occurring after the date of this half-yearly report.

CHIEF EXECUTIVE'S REVIEW

BACKGROUND

We have once again delivered solid results, with sound production across all metals and despite the significant industry-wide cost pressures, we have maintained a globally competitive net cost position. I should like to thank my colleagues for meeting our targets and especially for helping to deliver some key parts of our strategy.

I am delighted to announce that our Bozshakol project is proceeding to full development, slightly ahead of the schedule we set last year. The project is fully funded and development will begin immediately with first copper expected to be produced in 2015. Whilst the development of Bozshakol is one milestone in our development, I am pleased to be also announcing today that Aktogay will begin its feasibility study. We anticipate using much of our experience from Bozshakol in our work at Aktogay. Over the past two years we have put considerable effort into developing our project capability and the hard work of our project teams and our consultants is reflected in this progress.

Copper continues to be a metal in demand and approximately 80% of our targeted output for 2011 is contracted for delivery. Metals prices have continued to strengthen, which has led to a further increase in EBITDA. Input costs, however, are also driven by the commodity cycle and have been rising across the industry. Cost increases have offset some of the gain in metals prices, but Segmental EBITDA (excluding special items) rose 14% to \$1,065 million and margins at Kazakhmys Mining remained largely unchanged at 54%. Group EBITDA (excluding special items), which includes Kazakhmys' 26% share of ENRC's EBITDA, increased 20% to \$1,608 million.

The balance sheet has benefited from rising profitability and strong cash generation. We finished the period with net debt of \$36 million, compared to \$350 million at 31 December 2010. We have a debt facility of \$2.7 billion which is to be used for Bozshakol and our mid-sized projects and we are currently negotiating a further \$1.5 billion facility for our Aktogay project. Our funding puts us in an excellent position to take advantage of our growth opportunities, allowing us to increase annual copper production to around 500 kt over the next six years.

A major part of our strategy is to improve efficiency and costs at our existing assets. As part of this optimisation programme we have carried out some significant changes in our organisational structure, which are reflected in the layout of this half-yearly report. Our optimisation programmes are at an early stage and is an on-going and long-term process.

COPPER PRODUCTION AND SALES

Ore output was 16.5 MT in the first half of 2011, a slight increase from the comparative period, but the average grade of copper in ore was 1.01%, compared to 1.14% in the first six months of 2010. The combination of higher volume and lower grade led to a 9% decline in metal in ore mined. The decline in grade to around 1% was anticipated. Grades should remain around this level in the medium term.

The production of copper in own concentrate in the six months to 30 June 2011 was 152.8 kt, 10% below the level achieved in the same period of 2010. The decline reflects the reduction in metal in ore mined. Copper cathode equivalent production from own concentrate in the first half of 2011 decreased by just 7% to 153 kt, as the lower production of concentrate was partly offset by a release of work in progress carried over from 2010.

Sales of copper cathode and rod in the first half of 2011, totalling 136 kt, are 17 kt below the level of production for the period. The difference reflects a recovery in finished copper inventories, from unusually low levels at the start of the period, and a relatively high level of goods in transit to customers at 30 June 2011.

OTHER METALS PRODUCTION AND SALES

By-product output recovered sharply in the second quarter of 2011 and in general we remain on track for the targets set at the start of the year, although the gold by-product target will be kept under review.

Zinc in concentrate production declined by 7% as lower ore output was partially offset by the timing of receipts of material processed by a third party. Gold by-product output was 10% lower in the first half of 2011, at 55.9 koz, due to changes in levels of work in progress, although the production of gold in concentrate actually increased by 2% with the processing of stockpiled ore. Output of silver by-product of 6,773 koz in the first half of 2011 was in line with the comparative period in 2010, as lower grades were offset by a release of work in progress.

Primary gold output, from the assets previously reported as Kazakhmys Gold, decreased in the first half of 2011 by 14% compared to the corresponding period in 2010, as the Mukur and Mizek mines are at the end of their operational lives. We continue to make progress at the Bozymchak project in Kyrgyzstan, which should start production in 2012.

MARKETS AND DEMAND

Demand for all products remains positive and, as mentioned above, all annual copper sales contracts are in place for 2011. The split of sales contracts is again divided between our customers in Europe and in China.

We remain un-hedged in all metals, although there is some hedging on currencies, which is described further on in this report. The purpose of the currency hedges is to reduce the impact on our KZT denominated costs in the event of possible appreciation of the tenge against the US dollar.

GROWTH PROJECTS

As mentioned above we have announced today that our major growth project, Bozshakol, is commencing development and further details are set out in a separate release. The total cost of the project is anticipated to be in the region of \$1.8 billion, with first production of copper in 2015. The project will produce around 30 million tonnes of ore each year with a copper grade of 0.35%, and with significant by-products of gold and molybdenum. The mine has a production life

of over 40 years and will employ around 1,500 people. It should be globally competitive with a good second quartile net operating cash cost. Funding for the project is provided by a \$2.7 billion facility from China Development Bank and Samruk-Kazyna.

The remainder of this \$2.7 billion facility is being used for a series of mid-sized growth projects including Bozymchak, Kosmurun-Akbastau and Zhomart. These projects will help to replace declining production from the Group's maturing mines.

We are starting the feasibility study at Aktogay, our second major growth project. We anticipate reporting the results in the second half of 2012. In June 2011 we entered into a memorandum of understanding with China Development Bank towards a \$1.5 billion facility for the Aktogay project and we hope to conclude the negotiations by the end of 2011. Aktogay has several similar characteristics to Bozshakol and we anticipate using the experience of Bozshakol to assist in the planning and development of Aktogay. Aktogay should come into first production by 2017, with annual output of 100 kt of copper in concentrate.

Combined with our power projects, Kazakhmys is managing an investment pipeline of around \$6 billion, the largest development programme in Kazakhstan outside the oil industry.

COSTS

Pressure on costs has been widely noted across the mining industry and is reflected in our own operations. Gross cash costs of 252 US cents per pound are significantly higher than the 187 US cents per pound in the comparative period. The rise in mining costs, however, had already started in the second half of 2010, with gross costs in that period of 221 US cents per pound.

Our unit costs have been impacted by lower sales volumes and lower grades. Higher prices for oil, steel and other mining materials and equipment have put pressure on input costs. We have also seen a significant increase in salaries and transportation costs, largely reflecting inflationary pressures in Kazakhstan, especially in the resource industries.

Strong prices for by-products, particularly gold and silver, have offset much of the increase in gross costs. Net cash costs, after by-products, were 93 US cents per pound, below the 100 to 130 US cents per pound range that we anticipated at the start of 2011, and given the environment compares favourably with the 85 US cents per pound in the same period of 2010. At 93 US cents per pound, we retain our highly competitive cost position within the industry.

The anticipated increase in sales in the second half of the year should assist unit costs, but there will continue to be pressure from input prices. We remain on track to stay within our target cost range.

POWER BUSINESS

Ekibastuz GRES-1 continues to perform strongly, with a 19% increase in net power generated in the first half of 2011, compared to the corresponding period. The increase was driven by domestic demand and higher exports to Russia. The weighted average tariff for electricity sold by Ekibastuz GRES-1 in the first half of 2011 was 5.36 KZT/kWh, an increase of 18%, again reflecting the level of demand. The tariff for domestic sales is close to the Kazakhstan ceiling of 5.60 KZT/kWh, but the average tariff was brought down slightly, as Russian sales have a lower tariff, partly due to transmission costs.

The increase in price and volumes offset rising costs, principally coal, and EBITDA margins at Ekibastuz GRES-1 were maintained at 68%, excluding Maikuben West coal mine, an attractive margin which is required given the high level of capital reinvestment.

Ekibastuz GRES-1 continues to make good progress with its \$1 billion refurbishment programme, which is funded entirely from the power station's own cash flows. The restoration programme will return the plant to its nameplate capacity of 4,000 MW by 2016, compared to its current capacity of 2,500 MW, and will significantly improve its efficiency and environmental impact. Work is currently underway on two of the three non-operational turbines, and is both on time and on budget. Ekibastuz GRES-1 is undergoing the largest power development programme in Kazakhstan.

As part of the Group optimisation programme, the three captive power facilities (with combined installed electricity generation capacity of 1,025 MW) no longer form part of the Mining division and are managed by a single team along with Ekibastuz GRES-1. It is anticipated that over the long term this restructuring will improve the efficiency of the captive plants and encourage greater energy efficiency within Kazakhmys Mining.

OTHER BUSINESSES

Our metals fabrication business in Germany, MKM, is trading well, reflecting the relative industrial strength in its core markets. MKM made €17 million of EBITDA (excluding special items and the IFRS inventory adjustment) in the first half of 2011, and we anticipate receiving a dividend from the business of €10 million in the second half of the year. In July 2011 we refinanced MKM's working capital facility of €220 million, on more competitive terms and with a longer maturity profile. The business has limited synergy with our core mining and power businesses and remains an asset held for sale.

We have signed an agreement to sell our Petroleum Division for \$100 million plus contingent consideration in the form of potential royalties of up to \$476 million, dependent upon future oil revenues. Completion of the transaction is subject to regulatory approvals. We believe that the outlook for the petroleum assets is promising, but the disposal allows us to concentrate on our mining and power activities.

FINANCIAL PERFORMANCE

Revenue rose 19% to \$1,817 million, as the increase in metals prices offset the lower volumes sold. The average realised sales price of copper at \$9,454 per tonne for the first six months of the year, compared to \$6,981 per tonne in the prior period.

Segmental EBITDA (excluding special items) was \$1,065 million, compared to \$935 million in the first half of 2010, as higher metals prices offset the lower sales volumes and increased costs. Segmental EBITDA was also reduced by a few specific items, amounting to approximately \$60 million.

Group EBITDA (excluding special items) was \$1,608 million for the period, which includes \$543 million arising from our 26% share in ENRC. Group EBITDA (excluding special items) for the comparative period was \$1,342 million.

Earnings per share based on Underlying Profit, including our share of ENRC's equity accounted earnings, was 162 US cents per share compared to 130 US cents per share for the first six months of 2010.

The contribution from ENRC increased significantly, benefiting from improved volumes in some of their divisions and higher commodity prices. The Ferroalloys division maintained steady output with modest price increases, however there were substantial price increases in the Iron Ore division, which became the largest contributing division. There were both volume and price rises in the Alumina and Aluminium division.

FINANCIAL POSITION

Competitive net costs and higher pricing led to significant cash flows from operating activities, with net cash inflow from operating activities of \$730 million. Free Cash Flow was generated of \$554 million, arising from an increased dividend payment received from ENRC, lower sustaining capital expenditure and the timing of tax payments.

The pre-export finance debt facility is repaid at \$44 million each month and the outstanding principal stood at \$871 million at the end of the period. Cash on the balance sheet is relatively high at \$1,246 million, and has also risen during the period as we draw down funds from the facility with China Development Bank and Samruk-Kazyna. This facility will mainly be used for the Bozshakol project, with a remaining \$1.9 billion available to be drawn down by December 2012.

Capital expenditure in the Mining Division was \$302 million in the first half of 2011. Sustaining capital expenditure is likely to increase over the remainder of the year and expansionary capital expenditure will rise significantly with the development of Bozshakol.

With net debt of just \$36 million and our available debt facilities, we are exceptionally well placed to deliver our growth projects.

STRATEGY AND OUTLOOK

Our strategy remains to optimise the performance of our existing assets, deliver our growth projects and take advantage of natural resource opportunities principally in Central Asia.

As mentioned above, we have made some significant changes as part of the optimisation programme. The mining business was previously managed in geographic units, but is now managed by the two operational functions of mining and concentrating, and smelting and refining. The captive power facilities no longer form part of the copper business, but are managed by a single team along with Ekibastuz GRES-1. We have also established stronger central support functions. These changes should allow the operational mining units to focus on internal efficiencies, and form the early stages of a long-term structural and business improvement programme.

The delivery of our growth projects is a central focus for management. The outlook for the copper market is positive, with continued solid demand and structural supply side weaknesses. We believe that we have globally competitive projects, which are close to end-markets and with good access to key inputs and infrastructure.

Our 26% stake in ENRC is currently worth \$3,419 million or 41% of our market capitalisation. ENRC also operates mainly in Kazakhstan, although in a different suite of metals to Kazakhmys. The value of the holding has been impacted by the recent decline in global stock markets and by corporate governance concerns. The holding provides diversification as well as strategic opportunities, and our objective remains to maximise the value of this investment for our shareholders.

DIVIDEND AND PROPOSED SHARE BUY-BACK

The dividend policy, established at the time of Listing, is to pay a dividend based on the underlying profitability and funding requirements of the business. The Board is declaring an interim dividend for 2011 of 8.0 US cents per share, a significant increase on the interim dividend for 2010. This level of dividend reflects confidence in the Group and the greater profitability arising from higher metals prices.

Given the strength of the balance sheet and the recent weakness in the share price, we are proposing to carry out a share buy-back of up to \$250 million, subject to receiving the necessary shareholder and regulatory approvals. Implementation of the buy-back will depend upon market conditions.

CORPORATE SOCIAL RESPONSIBILITY

I regret to inform that there have been 16 fatalities in the first seven months of the year, compared to 21 for the same period in 2010. The 2011 figure includes 4 contractors. The data in 2010 excluded contractors and has not been restated. The LTIFR, a standard industry measure for injuries, for the first half of 2011 was 1.55 compared to 1.29 over the whole of 2010. We anticipate that LTIFR will continue to rise as we encourage the open reporting of incidents, as part of the management of health and safety.

We believe that the fatalities at Kazakhmys are both unacceptable and avoidable. We are undertaking training and education to reduce and ultimately eradicate unsafe behaviour and practices. We are utilising new technologies to improve the safety of our working environment, but these can only be effective when training and education enables them to be correctly applied. We continue to work with external consultants on these important issues, and as part of the efforts to improve safety we have been running a series of Group-wide workshops to identify problem areas in advance. As previously stated, the Board and senior management place the highest priority on improving our health and safety performance and will continue to invest in this area.

Kazakhmys is a major employer in Kazakhstan and often the key employer in the towns where we operate. This responsibility brings significant social commitments, including a range of educational, health and infrastructure projects. In the first half of 2011 our expensed social costs were \$69 million, compared to \$45 million in the first half of 2010, excluding the cost of the national library. Spending in the first six months of 2011 supported some major regional programmes including sports, educational and health facilities. Construction has started on the national library in Astana.

OUTLOOK

Despite the global economic uncertainty, the outlook for copper remains positive, with good supply and demand fundamentals. In the second half of 2011, we are confident that we can meet the key challenges of maintaining our production targets and managing cost pressures. We are entering a critical stage in the delivery of our growth projects and I look forward to reporting on their progress. The outlook for the power business remains positive, and we will deliver the refurbishment programme and increased capacity into a business that is enjoying strong demand. All of this must be achieved with a continued focus on health and safety, so that our development is to the benefit of all stakeholders.

DIVISIONAL REVIEW

REVIEW OF KAZAKHMYS MINING

The Group has undergone a restructuring of its operating units in Kazakhstan which has led to the formation of the Kazakhmys Mining Division. The Mining Division incorporates all of the Group's mining, concentrating, smelting and auxiliary operations in Kazakhstan, which were formerly reported within the Kazakhmys Copper and Kazakhmys Gold Divisions. The Group's three captive power stations, previously included within the Kazakhmys Copper Division, are now overseen together with Ekibastuz GRES-1 by a single management team in the Kazakhmys Power Division.

KAZAKHMYS MINING PRODUCTION SUMMARY

Copper

kt (unless otherwise stated)	Six months ended 30 June 2011	Six months ended 30 June 2010
Ore output ¹	16,537	16,236
Copper grade (%)	1.01	1.14
Copper in concentrate from own production	153	169
Copper cathode equivalent from own concentrate ²	153	164
Copper cathodes from purchased concentrate	-	1
Copper rod production	16	18

¹ Excludes output from the Central Mukur gold mine.

² Includes cathode converted into rod.

Kazakhmys Mining's ore output in the first half of 2011 was 2% above the same period in the prior year as extraction volumes from the North mine rose following extensive stripping works in the first half of 2010. Output also increased from the West Nurkazgan mine after repairs to ore conveyors improved production rates. Extraction volumes declined at the maturing Annensky mine as operations move to deeper and more challenging sections, and also at the Artemyevsky and Sayak mines which were impacted by harsh winter conditions in the first quarter of 2011.

The copper grade of ore extracted fell to 1.01% from 1.14% in the first half of 2010 in line with the long-term mining plan, as grades at the maturing mines in the Zhezkazgan Region declined and as operations at a number of mines in the East Region moved to lower grade sections. The higher ore output in the first half of 2011 was not sufficient to fully mitigate the decline in ore grades resulting in a 17 kt or 9% reduction in copper metal in ore extracted compared to the first half of 2010.

Own copper in concentrate production was 10% below the corresponding period in the prior year due to the reduced volume of copper metal in ore extracted and a slight decrease in the reprocessing of waste material at the Balkhash concentrator. The lower metal in ore extraction volumes were partially offset by the processing of stockpiled material from the Abyz mine and higher ore processing volumes in the East Region, due to delays in the transportation of ore from mines to concentrators in the first half of 2010.

Copper cathode equivalent production from own concentrate of 153 kt in the first six months of 2011 was 7% below the first half of 2010 as the decline in copper in concentrate output was partially mitigated by the processing of copper material built up at the smelters at the end of 2010. Own copper cathode equivalent production remains on target to achieve 300 kt of production for the full year.

Copper rod production was slightly below the same period in the prior year although demand from China has remained robust.

Zinc

kt (unless otherwise stated)	Six months ended 30 June 2011	Six months ended 30 June 2010
Zinc grade (%)	4.06	4.56
Zinc in concentrate	76	81

The output of ore containing zinc in the six months to 30 June 2011 was consistent with the first half of 2010, but the volume of zinc metal in ore extracted decreased by 12% as zinc grades fell at the East Region mines, in particularly at the Artemyevsky and Orlovsky mines.

Zinc in concentrate output was 6% below the comparative prior year period, reflecting the lower volume of zinc metal in ore extracted and a decline in concentrator recovery rates from 72% to 70%, partially offset by higher ore processing volumes due to the timing of receipts from a third party processor. The Nikolayevsky concentrator is undergoing modifications to improve the zinc recovery rates on ore from the Artemyevsky mine which is currently processed by a third party. Zinc in concentrate production volumes in the second half of 2011 are expected to be broadly similar to volumes in the first half of the year.

Precious Metals

	Six months ended 30 June 2011	Six months ended 30 June 2010
Silver grade (g/t)	18.20	20.06
Silver own production (koz) ^{1,2}	6,773	6,714
Gold grade (g/t)	0.71	0.78
Gold own production (by-product) (koz) ¹	56	62
Gold grade (g/t)	1.28	1.21
Gold doré production (primary) (koz)	14	16

¹ Includes slimes from purchased concentrate.

² Includes a small volume of by-product production from the Central Mukur and Mizek mines (previously included within Kazakhmys Gold).

Silver grades were below those recorded in the first half of 2010 as the ore grades from the maturing mines in the Zhezkazgan Region continued to decline. Whilst silver metal in ore extracted was 7% lower due to the fall in silver grades, silver granule and bar production was in line with the first six months of 2010 as work in progress levels at the smelters and precious metals refinery reduced in the first half of 2011. Silver production is estimated to slightly exceed 12,000 koz in 2011.

The gold grades of ore extracted from Kazakhmys Mining's copper mines fell in the six months to 30 June 2011, with lower grades and extraction volumes at the Artemyevsky and Abyz mines. The decline in the gold grades led to a 10% reduction in the gold metal in ore extracted, partially offset by increased ore processing volumes in the East Region compared to the prior year period.

In addition to the reduction in the gold metal in ore extracted, gold own production was negatively impacted by the build-up of work in progress at the smelters and precious metals refinery.

As previously stated, the Kazakhmys Mining Division includes the Central Mukur and Mizek mines which were formerly part of Kazakhmys Gold. Gold production from these mines was 14% below the first half of 2010, mainly due to the closure of the Mizek mine at the end of 2010, although the processing of previously extracted ore from the mine will continue in 2011. Total gold production from Kazakhmys Mining is expected to be approximately 140 koz in 2011.

KAZAKHMYNS MINING FINANCIAL SUMMARY

\$ million (unless otherwise stated)	Six months ended 30 June 2011	Six months ended 30 June 2010
Sales revenues:	1,809	1,517
Copper cathodes	1,154	1,024
Copper rods	133	116
Zinc concentrate	105	77
Silver ¹	220	126
Gold (by-product)	78	79
Gold (primary)	20	16
Other	99	79
Average realised price of copper (\$/t)	9,454	6,981
EBITDA (excluding special items)	977	818
Net cash costs excluding purchased concentrate (USc/lb)	93	85
Gross cash costs excluding purchased concentrate (USc/lb)	252	187
Capital expenditure	302	251
Sustaining	157	209
Expansionary	145	42

¹ Includes a small volume of sales revenue from the former Kazakhmys Gold mines: Central Mukur and Mizek.

REVENUES

Kazakhmys Mining's revenues grew by 19% compared to the first half of 2010, supported by the strong pricing environment for copper, silver and gold, which more than offset the decline in sales volumes for those products.

Revenue from copper cathodes and rods was \$1,287 million or 71% of Kazakhmys Mining's revenue in the first half of 2011, an increase of \$147 million from the first six months of 2010. The growth in copper revenue was driven by a 35% increase in the realised price for copper products to \$9,454 per tonne in the first half of 2011, slightly ahead of the change in the average LME cash price of 32% due to the timing of sales. Copper product sales volumes declined by 27 kt in the first half of 2011 to 136 kt due to lower own copper concentrate output and a 17 kt increase in stock levels in the current period.

Revenue from zinc concentrate of \$105 million was 36% above the first half of 2010 despite a slight decline in sales volumes to 75 kt as the realised price for zinc concentrate sold rose by

39% due to improved contractual terms and an 8% increase in the average LME zinc metal price compared to the prior period.

Sales of silver bars and granules produced the strongest revenue growth in percentage terms of the Mining Division's main metals. Silver revenues rose by 75%, as the average silver LBMA cash price almost doubled to \$35 per ounce in the first half of 2011. The higher realised price compensated for a 16% decline in silver sales volumes to 5,941 koz as stock levels increased by 832 koz in the six months to 30 June 2011.

Total gold revenues were 3% above the comparative period in the prior year with the average realised price 29% higher, mitigating the decline in sales volumes due to lower gold production. In addition, there was a 7 koz reduction in stock in the first half of 2010 compared to a small increase of stock in 2011. Gold revenues benefited from a \$4 million increase in sales from the Mizek and Central Mukur mines due to a higher average realised price, with sales volumes unchanged from the prior year comparative period.

Other revenue includes by-products from Kazakhmys Mining's operations such as lead, sulphuric acid and coal sales both to third parties and the captive power stations in the Kazakhmys Power Division. Other revenues grew in the first half of 2011 mainly due to additional tolling and processing for third parties.

EBITDA (excluding special items)

Kazakhmys Mining's EBITDA increased by 19% to \$977 million for the first six months of 2011 as the higher revenues offset the 22% growth in operating costs at Kazakhmys Mining, excluding depreciation and depletion, MET and special items.

The rise in Kazakhmys Mining's cost base, while partially driven by a 2% increase in ore output, can also be attributed to local cost inflation in Kazakhstan of 8% in the first half of 2011. Strong commodity prices impacted input costs for consumables used in the mining, concentrating and smelting processes and the cost for these items such as explosives, tyres and steel balls all rose materially compared to the prior year period.

Salary costs for operational employees were 28% above the first half of 2010 as inflationary pay awards were made in the second half of 2010 and in the first half of 2011. The higher employee costs also reflect additional pay awards to staff on lower wages as they were moved to a collective pay rate consistent across Kazakhmys Mining and in response to the competition for skilled labour in Kazakhstan.

To improve the efficiency of assets, and in particular to increase the availability of mining equipment, additional funding was allocated to maintenance programmes and as a result, repair costs increased. Costs associated with the transportation of ore, which has been outsourced to third parties, were higher as tariffs increased reflecting rising costs for fuel and labour in Kazakhstan.

Administration costs rose by 33% to \$300 million, excluding the \$130 million charge for major social projects in the first half of 2010 which was treated as a special item. Administration costs increased on the back of inflationary pay awards to employees and an additional \$24 million of support was provided to a range of smaller social projects within the communities in which the Group operates. A number of specific expenses were incurred in the period including legal charges and fines and penalties in respect of an historic environmental claim.

Operating costs denominated in tenge were minimally affected by the appreciation of the tenge against the US dollar, with an average rate of 146.01 KZT/\$ in the first half of 2011, compared to 147.26 KZT/\$ in the prior period in 2010.

CASH COSTS

The gross and net cash cost metrics are used as a measure of the cost efficiency of Kazakhmys Mining's copper production operations, and therefore the costs and revenues associated with the Mizek and Central Mukur gold mines are excluded from their calculation. The gross and net cash costs includes the electricity purchased from the captive power stations at cost.

The gross cash cost of copper increased to 252 US cents per pound, up from 187 US cents per pound in the first half of 2010, as sales volumes of copper products were 17% lower and given the operational cost pressures detailed above. In addition, the declining copper grades raise the per unit cost of production as a greater volume of ore extraction is required to maintain copper output.

The net cash cost increased by 9% to 93 US cents per pound as the higher gross cash cost was partially offset by improved by-product credits. The realised prices of gold, silver and zinc concentrate rose, and in addition, the reduced copper sales volumes increased the impact of by-products on a per unit of copper basis.

CAPITAL EXPENDITURE

Sustaining

Capital expenditure within Kazakhmys Mining's maintenance programme in the first half of 2011 represents the capital spend to maintain output levels at the 17 mines, 10 concentrators, two smelters, auxiliary operations and transport network operated by the Division.

Funding was provided to the Mining Division's annual equipment replacement programme to acquire mining fleet equipment such as drilling and haulage vehicles to maintain production efficiency at the mines. In the first half of 2011, material cost inflation has been noted for mining equipment when compared to the prior year period and manufacturer lead times are growing.

Maintenance works were conducted at the Mining Division's concentrators, in particular at the Zhezkazgan concentrators where the ball mills are being overhauled, and the Nikolayevsky concentrator where adjustments are being made to improve the zinc recovery rates, thereby reducing the volume of ore that will be sent for processing by a third party. Capital spend was incurred on the overhaul of the Zhezkazgan smelter's second furnace which is not currently operational due to the excess smelting capacity at the Mining Division's two smelters. Both smelters were also subject to general capital repairs and the replacement of obsolete equipment.

Expansionary

The project to develop infrastructure at the West Nurkazgan underground mine for the ramp up of production to its design capacity and to allow the development of future phases of the deposit progressed with further exploratory drilling, enhancements to the ore transportation network and improvements to the mine's concentrator to increase its throughput capacity.

With the current pricing environment for copper, a study reassessing the re-opening of the large low grade Konyrat mine is currently being conducted with the potential for production to resume from the mine in the first half of 2012.

Work also continued on Kazakhmys Mining's numerous medium-sized projects which are moving through the development stages. The results from the drilling programme and initial engineering work for the Akbastau and Kosmurun underground mines and associated concentrator project are being processed with the project expected to move to feasibility study stage in the second half of 2011. Geological works also continued on the second phase of the Zhomart mine to enable its future expansion.

Bozymchak

Construction progressed on the on-site infrastructure required for the Bozymchak gold-copper project, located in Kyrgyzstan. The administrative and accommodation facilities have been completed and the installation of the processing plant, which has been manufactured, will commence in the second half of the year.

Work on the project was held back while a comprehensive review was conducted to ensure the project's design and implementation plan met international standards. With some modifications made to the project timetable, the first concentrate sales from the new deposit are expected in the second half of 2012, with the overall project cost, including costs to date, expected to be just under \$300 million.

The mine's initial operation will be as an open pit with 1 MT of ore extraction per year for the first five years, followed by the development of an underground mine. Construction of the underground mine is scheduled to begin in 2014, with a similar volume of ore output. Production is anticipated to be 7 kt of copper in concentrate and 35 koz of gold per annum.

Bozshakol

Kazakhmys Mining's major copper growth project is the Bozshakol sulphide ore deposit located in the north of Kazakhstan which completed its feasibility study in August 2011. After receiving the results of the feasibility study, the Board approved the development of the mine and the associated infrastructure, expected to cost in the region of \$1.8 billion, and an EPC contractor has been appointed. The EPC contractor will conduct the majority of the project delivery and has a strong track record in executing similar projects and operating successfully in Kazakhstan.

The feasibility study concluded that Bozshakol should be developed with a 25 MT per annum concentrator, producing 87 kt of copper in concentrate per annum in the first 15 years, with gold, silver and molybdenum as by-products. During the initial 14 years, a 5 MT per annum clay plant will also operate in addition to the concentrator, contributing a further 16 kt of copper in concentrate per annum. The deposit has a JORC resource of 1,173 MT of ore at a copper grade of 0.35% and a production life of 43 years, including the processing of stockpiled ore for four years. The first copper from Bozshakol is expected to be produced in 2015. The project will be debt funded, utilising the \$2.7 billion facility obtained in 2010 from China Development Bank and Samruk-Kazyna.

In the first half of 2011, in addition to progressing the feasibility study, Kazakhmys began basic engineering and placed orders for several long lead items. Early construction works on the site will commence in the second half of 2011 to develop the necessary infrastructure such as power and communications. The EPC contractor will commence work on the project in the fourth quarter of 2011.

Aktogay

The Group's other major copper growth project is the Aktogay deposit which is located in East Kazakhstan. The Board has approved the progression of the project to the feasibility stage and Kazakhmys expects to appoint the study contractor shortly. Aktogay's design will benefit from

the work conducted on the Bozshakol project due to the similarities between the two large scale, relatively low grade, open pit mines.

The deposit is comprised of an oxide ore resource of 119 MT of ore with a copper grade of 0.37%, and a sulphide ore resource of 1,148 MT at a copper grade of 0.38%, the exploitation of which will be developed as a combined project. Aktogay is expected to be largely debt funded and a memorandum of understanding has been signed between Kazakhmys and China Development Bank in June 2011 for a \$1.5 billion loan facility.

REVIEW OF KAZAKHMYS POWER

In 2011, the Group's restructuring programme has led to the three captive heat and power stations and Ekibastuz GRES-1, in which Kazakhmys has a 50% interest, being managed by a single team. The captive power stations were previously reported within the former Kazakhmys Copper Division, but are now included in the Kazakhmys Power Division. In May 2011, the disposal of the Maikuben West coal mine was completed and the financial results below only include the contribution of the coal mine up to the date of disposal.

KAZAKHMYS POWER PRODUCTION SUMMARY

EKIBASTUZ GRES-1

	Six months ended 30 June 2011	Six months ended 30 June 2010
Net power generated (GWh)	6,395	5,373
Net power generated attributable to Kazakhmys ¹ (GWh)	3,198	3,682
Net dependable capacity (MW)	2,205	2,166

¹ Represents 100% of the net power generated until the 50% disposal on 26 February 2010 and 50% of the net power generated to 30 June 2010 and for the six months to 30 June 2011.

Ekibastuz GRES-1 increased net power generation volumes by 19% in the first half of 2011 as the power station used the spare capacity from its five 500 MW operating units to meet the continued growth in demand for electricity from both the Kazakhstan and Russian electricity markets.

The net power generated attributable to Kazakhmys was 13% below the six months to 30 June 2010 as the power station's underlying generation growth in 2011 was negated by the inclusion of two months of production on a 100% basis in the first half of 2010, prior to the 50% disposal of Kazakhmys' holding in Ekibastuz GRES-1 on 26 February 2010.

The power station's net dependable capacity increased above the prior year level as technical improvements were made to Unit 6 and as the electrostatic precipitator (ESP) at Unit 5 was commissioned in September 2010.

CAPTIVE POWER STATIONS

	Six months ended 30 June 2011	Six months ended 30 June 2010
Net power generated (GWh)	2,907	2,909
Net dependable capacity (MW)	853	862
Heating (KGcal)	2,146	2,284

The Group's three captive heat and power stations are located in Karaganda, Balkhash and Zhezkazgan and have a combined nameplate capacity of 1,025 MW. The power stations supply electricity and heating to the Group's operations and the communities in the regions in which they are located.

The Balkhash and Zhezkazgan heat and power stations currently supply 41% of Kazakhmys Mining's electricity requirements and provide heat and power to the communities in the vicinity of Balkhash and Zhezkazgan. The Karaganda heat and power station supplies energy to Kazakhmys' operations in the region, meets the shortfall in electricity requirements for the Kazakhmys Mining operations in Zhezkazgan and Balkhash, and any surplus production is sold to third parties. The mining operations in the East Region purchase some power from the Karaganda station, however where it is economic to do so, the East Region purchases power from local third party stations thereby avoiding distribution costs and enabling the Karaganda station to sell greater volumes externally.

Net power generation from the captive stations in the first half of 2011 was consistent with the prior year period as generation levels remain close to full capacity. Of the net power generated, 1,632 GWh was used internally by the Mining Division and 1,275 GWh sold to third parties. Net dependable capacity was below the comparative period in the prior year due to the forced outage of a turbine at the Balkhash heat and power station in March 2011.

KAZAKHMY'S POWER FINANCIAL SUMMARY

\$ million (unless otherwise stated)	Six months ended 30 June 2011	Six months ended 30 June 2010
EBITDA (excluding special items) ^{1,2}	95	88
Capital expenditure ^{1,2}	61	27
Sustaining ^{1,2}	27	16
Expansionary ^{1,2}	34	11

¹ Represents 100% of Ekibastuz GRES-1's results until the 50% disposal on 26 February 2010 and 50% for the period to 30 June 2010 and for the six months to 30 June 2011.

² Represents 100% of Maikuben West coal mine's results until 17 May 2011.

The financial results for Ekibastuz GRES-1 and the captive power stations are discussed separately below.

EKIBASTUZ GRES-1 AND MAIKUBEN WEST COAL MINE

\$ million (unless otherwise stated)	Six months ended 30 June 2011	Six months ended 30 June 2010
Sales revenues	142	139
Electricity generation ¹	117	118
Coal ²	25	21
Average tariff price (KZT/kWh)	5.36	4.56
Domestic sales	5.51	4.57
Export sales	4.46	3.39
Average cost (KZT/kWh)	1.71	1.51
EBITDA (excluding special items) ^{1,2}	88	85
Capital expenditure ^{1,2}	52	26

Sustaining ^{1,2}	18	15
Expansionary ^{1,2}	34	11

¹ Represents 100% of Ekibastuz GRES-1's results until the 50% disposal on 26 February 2010 and 50% for the period to 30 June 2010 and for the six months to 30 June 2011.

² Represents 100% of Maikuben West coal mine's results until 17 May 2011.

REVENUES

Ekibastuz GRES-1 recorded a 36% growth in revenues on a 100% basis in the first half of 2011 as electricity sales volumes and tariffs were well above the comparative period in 2010. The reduction in Kazakhmys' ownership of Ekibastuz GRES-1 from 100% to 50% on 26 February 2010 led to revenue attributable to Kazakhmys remaining flat at \$117 million.

Electricity sales volumes increased by 18% in the first half of 2011 mainly as export sales to Russia were significantly above the prior year period as sales took place throughout the six months to June 2011, whereas due to longer contract negotiations in the prior year, sales only commenced in June 2010. Growth in demand within Kazakhstan in the first half of 2011 led to an increase in domestic sales volumes by 2%. Power generation in Kazakhstan was 5% above the first half of 2010 of which Ekibastuz GRES-1's market share was 15.5%, an increase from 13.6% in the prior period.

The average tariff realised by Ekibastuz GRES-1 in the first half of 2011 increased by 18% from the comparative period. Domestic tariffs benefited from the increase in the ceiling tariff in 2011 to 5.60 KZT/kWh, from 4.68 KZT/KWh in 2010. Due to the strong demand for electricity in Kazakhstan, Ekibastuz GRES-1 has been able to achieve sales tariffs close to the ceiling tariff throughout the first half of 2011. Tariffs for electricity sales to Russia rose sharply compared to the prior period following the partial de-regulation of the Russian electricity market from 1 January 2011.

Revenue from the Maikuben West coal mine increased slightly in the period due to demand from the power industry in Russia driving higher sales volumes and tariffs, despite the asset only being included in Kazakhmys' results for the five months in 2011, prior to its sale in May 2011. The movement in tariffs also reflected the increased cost of transporting coal into Russia.

EBITDA (excluding special items)

Ekibastuz GRES-1's EBITDA attributable to Kazakhmys was 4% above the first half of 2010. EBITDA on a 100% basis was 42% higher as the growth in revenues more than offset the 35% increase in total cash operating costs, driven by the 19% increase in net generation volumes and cost inflation in the power industry.

Coal costs, which comprise more than 50% of Ekibastuz GRES-1's cash costs, rose by 29% as consumption increased due to the growth in generation volumes and as tariffs charged by both coal suppliers, the Bogatyr and Maikuben West coal mines, were around 10% above the corresponding period in 2010. Variable cost items such as emission charges, water and distribution costs were also higher, mainly due to the higher generation volumes, but also due to tariff increases imposed by the regulatory authorities.

Employee costs rose by 9% following inflationary pay awards to staff in January 2011 and additional bonus payments for the strong operational performance at the power station in the first quarter of 2011. Administration costs were 31% above the comparative period due to additional social spend incurred.

The higher sales volumes at the Maikuben West coal mine also increased operating costs, in particular, transportation costs related to delivering coal to customers.

AVERAGE COST

The 35% increase in total cash operating costs at Ekibastuz GRES-1 was largely offset by higher generation volumes, with the average cash cost rising by 13% from the prior year period to 1.71 KZT/kWh. The per unit cash cost increase is due to higher prices for coal, fuel, distribution and water and also as administrative costs rose.

CAPITAL EXPENDITURE

Sustaining

As part of Ekibastuz GRES-1's cyclical maintenance programme for the five operating units, the second phase of the overhaul of Unit 3 commenced in April 2011. The overhaul includes the replacement of boiler heating surfaces, repair of the turbine, and improvements to the unit's efficiency. The unit resumed operation in August 2011, ahead of the peak demand season. Annual maintenance was also conducted on Units 4, 5, 6 and 7 which required shorter term outages. In the first half of 2011, modifications were made to the fuel storage facilities and repairs were also made to low and high pressure rotors as part of an ongoing rotor overhaul programme to improve the performance of the existing units.

Expansionary

Work continued on the rehabilitation of two of the three dormant units at Ekibastuz GRES-1 as part of the programme to restore the nameplate capacity of the power station to 4,000 MW. The overhaul of the boiler, turbines, and auxiliary equipment for Unit 8 which commenced in late 2009 is on track, with the unit expected to be operational by the end of 2012. The rehabilitation of Unit 2, which is more extensive than the Unit 8 project, is also moving ahead with design and dismantling works progressing in the first half of 2011, along with prepayments being made for equipment. Unit 2 is planned to be operational by 2014, expanding Ekibastuz GRES-1's capacity to 3,500 MW. Kazakhmys Power has strengthened its project team through a number of experienced new recruits, and is also working closely with external consultants and contractors.

Ekibastuz GRES-1 is installing ESPs to the plant's generators to reduce ash emissions to international benchmark standards. Under the environmental programme, Unit 5's ESP was successfully commissioned in September 2010 and now equipment is being mounted for the installation of Unit 6's ESP with completion planned for the end of 2011. Dismantling work has begun at Units 7 and 8 with the ESPs expected to be operational at these units by the end of 2012. ESPs will also be installed at Units 2, 3 and 4 in 2013 and 2014. The ESP programme will significantly reduce ash emissions levels from those in place when Kazakhmys acquired Ekibastuz GRES-1 in May 2008.

CAPTIVE POWER STATIONS

\$ million (unless otherwise stated)	Six months ended 30 June 2011	Six months ended 30 June 2010
Sales revenues	85	71
Electricity generation	66	55
Heat and other	19	16
Average realised electricity tariff price (KZT/kWh)	3.29	2.78
Third party sales	3.43	2.85

Intercompany sales	3.19	2.74
Average cost (KZT/kWh)	2.55	2.26
EBITDA (excluding special items)	7	3
Capital expenditure (sustaining)	9	1

REVENUES

The captive power stations derive revenue from the sale of electricity and heat to Kazakhmys Mining and to third parties. While total sales volumes were flat against the comparative period, sales volumes to third parties increased from 36% to 44% of total sales in the first half of 2011. This change was mainly due to lower electricity requirements within the Kazakhmys Mining Division, as the East Region increased purchases of electricity from neighbouring hydro power producers to take advantage of lower distribution costs.

The increase in third party sales volumes and approval of the increase in the ceiling tariff for the captive power stations to 4.10 KZT/kWh, raised the average realised tariff for electricity by 18% to 3.29 KZT/kWh in the first half of 2011. The tariff for internal sales reflects the cost of energy supplied by the Balkhash and Zhezkazgan stations which is significantly higher than that from Karaganda.

Heating revenues increased with the 36% rise in the average heat tariff, partially negated by a 6% decrease in sales volumes.

EBITDA (excluding special items)

Benefiting from the higher average realised tariff, the captive power stations' EBITDA was \$7 million, more than double that achieved in the first half of 2010. The higher tariffs offset the 26% increase in the cost of coal, which is supplied by the Borly coal mines that are included within the Kazakhmys' Mining Division. Employee costs at the captive power stations were higher as inflation linked pay awards were made to staff during the period. As with Ekibastuz GRES-1, distribution costs also increased as KEGOC, Kazakhstan's national grid operator, raised its transmission tariffs.

AVERAGE COST

With the flat sales volumes and a rising cost base with higher input costs for items such as coal and fuel, power generation costs increased by 13% to 2.55 KZT/kWh. The relatively high cash cost per kWh of the captive power stations compared to Ekibastuz GRES-1 reflects the small size of the Balkhash and Zhezkazgan stations, and the age of the equipment employed at the captive stations.

CAPITAL EXPENDITURE

Capital expenditure in the first half of the year at the captive power stations was focused on the maintenance of existing boilers and turbines, in particular at the Balkhash and Zhezkazgan stations, in order to sustain the heat and power plants' existing capacity.

REVIEW OF KAZAKHMYS PETROLEUM

KAZAKHMYS PETROLEUM FINANCIAL SUMMARY

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
EBITDA (excluding special items)	-	-
Capital expenditure (expansionary)	10	18

Kazakhmys Petroleum's exploration of the oil and gas block located to the south of Aktobe in western Kazakhstan progressed in the first half of 2011.

The exploration licence for the oil and gas block, which expired in May 2011, was renewed for an additional two years on similar terms to the original licence. The drilling of the fifth deep well which commenced in January 2011 was completed in May 2011, at a depth of 5,200 metres. Testing of the well will be conducted in the second half of 2011.

Testing of the most promising targets, the third and fourth deep wells, was conducted during the period, but after initially recording oil inflows, in late June the wells' pressure dropped significantly faster than was initially anticipated. The testing of the two wells will continue during the third quarter of 2011 after which both wells may be suspended. The adverse results from the third and fourth deep wells has led to Kazakhmys recognising an impairment charge of \$455 million in respect of Kazakhmys Petroleum which has been classified as a special item, the details of which can be found in the Financial Review.

Following a review in July 2011 of the funding options for the future exploration of the oil and gas field, and the drilling results received to date, the Board decided to dispose of Kazakhmys Petroleum. A sale and purchase agreement for the disposal of Kazakhmys Petroleum was signed on 24 August 2011, with completion of the sale dependent on obtaining the necessary regulatory approvals.

Kazakhmys invested \$22 million in the drilling programme in the first half of 2011 however this was offset by \$12 million of oil revenues received during testing, resulting in net capital expenditure of \$10 million. In the prior year comparative period, revenue from oil sales was \$1 million.

REVIEW OF MKM

MKM is the Group's downstream copper business, which produces copper and copper alloy semi-finished products. Based in Germany, the business is structured into three sections: wire products, flat products (strips and sheets) and tubes and bars. Kazakhmys determined in 2009 that MKM was not a core business as it was inconsistent with the Group's geographic and strategic focus and therefore classified it as "held for sale".

MKM FINANCIAL SUMMARY

\$ million (unless otherwise stated)	Six months ended 30 June 2011	Six months ended 30 June 2010
GVA ¹ (€ million)	84	73
Wire section (€ million)	20	18
Flat section (€ million)	42	35
Tubes and bars (€ million)	22	20
EBITDA (excluding special items)	30	46

Capital expenditure	9	7
Sustaining	7	5
Expansionary	2	2

¹ "GVA" is Gross Value Added which is calculated as turnover less the input cost of copper cathode, i.e. MKM's 'value add'. It is not a statutory reporting measure. The GVA figures are presented in Euros, MKM's operating currency.

GVA

MKM's performance in the first half of 2011 built upon MKM's growth in 2010, with GVA increasing by €11 million or 15% from €73 million in the comparative period.

Growth in industrial output in Europe, in particular Germany, was the key factor behind the continued increase in GVA. Sales volumes rose by 8% between the first half of 2011 and the comparative prior year period and would have been greater still, but for the political unrest in certain North African and Middle Eastern countries to which MKM has previously generated export sales. MKM was also forced to reject orders during the period to enable it to manage its working capital position as copper traded above \$9,000 per tonne and as MKM was unable to obtain sufficient credit insurance for certain customers in accordance with its credit control risk management policy.

Within the wire section, sales volumes rose 12% with higher sales of both wire rod and drawn wire. MKM also successfully raised prices in the wire section. In the flat section, strip sales rose driven by greater demand for high frequency cable strip. Sheets sales benefited from the recommencement of water desalination projects leading to a 25% increase in volumes compared to the prior year period. In the tubes and bars section, the high price of copper led to continued substitution, particularly for sanitary tubes where sales volumes fell by 14% compared to the first half of 2010, which was only partially compensated by the development of industrial tube lines. Bar sales volumes remained at the same level, but due to changes in product mix and price rises, GVA for the section was higher overall.

EBITDA (excluding special items)

EBITDA was \$30 million, \$16 million below the comparative period in the prior year. Copper price movements are reflected through the IFRS inventory adjustment which had a positive impact on EBITDA of \$8 million in the first half of 2011, below the \$31 million recorded in the six months to 30 June 2010. Excluding the IFRS inventory adjustment and expressed in Euros to better reflect underlying performance, MKM's EBITDA rose to €17 million, a 46% improvement over the first half of 2010. Cost pressures were felt from higher energy prices and personnel costs, however the growth in EBITDA reflected the strength in demand for MKM's output, particularly flat products.

CAPITAL EXPENDITURE

Capital expenditure in the first half of 2011 was above the prior period as MKM invested in new equipment to expand its strip product range to meet customer demand along with replacing existing equipment, again focused on the production of strips.

REVIEW OF ENRC

Kazakhmys has a 26% interest in ENRC PLC, a diversified natural resources group with significant operations in Kazakhstan. ENRC's EBITDA was 33% above the first half of 2010 with higher contributions from each of ENRC's six key operational divisions. The Group's investment

in ENRC had a market value as at 30 June 2011 of \$4,191 million and dividends of \$60 million were received from ENRC in the first half of 2011.

ENRC divisional EBITDA (excluding special items)¹

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Ferroalloys	750	717
Iron ore	893	536
Alumina and aluminium	196	128
Other non-ferrous	66	32
Energy	188	162
Logistics	37	26
Corporate	(42)	(36)
ENRC Group	2,088	1,565
Kazakhmys' share of EBITDA (excluding special items) of ENRC	543	407

¹ Excludes MET.

The Ferroalloys Division operates chrome ore and manganese mines along with processing plants which produce ferrochrome and other ferroalloys. In the first half of 2011, the division's mines were operating at full capacity and saleable production volumes of ferrochrome and ferroalloys were slightly higher than in the comparable period of 2010. The division's EBITDA was 5% above the prior year mainly due to higher pricing for high-carbon ferrochrome, mitigated by the growth in unit costs with higher input material and other costs.

The Iron Ore Division mines and processes iron ore into concentrate and pellets for sale. Iron ore extraction volumes were slightly below the prior period, however the production of primary concentrate was broadly flat. The division raised the output of pellets in the period, which comprised 54% of saleable production, although total saleable production was 6% lower than the first half of 2010. The division's EBITDA was 67% above the first half of 2010 and represented 43% of ENRC's Group EBITDA, benefiting from substantially higher prices for iron ore pellets and concentrate, rising by 49% and 51% respectively. The improvement in pricing more than offset higher input material and wage costs.

The Alumina and Aluminium Division operates two bauxite mines which feed an alumina refinery and an aluminium smelter which are supported by a captive heat and energy plant. Alumina production was consistent with the first half of 2010, but aluminium production was 20% higher as the smelter operated at its expanded annual capacity of 250 kt throughout the six months to 30 June 2011 after the 125 kt expansion project was completed in May 2010. The 53% growth in the division's EBITDA is primarily due to the 18% increase in the aluminium price and additional aluminium sales volumes which offset the rise in production costs when compared to the first six months of 2010.

The Other Non-ferrous Division is predominately based in the DRC and Zambia, and produces and processes copper and cobalt ore. Production of cobalt metal and copper cathode increased by a total of 45% due to the higher copper grade and commissioning in April 2011 of tank house 4 as part of the programme to increase the leaching and electro-winning capacity of the Luita plant in the DRC. The first phase of the new cobalt oxide SX/EW plant was also completed in the first half of 2011. The division's EBITDA was above the first half of 2010 with the strong prices received for both copper and cobalt products and higher sales volumes. The unit costs of the business are also declining as the scale of the operations grow and the acquired businesses are integrated.

The Energy Division operates the Vostochny coal mine and the coal fired power station at Aksu making it a significant producer of coal and electricity in Kazakhstan. Electricity generation was slightly above the first half of 2010 despite the long-term shut down of Unit 6 for reconstruction work in April 2011 to modernise and increase the unit's capacity to 325 MW. In June 2011, the full commissioning of Unit 2, which has a capacity of 325 MW, was completed. The division's EBITDA rose by 16% benefiting from the higher electricity tariffs with the increase in the ceiling tariffs in Kazakhstan in 2011. Improved revenues however were offset by inflationary cost pressures on staff, material, transportation and distribution costs.

The Logistics Division provides transportation and freight forwarding services to other ENRC divisions and third parties. The volume of transported products increased by 5%, driven by third party volumes. The division's EBITDA was higher in the six months to 30 June 2011 with additional third party revenue from the involvement in the China Gateway rail project which is being developed by the Government of Kazakhstan.

FINANCIAL REVIEW

BASIS OF PREPARATION

The financial information presented on pages 24 to 35 has been prepared in accordance with IFRS using accounting policies consistent with those adopted in the consolidated financial statements for the year ended 31 December 2010.

As explained in note 5 of the condensed consolidated financial statements, MKM and the Maikuben West coal mine, within the Kazakhmys Power segment, which represent separate business lines of the Group, were classified as held for sale at 31 December 2010. MKM continued to be treated as a discontinued operation for the first half of 2011, while the Maikuben West coal mine was treated as discontinued until the date of its disposal on 17 May 2011. Accordingly, MKM represented the only asset held for sale as at 30 June 2011.

In the period to 30 June 2010, following the disposal on 26 February 2010 of 50% of the Ekibastuz GRES-1 power station, the major asset within the Kazakhmys Power segment, the retained 50% interest in Ekibastuz GRES-1 was classified as a continuing operation and equity accounted as a joint venture. Prior to 26 February 2010, Ekibastuz GRES-1's results were consolidated as a 100% subsidiary but the business was classified as a discontinued operation.

The income and expenses of the held for sale businesses are reported separately from the continuing operations of the Group. The assets and liabilities of these businesses are also separately shown within the consolidated balance sheet as single line items within current assets and current liabilities, as held for sale. The consolidated cash flow statement includes the cash flows of the continuing and discontinued operations for both the current and prior periods.

INCOME STATEMENT

A summary of the income statement is shown below:

\$ million (unless otherwise stated)	Six months ended 30 June 2011	Six months ended 30 June 2010
Continuing operations		
Revenues	1,817	1,522

Operating costs excluding depreciation, depletion, amortisation, MET and special items	(870)	(718)
EBITDA (excluding special items) from subsidiaries	947	804
EBITDA (excluding special items) from joint venture	80	33
Segmental EBITDA (excluding special items) from continuing operations	1,027	837
Interest and taxes of joint venture	(13)	(6)
Special items:		
Less: impairment charge against intangible assets	(455)	-
Less: impairment (charge)/reversal against property, plant and equipment	9	(7)
Less: impairment charge against mining assets	(2)	-
Less: major social projects	-	(130)
Less: loss on disposal of property, plant and equipment	(1)	-
Less: MET	(142)	(115)
Less: depreciation, depletion and amortisation	(127)	(120)
Operating profit	296	459
Share of profits from associate	279	211
Profit before finance items and taxation	575	670
Net finance expense	(25)	(39)
Profit before taxation	550	631
Income tax expense	(161)	(128)
Profit for the period from continuing operations	389	503
Discontinued operations		
(Loss)/profit for the period from discontinued operations	(14)	71
Profit for the period	375	574
Non-controlling interests	(1)	-
Profit attributable to equity holders of the Company	374	574
EPS – basic and diluted (\$)		
From continuing operations	0.73	0.94
From discontinued operations	(0.03)	0.13
	0.70	1.07
EPS based on Underlying Profit (\$)		
From continuing operations	1.57	1.19
From discontinued operations	0.05	0.11
	1.62	1.30

REVENUES AND EBITDA (EXCLUDING SPECIAL ITEMS)

The Group's revenues have increased by 19% to \$1,817 million for the first six months of 2011 driven by higher prices for the Group's main metals as global demand remained strong. Copper prices averaged \$9,398 per tonne in the period, an increase of 32% compared to the prior period. Gold and silver prices were 25% and 99% higher at \$1,445 per ounce and \$35 per ounce, respectively. The average zinc price was broadly unchanged between the periods. The price rises more than offset lower sales volumes of copper, gold and silver in the period, reflecting changes in production and increases in finished goods inventories.

In the period ended 30 June 2011, 2% greater ore extraction volumes, cost inflation in Kazakhstan and strong commodity prices impacted the cost of raw materials, consumables and other input prices, including fuel and ore transportation expenses. These factors increased the Group's production costs (excluding depreciation, depletion, amortisation, MET and special items) by 11% compared to the prior period, despite 17% lower copper sales volumes.

Following inflation-related pay rises and the setting of a collective agreement pay structure for the lower remunerated staff in Kazakhstan in the first half of 2011, the Group's total employee cost included in production and administration expenses was \$248 million, representing a 23% increase over the comparative period, with the scale of the increase also reflecting the competition for skilled workers in Kazakhstan.

Administration costs (excluding depreciation and special items) were 40% higher than in the first half of 2010. The higher costs incurred during the first half of 2011 were impacted by cost inflation, additional social contributions made by the Group to community projects in Kazakhstan and specific items recognised during the period. These specific items principally relate to consultancy costs incurred on the Group's operational improvement and restructuring programmes, the costs associated with listing on the Hong Kong Stock Exchange completed in June 2011, legal expenses related to court cases and fines and penalties relating to an historical environmental pollution claim.

In March and April 2011, the Group entered into a series of forward foreign exchange transactions to purchase KZT against the USD with a value of \$40 million per month from April through to December 2011. The forward transactions were executed at rates averaging between 144.65 and 145.44 on a monthly basis. The purpose of the forward contracts was to hedge the impact on KZT denominated operating costs of the possible appreciation of the tenge against the US dollar. As at 30 June 2011, the fair value of the forward foreign currency contracts was minimal reflecting the small fluctuations in the KZT/USD exchange rate over the period from March 2011.

Despite the inflationary pressures placed on the Group, the impact of the stronger commodity prices led to an improved Segmental EBITDA (excluding special items) from continuing operations of \$1,027 million, compared to \$837 million in the same period in 2010.

SPECIAL ITEMS

Special items from continuing operations in the first half of 2011 mainly relate to the impairment of Kazakhmys Petroleum's oil and gas exploration licence. An impairment review was performed on the exploration licence following the receipt of adverse drilling results at the end of June 2011, after which, in July 2011, the Board of Directors commenced a sales process for the Group's interest in Kazakhmys Petroleum. An impairment charge of \$455 million has been recognised, reducing the carrying value of Kazakhmys Petroleum to its recoverable amount, being the net expected proceeds from its disposal.

In 2010, the full cost of major social projects of \$130 million was included within special items. These commitments were considered a special item due to the unique nature and quantum of the expenditure when compared to previous social development projects undertaken by the Group.

EQUITY ACCOUNTING

The Group's equity accounted investments include the 50% joint venture, Ekibastuz GRES-1, and the 26% associate, ENRC.

The Group's share of the profits and equity movements, net of tax, from the Ekibastuz GRES-1 joint venture was \$53 million compared to \$20 million in the period ended 30 June 2010, as the prior period only included the results of Ekibastuz GRES-1 from 27 February 2010 when Ekibastuz GRES-1 became an equity accounted joint venture following its 50% disposal. There

was also an improved operating performance of the power plant in the first half of 2011 as demand and tariffs grew in Kazakhstan and Russia.

The share of profits from the Group's associate, ENRC, recognised in the consolidated income statement for the half year, net of tax, is \$279 million based on the results of ENRC for the period ended 30 June 2011 which were published on 17 August 2011. The share of profits from ENRC increased in the first half of 2011 due to favourable commodity prices for ENRC's major product lines.

RECONCILIATION OF EBITDA (EXCLUDING SPECIAL ITEMS)

Consistent with other international mining companies, EBITDA (excluding special items) has been chosen as the key measure in assessing the underlying trading performance of the Group. This performance measure removes depreciation, depletion, amortisation, MET and non-recurring or items variable in nature which do not impact the underlying trading performance of the Group.

The Directors believe that the exclusion of MET provides a more informed measure of the operational profitability of the Group given the nature of the tax as further explained in the 'Taxation' section.

Following the restructuring of the Group's operating assets in Kazakhstan undertaken by the Group during 2011, the Group's operating segments have changed from those previously reported at 30 June 2010 and 31 December 2010. The Group is now managed in four separate business units: Kazakhmys Mining, Kazakhmys Power, MKM and Kazakhmys Petroleum. Kazakhmys Gold is included within Kazakhmys Mining and the Group's captive power stations, previously within Kazakhmys Copper, are now included within Kazakhmys Power. The 2010 comparative figures have been presented on a consistent basis with the results for the period ended 30 June 2011.

A reconciliation of Group EBITDA (excluding special items) by operating segment is shown below:

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Continuing operations		
Kazakhmys Mining	977	818
Kazakhmys Power ¹	87	36
Kazakhmys Petroleum	-	-
Corporate Services	(37)	(17)
Total continuing operations	1,027	837
Discontinued operations		
Kazakhmys Power ²	8	52
MKM	30	46
Total discontinued operations	38	98
Segmental EBITDA (excluding special items)	1,065	935
Share of EBITDA of associate ³	543	407
Group EBITDA (excluding special items)	1,608	1,342

¹ Kazakhmys Power EBITDA (excluding special items) includes the Group's share of EBITDA (excluding special items) of the joint venture, Ekibastuz GRES-1, for the period 1 January 2011 to 30 June 2011 and from 27 February 2010 to 30 June 2010. Also included within Kazakhmys Power is the EBITDA (excluding special items) of the Group's captive power stations for the periods ended 30 June 2011 and 30 June 2010. The EBITDA (excluding special items) of the Group's captive power stations was previously included within the EBITDA (excluding special items) of Kazakhmys Copper.

² In the period to 30 June 2011, Kazakhmys Power EBITDA (excluding special items) includes the EBITDA (excluding special items) of the Maikuben West coal mine for the period to 17 May 2011, the date on which it was sold. The prior period includes 100% of the EBITDA (excluding special items) of Ekibastuz GRES-1 until the date of its partial disposal on 26 February 2010 and the EBITDA (excluding special items) of the Maikuben West coal mine for the six months ended 30 June 2010.

³ The share of EBITDA (excluding special items) of the associate excludes the MET of the associate.

Segmental EBITDA (excluding special items) grew by 14% to \$1,065 million, largely reflecting higher realised prices at Kazakhmys Mining which were offset by lower sales volumes and escalating costs. Segmental EBITDA was also assisted by an improved performance from Ekibastuz GRES-1 within Kazakhmys Power due to higher tariffs and generation.

EBITDA (excluding special items) from discontinued operations declined compared to the prior period, which included the EBITDA of Ekibastuz GRES-1 for the period to 26 February 2010 on a 100% basis and a lower contribution to EBITDA from MKM primarily due to the reduction in the IFRS inventory adjustment as a result of lower inventory levels.

Group EBITDA (excluding special items) in the first six months of 2011 was \$1,608 million, 20% above the same period in 2010. Included in Group EBITDA is the Group's share of EBITDA of ENRC of \$543 million based on its published unaudited results for the six months ended 30 June 2011, an increase from the \$407 million recognised for the first half of 2010.

NET FINANCE ITEMS

Net finance expenses from continuing operations for the period ended 30 June 2011 were \$25 million compared to \$39 million in the prior period. The reduction in the net finance expense reflects the capitalisation of project related borrowing costs and the impact of the tenge appreciation over the period partially offset by the higher average interest rate on the CDB/Samruk-Kazyna financing facilities. In the first half of 2011, a foreign exchange gain of \$2 million arose from the appreciation of the tenge as compared to a foreign exchange loss of \$15 million in the same period in 2010.

In the second half of 2010, the Group commenced capitalising the borrowing costs on the CDB/Samruk-Kazyna financing facilities which are associated with the development of the Bozshakol and Bozymchak projects. For the period ended 30 June 2011, \$7 million of the total \$19 million interest charge on the CDB/Samruk-Kazyna financing facilities was capitalised to these development projects.

The Group's total interest charge on borrowings before capitalisation was \$32 million, of which \$13 million was in respect of the pre-export debt facility and \$19 million on the CDB/Samruk-Kazyna financing facilities. The total interest charge has increased from the \$23 million incurred in the prior period, following additional draw downs under the CDB/Samruk-Kazyna financing facilities in the second half of 2010 of \$400 million, with a further draw down of \$100 million in June 2011. As the CDB/Samruk-Kazyna financing facilities carry interest at US\$ LIBOR plus a margin of 4.80%, compared to the margin on the pre-export debt facility of 1.25%, the Group's average interest rate has increased to 3.03%, compared to 1.88% in the first half of 2010.

TAXATION

The table below shows the Group's effective tax rate as well as the all-in effective tax rate which takes into account the impact of MET and removes the effect of special items and non-recurring items on the Group's tax charge. The all-in effective tax rate excludes the effect of equity accounted earnings as these are derived from businesses that are not controlled by the Group and which are included in the consolidated income statement on a post-tax basis.

\$ million (unless otherwise stated)	Six months	Six months
--------------------------------------	------------	------------

	ended 30 June 2011	ended 30 June 2010
Profit before taxation from continuing operations	550	631
Add: MET	142	115
Add: special items	449	137
Less: share of profits from joint venture	(53)	(19)
Less: share of profits from associate	(279)	(211)
Adjusted profit before taxation from continuing operations	809	653
Income tax expense	161	128
Add: MET	142	115
Add: tax effect of special items	(1)	1
Adjusted tax expense from continuing operations	302	244
Effective tax rate	29.3%	20.3%
All-in effective tax rate¹	37.3%	37.4%

¹ All-in effective tax rate is calculated as the income tax expense plus MET and removing the tax effect of special items and other non-recurring items, divided by profit before taxation which is adjusted for MET, special items and other non-recurring items and the share of profits from the joint venture and associate.

The effective rate of tax for 2011 was 29.3% compared to 20.3% in the prior period principally as a result of the non-deductible impairment charge at Kazakhmys Petroleum which more than offset the greater contribution from ENRC and Ekibastuz GRES-1 whose earnings are included in the consolidated income statement on an after-tax basis.

The all-in effective tax rate, which is a more representative tax rate on the recurring profits of the Group's subsidiary businesses, was broadly in line with the prior period at 37% primarily as the impact of higher non-deductible expenses, which were mostly specific to the period, reduced the impact of the proportionally lower revenue-based MET during the period.

MET is determined independently of the profitability of operations. Consequently, in periods when the copper price is at elevated levels, the profitability of the operations increases, but the all-in effective tax rate decreases as the impact of MET lessens due to its revenue-based nature. Whilst higher copper prices result in a higher absolute amount of taxes being levied, the all-in effective tax rate decreases.

DISCONTINUED OPERATIONS

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Kazakhmys Power		
EBITDA (excluding special items)	8	52
Profit before tax	8	40
Taxation charge	(1)	(9)
(Loss)/gain on disposal of subsidiary	(20)	14
(Loss)/profit for the period	(13)	45
MKM		
EBITDA (excluding special items)	30	46
Profit before tax of MKM excluding impairment charges	26	37
Impairment charges	(28)	(1)
Taxation credit/(charge)	1	(10)
(Loss)/profit for the period	(1)	26
(Loss)/profit for the period from discontinued operations	(14)	71

The discontinued operations of the Group for the period ended 30 June 2011 include the post-tax results of MKM for the full six months and the Maikuben West coal mine for the period to 17 May 2011, the date on which Maikuben West was sold. Discontinued operations contributed a post-tax loss of \$14 million compared to a post-tax profit of \$71 million in the comparative period.

In 2011, the Kazakhmys Power discontinued operations, which included the Maikuben West coal mine until its disposal on 17 May 2011, contributed a post-tax loss of \$13 million, including the loss on disposal of the Maikuben West coal mine of \$20 million. In the prior period, the Kazakhmys Power discontinued operations reported a post-tax profit of \$45 million, as it included the Maikuben West coal mine for the full period and 100% of the results of Ekibastuz GRES-1 until its partial disposal on 26 February 2010, as well as a gain of \$14 million arising on the partial disposal.

The loss on disposal of the Maikuben West coal mine recognised in the first half of 2011 was determined by the excess of the net assets disposed over the proceeds received of \$7 million and the \$13 million transfer from equity of the unrealised exchange losses which arose on consolidation when converting the net assets, which are denominated in tenge, into US dollars.

MKM's contribution to the result for the period from discontinued operations has reduced from a post-tax profit of \$26 million in 2010 to a post-tax loss of \$1 million in 2011, as MKM's results were impacted by a net impairment charge of \$22 million, including a \$5m deferred tax credit, recognised to write down MKM to its recoverable amount. The IFRS inventory adjustment of \$8 million was also \$23 million lower compared to the prior period.

At 30 June 2011, the Directors have determined that it remains appropriate to continue classifying MKM as held for sale.

UNDERLYING PROFIT AND EARNINGS PER SHARE

Underlying Profit is seen as a more informed measure of the performance of the Group as it removes non-recurring or variable non-trading items from the profit for the period, and their resulting tax and minority interest impacts. It therefore provides a more consistent basis for comparing the underlying trading performance of the Group between periods.

The positive impact of the stronger commodity prices on the Group's profitability has been offset by impairment charges recognised in the period, thereby reducing the profit attributable to equity holders of the Company from continuing operations for the period from \$503 million to \$388 million in 2011.

Excluding the impairment charges and other special items, the Underlying Profit for the period attributable to equity holders of the Company from continuing operations grew to \$838 million from \$639 million.

The reconciliation of Underlying Profit from profit attributable to equity holders of the Company is set out below:

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Net profit attributable to equity holders of the Company from continuing operations	388	503
Special items:		
Subsidiary businesses		

Impairment charge against intangible assets	455	-
Impairment (reversal)/charge against property, plant and equipment	(9)	7
Impairment charge against mining assets	2	-
Loss on disposal of property, plant and equipment	1	-
Major social projects	-	130
Tax effect of non-recurring items:		
Subsidiary businesses	1	(1)
Underlying Profit from continuing operations	838	639
Net (loss)/profit attributable to equity holders of the Company from discontinued operations	(14)	71
Special items:		
Loss on disposal of subsidiary	20	-
Gain on disposal of share in subsidiary	-	(14)
Impairment charge against property, plant and equipment – MKM	10	-
Impairment charge against inventories – MKM	17	-
Change in deferred tax liabilities resulting from impairment charges – MKM	(5)	-
Underlying Profit from discontinued operations	28	57
Total Underlying Profit	866	696

EARNINGS PER SHARE

	Six months ended 30 June 2011	Six months ended 30 June 2010
\$ million (unless otherwise stated)		
Net profit attributable to equity shareholders of the Company	374	574
Total Underlying Profit	866	696
Weighted average number of shares in issue (million)	534.6	534.8
EPS – basic and diluted (\$)	0.70	1.07
EPS based on Underlying Profit – basic and diluted (\$)	1.62	1.30

Basic earnings per share from continuing and discontinued operations was 35% below the prior period at \$0.70. Earnings per share based on Underlying Profit from continuing and discontinued operations increased from \$1.30 for the six months ended 30 June 2010 to \$1.62 in 2011. The earnings per share based on Underlying Profit from continuing operations rose by 32% to \$1.57.

There have been no significant movements in the weighted average number of shares outstanding during the period.

KEY FINANCIAL INDICATORS

The definitions of the Group's key financial indicators are shown in the Glossary and these measures, on a total Group basis including continuing and discontinued operations, are set out below:

	Six months ended 30 June 2011	Six months ended 30 June 2010
Group EBITDA (excluding special items) (\$ million)	1,608	1,342
EPS based on Underlying Profit (\$)	1.62	1.30
Free Cash Flow (\$ million)	554	239
Net cash cost of copper after by-product credits excluding	93	85

DIVIDENDS AND SHARE BUY-BACK PROGRAMME

The policy established at the time of Listing was for the Company to maintain a dividend policy which took into account the profitability of the business and underlying growth in earnings of the Group, as well as its cash flows and growth requirements. The Directors would also ensure that dividend cover is prudently maintained. Interim and final dividends will be paid in the approximate proportions of one-third and two-thirds of the total projected annual dividend, respectively.

Accordingly, the Directors have declared an interim ordinary dividend in respect of the period ended 30 June 2011 of 8.0 US cents per share (\$43 million). The interim dividend shall be paid on 4 October 2011 to shareholders on the register as at 9 September 2011. The increase in the interim dividend from the prior period reflects the growth in underlying profits of the Group whilst also acknowledging that in future years the gearing of the Group is likely to increase given the development of Kazakhmys' major and mid-sized projects.

However, with commodity prices remaining high, leading to net debt of only \$36 million at 30 June 2011, and funding being secured for the Group's major growth projects, the Directors intend, subject to market conditions, to carry out a share buy-back of up to \$250 million in addition to the interim dividend payment of \$43 million. The Directors believe that post this return to shareholders, the Company retains sufficient balance sheet strength and flexibility to fulfil its plans for investment in its existing operations and to pursue other opportunities as they arise.

CASH FLOWS

A summary of cash flows is shown below:

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Segmental EBITDA before joint venture and associate	509	765
Impairment losses	490	13
Dividends received from associate	60	20
Working capital movements ¹	(12)	(1)
Interest paid	(29)	(21)
MET paid	(119)	(104)
Income tax paid	(157)	(201)
Foreign exchange loss adjustment and other movements	(12)	(5)
Net cash flows from operating activities	730	466
Sustaining capital expenditure	(176)	(227)
Free Cash Flow	554	239
Expansionary and new project capital expenditure	(157)	(63)
Major social projects	-	(50)
Interest received	5	7
Dividends paid	(86)	(48)
Proceeds from disposal of property, plant and equipment	11	17
Purchase of own shares	(5)	(3)
Cash related to disposal of subsidiary	(4)	(107)
Other movements	-	(7)
Cash flow movement in net debt	318	(15)

¹ Working capital movements exclude any accruals relating to MET.

Free Cash Flow, the measure of the Group's ability to translate earnings into cash, was \$554 million compared to \$239 million in the comparative period as the Group's increased profitability was converted into stronger cash inflows.

Net cash flows from operating activities improved as a result of higher underlying profitability over the period, an increase in the dividend received from ENRC and lower tax payments. Working capital increased at Kazakhmys Mining to reflect higher inventory levels as copper production exceeded sales by 17 kt, but this adverse movement was largely offset by an increase in accounts payable primarily due to an additional accrual for an historic environmental pollution claim and for outstanding social obligations at the period end. At MKM, receivables rose due to higher sales volumes during the period, however MKM's overall working capital movement was minimal due to a reduction in copper inventories over the first half of 2011. In the prior period, having accrued for the cost of the major social projects commenced in June 2010, the increase in consumables inventory at Kazakhmys Mining and the larger receivables at MKM were largely offset, resulting in a small working capital cash outflow during the period.

The cash outflow from tax payments for MET reflect the impact of higher commodity prices. Income tax payments were lower than the prior period due to improved tax management in Kazakhstan and also as the prior period included tax payments in respect of 2009 being made in early 2010. In the first half of 2011, income tax payments were lower than the income statement charge of \$182 million. At 30 June 2011, the Group's net tax payable position was \$13 million compared to a net tax receivable position of \$12 million at 31 December 2010.

Interest paid during the first half of 2011 was \$29 million, \$8 million above the interest paid in the first half of 2010, primarily due to the higher average effective interest rate on a lower level of debt outstanding during the period and also due to the second bi-annual interest payment of \$14 million being made in January 2011 under the CDB/Samruk-Kazyna financing facilities which occur in January and July of each year.

Capital expenditure on sustaining the current business operations fell to \$176 million from \$227 million, with expansionary and new project expenditure increasing to \$157 million from \$63 million in the comparative period. The total capital expenditure incurred in the period was \$333 million, compared to \$290 million in the first half of 2010.

Sustaining capital expenditure within Kazakhmys Mining focused on maintaining output levels at the operational mines, concentrators, smelters and improving the efficiencies of the transportation network. Additionally, funds were invested in the annual equipment replacement programme, which aims to replace obsolete equipment such as drilling and haulage vehicles, in order to maintain and enhance production efficiency at the mines.

The major items of expansionary capital expenditure during the period include the feasibility study and engineering work on the sulphide ore deposit at Bozshakol, the continued on-site processing and infrastructure construction at the Bozymchak mine and the ongoing development of the infrastructure at the West Nurkazgan mine. Kazakhmys Petroleum also continued exploration work in the first half of 2011.

In 2010, the Group paid an initial \$50 million as part of the Group's social development programme on major projects in Kazakhstan. No further payments were made in the first half of 2011.

The Group received a dividend of \$60 million from ENRC in respect of its 2010 financial year in June 2011 compared with \$20 million received in June 2010. The larger dividend reflects ENRC's improved profitability in 2010.

Given the profitability of the Group in 2010, Kazakhmys' final dividend for the financial year ended 31 December 2010 was \$86 million compared to \$48 million for the financial year ended 31 December 2009. The dividend was paid to shareholders in May 2011.

The cash flow movement in net debt includes a \$4 million cash flow which represents the cash held by the Maikuben West coal mine at the date of its disposal. In the prior period, the \$107 million outflow is due to the deconsolidation of Ekibastuz GRES-1's net funds position at the date of its partial disposal in February 2010.

BALANCE SHEET

Equity attributable to holders of the Company of \$8,583 million as at 30 June 2011 was \$377 million higher compared to the balance as at 31 December 2010 due to the attributable profit for the year and a non-cash gain of \$34 million recognised in the foreign currency translation reserve within equity following the appreciation of the tenge in the period since 31 December 2010. The non-cash gain arises on the translation of the Group's Kazakhstan based operations whose functional currency is the tenge.

The Group's capital employed position as at 30 June 2011 is shown below:

\$ million	30 June 2011	31 December 2010
Equity attributable to owners of the Company	8,583	8,206
Non-controlling interests	14	13
Borrowings	1,658	1,819
Capital employed	10,255	10,038

ENRC

The Group's 26% investment in ENRC had a carrying value of \$4,620 million at 30 June 2011 compared to \$4,356 million at 31 December 2010. The Group's share of equity accounted earnings of \$279 million for the period and share of gains of ENRC recognised directly in equity of \$45 million were offset by the \$60 million dividend received from ENRC in June 2011. At 30 June 2011, the ENRC shareholding had a market value of \$4,191 million based on the public price quotation on the London Stock Exchange.

The market value of the Group's investment in ENRC was \$3,419 million at 24 August 2011, below the Group's carrying value of \$4,620 million as at 30 June 2011. Should the market value of the investment remain below the carrying value until the next published balance sheet date, management may be required to undertake an impairment review of its holding in ENRC.

EKIBASTUZ GRES-1 (KAZAKHMYN POWER)

Included on the Group's consolidated balance sheet is the investment in the Ekibastuz GRES-1 joint venture at a carrying value of \$795 million at 30 June 2011. The increase in the carrying value of \$53 million from 31 December 2010 represents the Group's share of the post-tax profits.

NET DEBT

Net debt consists of cash and cash equivalents, current investments and borrowings. A summary of the net debt position from continuing operations is shown below:

\$ million	30 June 2011	31 December 2010
Cash and cash equivalents	1,246	1,113
Current investments	376	356
Borrowings	(1,658)	(1,819)
Net debt	(36)	(350)

Cash and short-term deposits of the Group's continuing businesses as at 30 June 2011 was \$1,246 million, an increase from \$1,113 million as at 31 December 2010 as a result of higher cash flows from operating activities, partially being offset by capital expenditure and the repayment of the principal under the pre-export finance debt facility. Of the cash balances, approximately \$520 million is reserved under the CDB/Samruk-Kazyna financing facilities for the development of the Group's projects under the terms of the individual facility agreements, with the balance being available to meet working capital requirements and for general corporate purposes. Current investments are cash deposits with a three to six month maturity profile.

In order to manage counterparty and liquidity risk, surplus funds within the Group are held predominantly in the UK and funds remaining in Kazakhstan are utilised mainly for working capital purposes. The funds within the UK are held primarily with major European and US financial institutions and triple-'A' rated liquidity funds. At 30 June 2011, \$1,434 million of cash and short-term deposits were held in the UK, with \$169 million being held in Kazakhstan.

Gross borrowings of the Group's continued operations decreased from \$1,819 million at 31 December 2010 to \$1,658 million at 30 June 2011, following the continued monthly repayments of the pre-export debt finance facility of approximately \$260 million over the half year, offset by the \$100 million draw down in June 2011 under the CDB/Samruk-Kazyna financing facilities. As a consequence of the stronger cash position and declining gross debt balance of the Group's continuing businesses, the Group's net debt fell from \$350 million at 31 December 2010 to \$36 million at 30 June 2011.

Borrowings under the CDB/Samruk-Kazyna financing facilities were \$787 million compared to \$688 million at 31 December 2010 and borrowings under the pre-export debt finance facility were \$871 million at 30 June 2011 compared to \$1,131 million at 31 December 2010. Of the \$800 million, excluding amortised fees, drawn down under the CDB/Samruk-Kazyna financing facilities, \$500 million is for the development of the Bozshakol copper project, \$100 million is intended for the development of the Bozymchak deposit in Kyrgyzstan and \$200 million is intended for the Group's mid-sized projects.

As at 30 June 2011, the Group had \$300 million of revolving credit facilities available for standby liquidity and general corporate purposes. These facilities have remained undrawn since inception. A further \$1.9 billion remains available to be drawn down under the CDB/Samruk-Kazyna financing facilities by December 2012.

ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH THOSE ASSETS

Following the disposal of the Maikuben West coal mine in May 2011, MKM was the only business held for sale at 30 June 2011. MKM's receivables grew in the first half of 2011, as sales volumes and copper prices rose which led to a corresponding increase in borrowings to fund its working capital. Inventory volumes at MKM also decreased due to improved inventory management.

RISK FACTORS

The significant risks and uncertainties identified by Kazakhmys that could materially affect the Group's financial condition, performance, strategies and prospects, together with their potential impact and the mitigating actions being taken by management, are set out on pages 12 to 15 of the 2010 Annual Report and Accounts, which is available at www.kazakhmys.com.

In the view of the Board, the risk factors set out in the 2010 Annual Report and Accounts are the significant risks and uncertainties for the remaining six months of the year. There may be other risks unknown, or currently believed immaterial by Kazakhmys, which might become material. A summary of the applicable disclosures given in the 2010 Annual Report and Accounts is set out below.

OPERATIONAL RISKS

Health and safety

Mining is a hazardous industry and failure to adopt and embed health and safety management systems could result in harm to Kazakhmys' employees as well as fines and penalties and damage to the Group's reputation.

Business interruption

The business of mining, smelting and refining metals and the production of power is resource intensive, and involves a number of risks, including, but not limited to, geological and technological challenges, weather and other natural phenomena such as floods and earthquakes, fires, explosions, equipment failures, delays in supplies and loss of key inputs including electricity, water, coal, which can cause prolonged mine or plant shutdowns or periods of reduced production.

Assets controlled by third parties and joint ventures

Kazakhmys holds a 26% investment in ENRC PLC. The business and financial performance of this investment is not controlled by the Group. Furthermore in 2010, the Group has entered into a joint venture arrangement in respect of the ownership and management of the Ekibastuz GRES-1 power station. Kazakhmys has also engaged outsourcing companies to manage certain of the Group's assets, principally engaged in the transportation of production materials by road and rail.

New projects

The development of new projects involves many risks including geological, engineering, procurement, financing and regulatory risks. If the Group fails to adopt an appropriate procurement and project management strategy, it may experience delays to project schedules and an increase in costs. Regulatory risks include failures to obtain and maintain applicable permits, licences or approvals from the relevant authorities to perform certain works.

Specialist staff, mining equipment and supplies

Commodity price fluctuations can have an impact on industry demand for specialist staff and mining equipment and supplies. In periods of elevated commodity prices, competition for skilled personnel intensifies, both internationally and within Kazakhstan, and availability of mining equipment and supplies can be subject to long lead times and cost inflation. The remote location of some of the Group's operations also makes the attraction and retention of skilled staff at these sites more challenging.

Political risk

Most of the Group's mining and power operations are in Kazakhstan. Accordingly, the Group is substantially dependent on the social, political, economic, legal and fiscal conditions prevailing in Kazakhstan.

Reserves and resources

Kazakhmys' ore reserves for operating mines and development projects are largely based on the estimation method for reserves and resources established by the former Soviet Union. There are numerous uncertainties inherent in estimating ore reserves, and geological, technical and economic assumptions that were valid at the time of estimation may change significantly when new information becomes available.

COMPLIANCE RISKS

Subsoil use rights

In Kazakhstan and certain other countries in which the Group operates, all subsoil reserves belong to the State. Subsoil use rights are not granted in perpetuity, and any renewal must be agreed before the expiration of the relevant contract or licence. Rights may be terminated if the Group does not satisfy its licensing or contractual obligations, which may include financial commitments to State authorities and the satisfaction of mining, development, environmental, social, health and safety requirements. Recent legislation relating to subsoil use has come into force in Kazakhstan, which sets out stricter requirements on the performance of licence obligations, technical documentation, work programmes and the level of goods and services sourced from Kazakhstan.

Environmental compliance

The Group operates in an industry that is subject to numerous environmental laws and regulations. As regulatory standards and requirements continually develop, the Group may be exposed to increased compliance costs and environmental emission charges. Policies and measures at a national and international level to tackle climate change will increasingly affect the business, presenting greater environmental and regulatory risks.

FINANCIAL RISKS

Commodity prices

The Group's normal policy is to sell its products under contract at prices determined by reference to prevailing market prices on international global metal exchanges. Kazakhmys' financial results are strongly influenced by commodity prices which are dependent on a number of factors, including world supply and demand and investor sentiment. In particular, Kazakhmys is exposed to demand from China, a major consumer of the metals in which the Group operates. Due to these factors, commodity prices may be subject to significant fluctuations, which could have a positive or negative impact on the Group's financial results.

Liquidity risk

The Group is exposed to liquidity risks, including the risk that borrowing facilities are not available to meet cash requirements, and the risk that financial assets cannot readily be converted to cash without the loss of value.

Taxation

As the tax legislation in Kazakhstan has been in force for a relatively short period of time, tax risks in Kazakhstan are substantially greater than typically found in countries with more developed tax systems. Tax law is evolving and is subject to different and changing interpretations, as well as inconsistent enforcement. Tax regulation and

compliance is subject to review and investigation by the authorities who may impose severe fines, penalties and interest charges.

BOARD DIVERSITY

Following the publication of the Davies Report on the representation of women on plc boards, our Nomination Committee discussed its recommendations. Kazakhmys always takes account of diversity when recruiting, including when we consider our Board appointments, and will continue to do so in the future. However, whilst we see a significant business benefit in having a Board drawn from a diverse range of backgrounds who bring the required expertise, cultural diversity and different perspectives to Board discussions, we do not believe this is achieved through simple quotas, whether it be gender or otherwise, and will continue to appoint candidates based on merit and relevant experience in accordance with the requirements of the UK Corporate Governance Code.

The Board recognises the need to create the conditions that foster talent and encourage more women to achieve their full potential in their careers in Kazakhmys. As part of our overall approach to Human Resource Management we encourage employee diversity and aim to ensure that Kazakhmys' future senior leadership team reflects the demographics of the countries in which we operate, its customers, suppliers, investors and the general employee base.

DIRECTORS' RESPONSIBILITY STATEMENT

Each Director confirms to the best of his knowledge that this condensed set of financial statements has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union and that the half-yearly report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months of the financial year, and their impact on this condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions that have taken place in the first six months of the current financial year and any material changes in the related party transactions described in the Kazakhmys 2010 Annual Report and Accounts.

The Directors of Kazakhmys PLC are listed on the Company's website at www.kazakhmys.com, with the exception of Charles Watson who was appointed as a Director on 24 August 2011.

OLEG NOVACHUK
CHIEF EXECUTIVE
24 August 2011

INDEPENDENT REVIEW REPORT TO KAZAKHMY'S PLC

INTRODUCTION

We have been engaged by Kazakhmys PLC (the 'Company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement

of changes in equity and the related notes 1 to 24. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

DIRECTORS' RESPONSIBILITIES

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

ERNST & YOUNG LLP
LONDON, UNITED KINGDOM
24 August 2011

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2011

\$ million (unless otherwise stated)	Notes	Six months ended 30 June 2011	Six months ended 30 June 2010
CONTINUING OPERATIONS			
Revenues	6(b)	1,817	1,522
Cost of sales		(744)	(670)
Gross profit		1,073	852
Selling and distribution expenses		(31)	(27)
Administrative expenses		(345)	(376)
Other operating income		27	19
Other operating expenses		(19)	(16)
Impairment losses	7	(462)	(12)
Share of profits from joint venture	15	53	19
Operating profit		296	459
Share of profits from associate	16	279	211
Profit before finance items and taxation		575	670
Analysed as:			
Profit before finance items and taxation (excluding special items)		1,024	807
Special items	8	(449)	(137)
Finance income	9	40	43
Finance costs	9	(65)	(82)
Profit before taxation		550	631
Income tax expense	10	(161)	(128)
Profit for the period from continuing operations		389	503
DISCONTINUED OPERATIONS			
(Loss)/profit for the period from discontinued operations	5	(14)	71
Profit for the period		375	574
Attributable to:			
Equity holders of the Company		374	574
Non-controlling interests		1	-
		375	574
EPS attributable to equity holders of the Company – basic and diluted			
From continuing operations (\$)	11(a)	0.73	0.94
From discontinued operations (\$)	11(a)	(0.03)	0.13
		0.70	1.07
EPS based on Underlying Profit – basic and diluted			
From continuing operations (\$)	11(b)	1.57	1.19
From discontinued operations (\$)	11(b)	0.05	0.11
		1.62	1.30

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2011

\$ million	Notes	Six months ended 30 June 2011	Six months ended 30 June 2010
Profit for the period		375	574
Other comprehensive income/(loss) for the period after tax:			
Exchange differences on retranslation of foreign operations		34	27
Recycling of exchange differences on disposal of subsidiary		13	-
Recycling of exchange differences on disposal of share in subsidiary	4	-	196
Share of other comprehensive income of joint venture	15	-	1
Share of other comprehensive income/(loss) of associate	16	45	(12)
Other comprehensive income for the period		92	212
Total comprehensive income for the period		467	786
Attributable to:			
Equity holders of the Company		466	786
Non-controlling interests		1	-
		467	786

CONSOLIDATED BALANCE SHEET (UNAUDITED)

AT 30 JUNE 2011

\$ million	Notes	At 30 June 2011	At 31 December 2010	At 30 June 2010
Assets				
Non-current assets				
Intangible assets	13	60	509	512
Tangible assets		2,702	2,470	2,220
Property, plant and equipment	14	2,233	2,031	1,850
Mining assets		469	439	370
Investment in joint venture	15	795	742	723
Investment in associate	16	4,620	4,356	4,048
Other non-current investments		10	9	12
Deferred tax asset		21	9	-
		8,208	8,095	7,515
Current assets				
Inventories		685	585	519
Prepayments and other current assets		192	155	235
Income taxes reclaimable		26	45	49
Trade and other receivables		245	264	154
Investments		376	356	57
Cash and cash equivalents	17	1,246	1,113	1,042
		2,770	2,518	2,056
Assets classified as held for sale	5	365	382	340
		3,135	2,900	2,396
TOTAL ASSETS		11,343	10,995	9,911
Equity and liabilities				
Equity				
Share capital	18(a)	200	200	200
Share premium		2,648	2,648	2,648
Capital reserves	18(c)	(647)	(739)	(782)
Retained earnings		6,382	6,097	5,251
Attributable to equity holders of the Company		8,583	8,206	7,317
Non-controlling interests		14	13	13
TOTAL EQUITY		8,597	8,219	7,330
Non-current liabilities				
Borrowings	19	1,138	1,300	1,165
Deferred tax liability		8	16	99
Employee benefits		56	58	53
Provisions		105	110	92
		1,307	1,484	1,409
Current liabilities				
Trade and other payables		530	403	348
Borrowings	19	520	519	519
Income taxes payable		39	33	33
Dividends payable		1	2	2
Provisions		70	35	20
		1,160	992	922
Liabilities directly associated with assets classified as held for sale	5	279	300	250
		1,439	1,292	1,172
TOTAL LIABILITIES		2,746	2,776	2,581
TOTAL EQUITY AND LIABILITIES		11,343	10,995	9,911

These condensed consolidated financial statements were approved by the Board of Directors on 24 August 2011.

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2011

\$ million	Notes	Six months ended 30 June 2011	Six months ended 30 June 2010
Cash flows from operating activities			

Cash inflow from operations before interest, income taxes and dividends from associate	20	856	668
Interest paid		(29)	(21)
Income taxes paid		(157)	(201)
Dividends from associate	16	60	20
Net cash inflow from operating activities		730	466
Cash flows from investing activities			
Interest received		5	7
Proceeds from disposal of property, plant and equipment		11	17
Purchase of intangible assets		(1)	(3)
Purchase of property, plant and equipment		(292)	(294)
Investments in mining assets		(40)	(43)
Licence payments for subsoil contracts		(2)	(2)
Acquisition of non-current investments		(1)	(5)
Investment in short-term bank deposits		(19)	-
Proceeds from disposal of subsidiary		3	-
Cash disposed of in relation to disposal of subsidiary		(4)	(107)
Net cash flows used in investing activities		(340)	(430)
Cash flows from financing activities			
Purchase of own shares		(5)	(3)
Proceeds from borrowings - net of arrangement fees paid of \$2 million (2010: \$8 million)		111	423
Repayment of borrowings		(270)	(302)
Dividends paid by the Company	12	(86)	(48)
Net cash flows from financing activities		(250)	70
Net increase in cash and cash equivalents	21	140	106
Cash and cash equivalents at the beginning of the period	17	1,126	945
Effect of exchange rate changes on cash and cash equivalents	21	2	(3)
Cash and cash equivalents at the end of the period	17	1,268	1,048

The consolidated statement of cash flows includes cash flows from both continuing and discontinued operations.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2011

\$ million	Notes	Attributable to equity holders of the Company					Non-controlling interests	Total equity
		Share capital	Share premium	Capital reserves ¹	Retained earnings	Total		
At 1 January 2011		200	2,648	(739)	6,097	8,206	13	8,219
Profit for the period		-	-	-	374	374	1	375
Exchange differences on retranslation of foreign operations		-	-	34	-	34	-	34
Recycling of exchange differences on disposal of subsidiary		-	-	13	-	13	-	13
Share of gains of associate recognised in other comprehensive income		-	-	45	-	45	-	45
Total comprehensive income for the period		-	-	92	374	466	1	467
Share-based payment		-	-	-	2	2	-	2
Own shares acquired		-	-	-	(5)	(5)	-	(5)
Dividends paid by the Company	12	-	-	-	(86)	(86)	-	(86)
At 30 June 2011		200	2,648	(647)	6,382	8,583	14	8,597
At 1 January 2010		200	2,648	(994)	4,728	6,582	13	6,595
Profit for the period		-	-	-	574	574	-	574
Exchange differences on retranslation of foreign operations		-	-	27	-	27	-	27
Recycling of exchange differences on disposal of share in subsidiary		-	-	196	-	196	-	196
Share of gains of joint venture recognised in other comprehensive income		-	-	1	-	1	-	1
Share of losses of associate recognised in other comprehensive income		-	-	(12)	-	(12)	-	(12)

Total comprehensive income for the period	-	-	212	574	786	-	786
Own shares acquired	-	-	-	(3)	(3)	-	(3)
Dividends paid by the Company	12	-	-	(48)	(48)	-	(48)
At 30 June 2010		200	2,648	(782)	5,251	7,317	13 7,330

¹ Refer to note 18(c) for an analysis of 'Capital reserves'.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

SIX MONTHS ENDED 30 JUNE 2011

1. Corporate information

Kazakhmys PLC (the "Company") is a public limited company incorporated in the United Kingdom of Great Britain and Northern Ireland. The Company's registered address is 6th Floor, Cardinal Place, 100 Victoria Street, London SW1E 5JL, United Kingdom. The Group comprises the Company and its divisions as set out below.

The Group operates in the natural resources industry. The Group's operations are primarily conducted through the Company's principal division, Kazakhmys Mining, whose major business is the mining and processing of copper ore into copper cathodes and copper rods, and the refining and sale of precious metals and other by-products of its copper mining process.

The Group operates in a number of divisions within the natural resources sector, the principal activities of which are as follows as at 30 June 2011:

Operating division	Principal activity	Primary country of incorporation
Kazakhmys Mining	Mining and processing copper and other metals	Kazakhstan
MKM	Copper processing	Germany
Kazakhmys Power	Power generation	Kazakhstan
Kazakhmys Petroleum	Oil and gas exploration	Kazakhstan

An entity within Kazakhmys Power, the Maikuben West Coal mine (for the period until 17 May 2011) and MKM (for the full period ended 30 June 2011) are included as discontinued operations within the condensed consolidated financial statements (see note 5).

These condensed consolidated financial statements for the six months ended 30 June 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 24 August 2011. The information for the year ended 31 December 2010 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year, which were prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as adopted by the European Union up to 31 December 2010, has been delivered to the Register of Companies. The auditors' opinion in relation to those accounts was unqualified, did not draw attention to any matters by way of emphasis and also did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

2. Basis of preparation

(a) Condensed consolidated financial statements

These condensed consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with IFRSs adopted for use in the European Union, including IAS 34 'Interim Financial Reporting' and the requirements of the Disclosure and Transparency Rules (DTR) of the Financial Services Authority (FSA) in the United Kingdom as applicable to interim financial reporting.

These condensed consolidated financial statements represent a 'condensed set of financial statements' as referred to in the DTR issued by the FSA. Accordingly, they do not include all the information and disclosures required for full annual financial statements, and should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2010.

(b) Comparative figures

Where a change in the presentational format of these condensed consolidated financial statements has been made during the period, comparative figures have been restated accordingly. Following the restructuring of the Group's operating assets in Kazakhstan undertaken in 2011, the Group's operating segments have changed from those previously reported at 30 June 2010 and 31 December 2010. Comparatives have been reclassified to align with the presentation for the period ended 30 June 2011.

(c) Change in accounting policies

There have been no changes to accounting policies during the year, except for the adoption of new standards and interpretations as disclosed in note 3(a).

(d) Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

3. Summary of significant accounting policies

(a) Basis of accounting

These condensed consolidated financial statements have been prepared under an historical cost basis, except for certain classes of property, plant and equipment which have been revalued at 1 January 2002 to determine deemed cost as part of the first-time adoption of IFRSs at that date, and derivative financial instruments which have been measured at fair value. These condensed consolidated financial statements are presented in US dollars (\$) and all monetary amounts are rounded to the nearest million (\$ million) except when otherwise indicated.

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2010, except for the adoption of new standards and interpretations as of 1 January 2011, noted below:

- 'Prepayments of a minimum funding requirement' – amendments to IFRIC 14, IAS 19 – 'The limit on a defined benefit asset, minimum funding requirements and their interaction', which is effective for annual periods beginning on or after 1 January 2011. The amendment allows entities to recognise as an asset some voluntary repayments for minimum funding contributions. The Group has concluded that the amendments have had no impact on the financial position or performance of the Group as no prepayments or minimum funding requirements exist in the Group's defined benefit plans; and
- Improvements to IFRSs. There are a number of amendments to certain standards following the 2010 annual improvements project which are effective from 1 January 2011. The Group has concluded that the impact of any consequential changes to the condensed consolidated financial statements is not significant.

The adoption of the standards and interpretations noted above have not had any impact on the financial position or performance of the Group for the current and preceding periods, and as a result there is no change to previously reported financial information.

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

In preparing these condensed consolidated financial statements, the Group has adopted all the applicable extant accounting standards issued by the IASB and all the applicable extant interpretations issued by the IFRIC as at 30 June 2011, as adopted by the European Union up to 30 June 2011.

(b) Exchange rates

The following foreign exchange rates against the US dollar have been used in the preparation of the condensed consolidated financial statements:

	30 June 2011		31 December 2010		30 June 2010	
	Spot	Average	Spot	Average	Spot	Average
Kazakhstan tenge	146.25	146.01	147.40	147.35	147.46	147.26
Euro	0.69	0.72	0.75	0.75	0.82	0.75
UK pounds sterling	0.62	0.62	0.65	0.65	0.66	0.66

4. Loss of control of subsidiary

On 26 February 2010, the Group completed the disposal of 50% of Ekibastuz GRES-1 LLP, a 100% owned subsidiary within Kazakhmys Power. In accounting for the transaction, the Group applied IAS 27 'Consolidated and separate financial statements' (Revised) for the first time. Accordingly, the loss of control of Ekibastuz GRES-1 LLP was accounted for as: (a) a disposal of the 50% interest in Ekibastuz GRES-1 LLP, whilst accounted for as a subsidiary and (b) the recognition of the retained 50% interest as an investment in a joint venture.

(a) Disposal of 50% interest in Ekibastuz GRES-1 LLP

In December 2009 it was announced that the Group had agreed to dispose of 50% of Ekibastuz GRES-1 LLP, to Samruk-Kazyna, for a consideration of \$681 million. The transaction completed on 26 February 2010 resulting in the Group losing control of the subsidiary and recording a profit on disposal in the income statement for the period.

The results of the transaction are presented as follows:

\$ million (unless otherwise stated)	26 February 2010
Assets	
Goodwill arising on acquisition	443
Property, plant and equipment	783
Inventories	4
Trade and other receivables	38
Cash and cash equivalents	107
Liabilities	
Borrowings	(68)
Deferred tax liability	(106)
Trade and other payables	(27)
Net identifiable assets	1,174
Share sold	50%
Share of net identifiable assets disposed of	587
Recycling of foreign currency translation reserve	196
Consideration received	(681)
Remeasurement of the retained non-controlling interest	(116)
Gain on disposal of share in subsidiary	(14)

The results for the period ended 26 February 2010 of Ekibastuz GRES-1 LLP are included in the income statement within the profit for the period from discontinued operations. The results for the period from 27 February 2010 to 30 June 2010, and for the period ended 30 June 2011 are included within continuing operations as the share of profits from joint venture (see note 15).

(b) Recognition of the retained 50% interest in Ekibastuz GRES-1 LLP

The disposal of 50% of Ekibastuz GRES-1 LLP resulted in the loss of control of the entity and the Group's remaining interest now represents an investment in a joint venture. The investment in the joint venture has been recorded at its fair value at the date of acquisition with the excess over the previous carrying value recognised in the income statement as a gain on remeasurement of the non-controlling interest held by the Group.

\$ million	26 February 2010
Carrying value of the retained percentage of Ekibastuz GRES-1 LLP (50% of \$1,174 million)	587
Remeasurement of the retained non-controlling interest	116
Fair value of the retained non-controlling interest	703

The fair value of the 50% retained non-controlling interest in Ekibastuz GRES-1 LLP was determined using a discounted cash flow analysis.

A summary of the financial performance of the joint venture for the period since acquisition and its financial position as at 30 June 2011 is disclosed in note 15.

5. Discontinued Operations

Discontinued operations consist of MKM, the Ekibastuz GRES-1 coal-fired power plant (for the period up to 26 February 2010) and the Maikuben West coal mine (for the period up to 17 May 2011), both within Kazakhmys Power. The only change in discontinued operations since 31 December 2010 was the sale of the Maikuben West coal mine on 17 May 2011.

(a) MKM

During 2009, the Directors decided to dispose of MKM given the Group's strategy is to focus on natural resource opportunities in the Central Asia region. The business was classified as an asset held for sale at 31 December 2009, and correspondingly as a discontinued operation in the consolidated income statement for the 2009 financial year. This classification was made as the Group believed that a sale was highly probable to take place within 12 months from the date the business was first classified as held for sale. The sale of MKM has not completed within the envisaged 12 month period, as negotiations with potential acquirers have taken longer than was originally anticipated, principally due to challenges faced by potential interested parties in raising the finance necessary to complete the transaction. The Directors, however, consider that MKM still meets the criteria to be classified as held for sale at the balance sheet date for the following reasons:

- MKM is available for immediate sale and can be sold to a potential buyer in its current condition;
- the Group's strategic objective of disposing of MKM remains the same and the Directors remain committed to the sales process;
- an active marketing programme continues, with discussions being held with a number of interested parties for the purchase of the business at a price consistent with previous expectations, of which some of these parties have provided expressions of interest and have undertaken due diligence on MKM; and
- a disposal is considered to be highly probable in the foreseeable future.

(b) Kazakhmys Power

Kazakhmys Power comprises two distinct businesses: the Ekibastuz GRES-1 power plant and the Maikuben West coal mine.

Ekibastuz GRES-1 power plant

On 26 February 2010 the Group sold 50% of its interest in Ekibastuz GRES-1 LLP, a 100% owned subsidiary within Kazakhmys Power, to Samruk-Kazyna for a consideration of \$681 million. The Group retained a non-controlling interest of 50% in the entity which is accounted for as a joint venture after the date of completion. Consequently, the results of discontinued operations only include the results of Ekibastuz GRES-1 LLP for the period ended 26 February 2010.

Maikuben West coal mine

On 17 May 2011 the Group sold the Maikuben West coal mine for a consideration of \$3 million. Consequently, the results of discontinued operations only include the results of Maikuben West coal mine for the period ended 17 May 2011.

(c) Financial results, balance sheet and cash flow information of discontinued operations

The results from discontinued operations for the six months as presented in the consolidated income statement are shown below:

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Revenues	940	746
Cost of sales	(860)	(624)
Operating costs	(41)	(44)
Impairment losses	(1)	(1)
Net finance costs	(5)	(1)
Impairment loss recognised on the remeasurement to fair value less costs to sell ¹	(27)	-
Profit before tax from discontinued operations	6	76
Income taxes:		
Related to the profit before taxation for the current period	(3)	(19)
Related to remeasurement to fair value less costs to sell (deferred tax)	3	-
	6	57
Loss on disposal of subsidiary ²	(20)	-
Gain on disposal of share in subsidiary	-	14
	(20)	14
(Loss)/Profit for the period from discontinued operations	(14)	71
Analysed as:		
MKM	(1)	26
Kazakhmys Power	(13)	45

¹ At 30 June 2011, the carrying value of MKM has been written down to its fair value less costs to sell with the result that an impairment charge of \$27 million has been recognised in the period. The improved financial performance of MKM resulted in an increase in its carrying value during the year, which exceeded its fair value less costs to sell as previously recorded.

² The loss on disposal of subsidiary relates to the sale of the Maikuben West coal mine for cash proceeds of \$3 million. The loss was determined by the excess of the net assets disposed over the proceeds received of \$7 million and the \$13 million transfer from equity of the unrealised exchange losses which arose on consolidation when converting the net assets, which are denominated in tenge, into US dollars.

As described in note 5(b), 50% of the Ekibastuz GRES-1 coal-fired power plant, within Kazakhmys Power, was sold on 26 February 2010. In addition, the Maikuben West coal mine, also part of Kazakhmys Power, was sold on 17 May 2011. Therefore, assets classified as held for sale and liabilities directly associated with those assets after 17 May 2011 relate solely to MKM.

The balance sheets of the discontinued operations are shown below:

\$ million	At 30 June 2011	At 31 December 2010	At 30 June 2010
Assets			
Property, plant and equipment	-	21	26
Inventories	150	202	152
Prepayments and other current assets	-	5	3
Trade and other receivables	193	141	153

Cash and cash equivalents	22	13	6
Assets classified as held for sale	365	382	340
Liabilities			
Borrowings	(214)	(191)	(151)
Deferred tax liability	(2)	(7)	(12)
Employee benefits and provisions	(5)	(8)	(12)
Trade and other payables	(45)	(84)	(65)
Income taxes payable	(13)	(10)	(10)
Liabilities directly associated with assets classified as held for sale	(279)	(300)	(250)
Net assets directly associated with disposal groups	86	82	90

The analysis of total assets and liabilities directly associated with the disposal groups are shown below:

\$ million	At 30 June 2011	At 31 December 2010	At 30 June 2010
Assets classified as held for sale:			
MKM	365	343	299
Kazakhmys Power	-	39	41
	365	382	340
Liabilities directly associated with assets classified as held for sale:			
MKM	(279)	(264)	(212)
Kazakhmys Power	-	(36)	(38)
	(279)	(300)	(250)

Net cash flows from discontinued operations included within the consolidated cash flow statement are shown below:

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Operating activities	19	48
Investing activities	(16)	(126)
Financing activities	6	44
Net cash inflow	9	(34)

6. Segment information

Information provided to the Group's Board of Directors for the purposes of resource allocation and the assessment of segmental performance is prepared in accordance with the management and operational structure of the Group. For management and operational purposes, the Group is organised into four separate business units, as shown below, according to the nature of their operations, end-products and services rendered. Each of these business units represents an operating segment in accordance with IFRS 8 'Operating segments'.

Following the restructuring undertaken by the Group during 2011, the Group's operating segments have changed from those previously reported at 30 June 2010 and 31 December 2010. Comparatives have been reclassified to align with the presentation for the period ended 30 June 2011. The operating segments of the Group are:

Kazakhmys Mining (previously Kazakhmys Copper)

The Kazakhmys Mining business is managed as one operating segment and comprises all entities and functions within the Group responsible for the exploration, evaluation, development, mining and processing of the Group's mineral resources and sale of the Group's metal products. The segment consists of:

- the Group's main operating entity, Kazakhmys Corporation LLC, whose principal activity is the mining and processing of copper and other metals which are produced as by-products;

- the Group's UK trading function, Kazakhmys Sales Limited, which is responsible for the purchase of exported products from Kazakhmys Corporation LLC and subsequently applies an appropriate mark-up prior to onward sale to third parties. The UK entity is a sales function on behalf of the Kazakhmys Mining business and consequently the assets and liabilities related to those trading operations, i.e. trade payables and trade receivables, are included within the Kazakhmys Mining operating segment;
- the Group's exploration companies which provide services for greenfield drilling on new projects and deposits, brownfield drilling on expansion projects and deposits at existing mines, and exploration work for potential new projects and deposits for the Mining segment;
- the Group's project companies, whose function is principally the development of metal production related assets on behalf of the Mining segment involving the evaluation and development of the Group's mining projects; and
- the Group's technical and ancillary services which provide technical, logistics and other services principally to the Mining segment and which are managed as an extension of the Mining segment.

The financial and operating information used by the Board of Directors for the purpose of resource allocation of all these separate functions and entities are included within the Mining segment.

Under the revised management and operating structure of the Group, Kazakhmys Gold, which was previously a separate segment, is now included within the Kazakhmys Mining segment. The Group's captive power stations, which supply power to the Kazakhmys Mining segment and also externally to domestic customers, have been transferred to the Kazakhmys Power segment as these are now under the management of Kazakhmys Power and are reported to the Board of Directors as part of the Kazakhmys Power segment.

MKM

MKM operates in Germany, where it manufactures copper and copper alloy semi-finished products. MKM faces different risks to the Group's other businesses, and produces different products, and is therefore shown as a separate operating segment.

As stated in note 5, the Directors have decided to dispose of MKM. As a result, at 30 June 2011, 31 December 2010 and 30 June 2010, MKM has been classified as a disposal group held for sale and as a discontinued operation, and the comparative segment information has been restated accordingly.

Kazakhmys Power

Kazakhmys Power operates in Kazakhstan, and consists of the Group's captive power stations, the Ekibastuz GRES-1 coal-fired power station joint venture and the Maikuben West coal mine (up to the period ended 17 May 2011). The principal activity of the Kazakhmys Power operating segment is the sale of electricity and coal to external customers and internally to the Kazakhmys Mining segment. The captive power stations and the Group's 50% interest in the Ekibastuz GRES-1 coal-fired power station are managed by the same management team and produce discrete financial and operating information that is used by the Board of Directors for operational and resource allocation decisions.

Kazakhmys Petroleum

The Kazakhmys Petroleum business holds a licence to conduct oil and gas exploration and development activity in the Eastern Akzhar exploration block in western Kazakhstan.

The key performance measure of the operating segments is EBITDA (excluding special items). Special items are those items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business (see note 8).

The Group's Treasury department monitors finance income and finance costs at the Group level on a net basis rather than on a gross basis at an operating segment level.

The accounting policies adopted by each operating segment are consistent with those published in the 2010 Annual Report and Accounts, however the presentation of these operating segments have changed with the comparatives reclassified as noted above. Inter-segment sales include power sales from Kazakhmys Power to Kazakhmys Mining from the Group's captive power stations, and coal sales from Kazakhmys Mining to Kazakhmys Power from the Borly coal mines.

(a) **Operating segments**
(i) Income statement information

\$ million						Six months ended 30 June 2011			
	Kazakhmys Mining	MKM ¹	Kazakhmys Power ²	Kazakhmys Petroleum	Corporate Services	Total	Income statement	Joint venture ³	Discontinued operations
Revenues									
Segment sales	1,809	915	227	-	-	2,951			
Inter-segment sales	(26)	-	(51)	-	-	(77)			
Sales to external customers	1,783	915	176	-	-	2,874	1,817	117	940
Gross profit	1,065	59	104	-	-	1,228	1,073	75	80
Operating costs	(321)	(28)	(30)	-	(39)	(418)	(368)	(9)	(41)
Impairment losses	(7)	(28)	-	(455)	-	(490)	(462)	-	(28)
Share of profits from joint venture ⁴	-	-	-	-	-	-	53	(53)	-
Segmental operating results	737	3	74	(455)	(39)	320	296	13	11
Loss on disposal of subsidiary	-	-	(20)	-	-	(20)	-	-	(20)
Segmental results	737	3	54	(455)	(39)	300	296	13	(9)
Share of profits from associate ⁴						279	279	-	-
Net finance (costs)/income						(29)	(25)	1	(5)
Income tax expense						(175)	(161)	(14)	-
Profit/(loss) for the period						375	389	-	(14)

¹ MKM has been classified as an asset held for sale and is included within discontinued operations (see note 5).

² Kazakhmys Power includes the results of the Group's captive power stations (previously included within the Kazakhmys Copper segment), 50% of the results of Ekibastuz GRES-1 LLP, an equity accounted joint venture, and the results of the Maikuben West coal mine for the period ended 17 May 2011 which was classified as an asset held for sale and is included within discontinued operations (see note 5).

³ For segment reporting, the Group includes its 50% share of the income statement line items that relate to Ekibastuz GRES-1 LLP on a line-by-line basis, whereas in the Group's income statement, the financial results of Ekibastuz GRES-1 LLP are included within 'share of profits from joint venture'. Note 15 provides further detail on the financial results of the joint venture.

⁴ Share of profits is net of tax.

\$ million						Six months ended 30 June 2010			
	Kazakhmys Mining	MKM ¹	Kazakhmys Power ²	Kazakhmys Petroleum	Corporate Services	Total	Income statement	Joint venture ³	Discontinued operations
Revenues									
Segment sales	1,517	659	210	-	-	2,386			
Inter-segment sales	(19)	-	(47)	-	-	(66)			
Sales to external customers	1,498	659	163	-	-	2,320	1,522	52	746
Gross profit	852	63	88	-	-	1,003	852	29	122
Operating costs	(376)	(26)	(28)	-	(18)	(448)	(400)	(4)	(44)
Impairment losses	(12)	(1)	-	-	-	(13)	(12)	-	(1)
Share of profits from joint venture ⁴	-	-	-	-	-	-	19	(19)	-
Segmental operating results	464	36	60	-	(18)	542	459	6	77
Gain on disposal of subsidiary	-	-	14	-	-	14	-	-	14
Segmental results	464	36	74	-	(18)	556	459	6	91
Share of profits from associate ⁴						211	211	-	-
Net finance costs						(41)	(39)	(1)	(1)
Income tax expense						(152)	(128)	(5)	(19)
Profit for the period						574	503	-	71

¹ MKM has been classified as an asset held for sale and is included within discontinued operations (see note 5).

² Kazakhmys Power includes the results of the Group's captive power stations (previously included within the Kazakhmys Copper segment), 100% of the results of Ekibastuz GRES-1 LLP for the period ended 26 February 2010 whilst the business was a subsidiary of the Group (which was classified as an asset held for sale and is included within discontinued operations), 50% of the results of Ekibastuz GRES-1 LLP from 27 February

2010 to 30 June 2010 as an equity accounted joint venture, and the results of the Maikuben West coal mine for the six months ended 30 June 2010 (which was classified as an asset held for sale and is included within discontinued operations) (see note 5).

³ For segment reporting, the Group includes its 50% share of the income statement line items that relate to Ekibastuz GRES-1 LLP on a line-by-line basis, whereas in the Group's income statement, the financial results of Ekibastuz GRES-1 LLP are included within 'share of profits from joint venture'. Note 15 provides further detail on the financial results of the joint venture.

⁴ Share of profits from associate is net of tax.

(ii) Balance sheet information

At 30 June 2011

\$ million	Kazakhmys Mining	MKM ¹	Kazakhmys Power ²	Kazakhmys Petroleum	Corporate Services	Total	Continuing operations	Discontinued operations ^{1,2}
Assets								
Tangible and intangible assets ³	2,497	-	103	125	37	2,762	2,762	-
Intragroup investments	-	-	-	-	5,845	5,845	5,845	-
Non-current investments ⁴	10	-	795	-	4,620	5,425	5,425	-
Operating assets ⁵	1,058	343	46	9	79	1,535	1,192	343
Current investments	26	-	-	-	350	376	376	-
Cash and cash equivalents ⁶	241	22	6	15	984	1,268	1,246	22
Segment assets	3,832	365	950	149	11,915	17,211	16,846	365
Deferred tax asset						21	21	-
Income taxes reclaimable						26	26	-
Assets classified as held for sale						-	365	(365)
Elimination						(5,915)	(5,915)	-
Total assets						11,343	11,343	-
Liabilities								
Employee benefits and provisions	196	5	1	34	-	236	231	5
Operating liabilities ⁷	548	45	-	6	47	646	601	45
Segment liabilities	744	50	1	40	47	882	832	50
Borrowings						1,872	1,658	214
Deferred tax liability						10	8	2
Income taxes payable						52	39	13
Liabilities directly associated with assets classified as held for sale						-	279	(279)
Elimination						(70)	(70)	-
Total liabilities						2,746	2,746	-

¹ MKM has been classified as an asset held for sale and is included within discontinued operations (see note 5).

² Kazakhmys Power represents the Group's captive power stations (previously included within the Kazakhmys Copper segment).

³ Tangible and intangible assets are located in the principal country of operations of each operating segment, i.e. (i) Kazakhstan – Kazakhmys Mining, Kazakhmys Power and Kazakhmys Petroleum; (ii) Germany – MKM; and (iii) Kazakhmys Mining also includes \$163 million in Kyrgyzstan and \$nil in Tajikistan.

⁴ Non-current investments include the Group's investment in Ekibastuz GRES-1 LLP within the Kazakhmys Power segment and the Group's investment in ENRC within Corporate Services.

⁵ Operating assets include inventories, prepayments and other current assets and trade and other receivables.

⁶ Cash and cash equivalents are centrally managed by the Group's Treasury department and are included within the Corporate Services segment.

⁷ Cash and cash equivalents included in the individual segments are for working capital purposes only.

Operating liabilities include trade and other payables and dividends payable by subsidiaries.

At 31 December 2010

\$ million	Kazakhmys Mining	MKM ¹	Kazakhmys Power ²	Kazakhmys Petroleum	Corporate Services	Total	Continuing operations	Discontinued operations ^{1,2}
Assets								
Tangible and intangible assets ³	2,276	-	122	564	38	3,000	2,979	21
Intragroup investments	-	-	-	-	5,835	5,835	5,835	-
Non-current investments ⁴	9	-	742	-	4,356	5,107	5,107	-
Operating assets ⁵	952	337	47	6	102	1,444	1,096	348
Current investments	56	-	-	-	300	356	356	-
Cash and cash equivalents ⁶	228	6	10	24	858	1,126	1,113	13
Segment assets	3,521	343	921	594	11,489	16,868	16,486	382
Deferred tax asset						9	9	-
Income taxes reclaimable						45	45	-
Assets classified as held for sale						-	382	(382)

Elimination						(5,927)	(5,927)	-
Total assets						10,995	10,995	-
Liabilities								
Employee benefits and provisions	172	5	4	30	-	211	203	8
Operating liabilities ⁷	464	54	30	2	31	581	497	84
Segment liabilities	636	59	34	32	31	792	700	92
Borrowings						2,010	1,819	191
Deferred tax liability						23	16	7
Income taxes payable						43	33	10
Liabilities directly associated with assets classified as held for sale						-	300	(300)
Elimination						(92)	(92)	-
Total liabilities						2,776	2,776	-

¹ MKM has been classified as an asset held for sale and is included within discontinued operations (see note 5).

² Kazakhmys Power includes the Maikuben West coal mine, which is classified as an asset held for sale and is included within discontinued operations (see note 5), and the Group's captive power stations (previously included within the Kazakhmys Copper segment).

³ Tangible and intangible assets are located in the principal country of operations of each operating segment, i.e. (i) Kazakhstan – Kazakhmys Mining, Kazakhmys Power and Kazakhmys Petroleum; (ii) Germany – MKM; and (iii) Kazakhmys Mining also includes \$124 million in Kyrgyzstan and \$2 million in Tajikistan.

⁴ Non-current investments include the Group's investment in Ekibastuz GRES-1 LLP within the Kazakhmys Power segment and the Group's investment in ENRC within Corporate Services.

⁵ Operating assets include inventories, prepayments and other current assets and trade and other receivables.

⁶ Cash and cash equivalents are centrally managed by the Group's Treasury department and are included within the Corporate Services segment. Cash and cash equivalents included in the individual segments are for working capital purposes only.

⁷ Operating liabilities include trade and other payables and dividends payable by subsidiaries.

At 30 June 2010

\$ million	Kazakhmys Mining	MKM ¹	Kazakhmys Power ²	Kazakhmys Petroleum	Corporate Services	Total	Continuing operations	Discontinued operations ²
Assets								
Tangible and intangible assets ³	2,076	-	117	548	17	2,758	2,732	26
Intragroup investments	-	-	-	-	6,468	6,468	6,468	-
Non-current investments ⁴	12	-	723	-	4,048	4,783	4,783	-
Operating assets ⁵	777	299	37	5	113	1,231	923	308
Current investments	57	-	-	-	-	57	57	-
Cash and cash equivalents ⁶	130	-	14	18	886	1,048	1,042	6
Segment assets	3,052	299	891	571	11,532	16,345	16,005	340
Income taxes reclaimable						49	49	-
Assets classified as held for sale						-	340	(340)
Elimination						(6,483)	(6,483)	-
Total assets						9,911	9,911	-
Liabilities								
Employee benefits and provisions	133	6	7	31	-	177	165	12
Operating liabilities ⁷	339	33	32	4	22	430	365	65
Segment liabilities	472	39	39	35	22	607	530	77
Borrowings						1,835	1,684	151
Deferred tax liability						111	99	12
Income taxes payable						43	33	10
Liabilities directly associated with assets classified as held for sale						-	250	(250)
Elimination						(15)	(15)	-
Total liabilities						2,581	2,581	-

¹ MKM has been classified as an asset held for sale and is included within discontinued operations (see note 5).

² Kazakhmys Power includes the Maikuben West coal mine, which is classified as an asset held for sale and is included within discontinued operations (see note 5), and the Group's captive power stations (previously included within the Kazakhmys Copper segment).

³ Tangible and intangible assets are located in the principal country of operations of each operating segment, i.e. (i) Kazakhstan – Kazakhmys Mining, Kazakhmys Power and Kazakhmys Petroleum; (ii) Germany – MKM; and (iii) Kazakhmys Mining also included \$106 million in Kyrgyzstan and \$2 million in Tajikistan.

⁴ Non-current investments include the Group's investment in Ekibastuz GRES-1 LLP within the Kazakhmys Power segment and the Group's investment in ENRC within Corporate Services.

⁵ Operating assets include inventories, prepayments and other current assets and trade and other receivables.

⁶ Cash and cash equivalents are centrally managed by the Group's Treasury department and are included within the Corporate Services segment. Cash and cash equivalents included in the individual segments are for working capital purposes only.

⁷ Operating liabilities include trade and other payables and dividends payable by subsidiaries.

(iii) Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding special items¹

\$ million	Six months ended 30 June 2011								
	Kazakhmys Mining	MKM ²	Kazakhmys Power ³	Kazakhmys Petroleum	Corporate Services	Total	Continuing operations		
							Subsidiaries	Joint venture ^{3,4}	Discontinued operations
Operating profit/(loss) per income statement ⁴	737	3	61	(455)	(39)	307	243	53	11
Interest and taxation of joint venture	-	-	13	-	-	13	-	13	-
Segmental operating profit/(loss)⁴	737	3	74	(455)	(39)	320	243	66	11
Special items:									
Add: impairment charge against intangible assets – Kazakhmys Petroleum	-	-	-	455	-	455	455	-	-
Add: impairment (reversal)/charge against property, plant and equipment	(9)	10	-	-	-	1	(9)	-	10
Add: impairment charge against mining assets	2	-	-	-	-	2	2	-	-
Add: provisions against inventory	-	17	-	-	-	17	-	-	17
Add: loss on disposal of property, plant and equipment	1	-	-	-	-	1	1	-	-
Profit/(loss) before finance items and taxation (excluding special items)	731	30	74	-	(39)	796	692	66	38
Add: depreciation and depletion	103	-	21	-	2	126	112	14	-
Add: amortisation	1	-	-	-	-	1	1	-	-
Add: mineral extraction tax ⁵	142	-	-	-	-	142	142	-	-
Segmental EBITDA (excluding special items)	977	30	95	-	(37)	1,065	947	80	38
Share of EBITDA of associate ⁶						543	543	-	-
Group EBITDA (excluding special items)						1,608	1,490	80	38

¹ EBITDA (excluding special items) is defined as profit before interest, taxation, depreciation, depletion, amortisation and mineral extraction tax, as adjusted for special items. Special items are those items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business.

² MKM has been classified as an asset held for sale and is included within discontinued operations (see note 5).

³ Kazakhmys Power includes the Group's captive power stations, 50% of the results of Ekibastuz GRES-1 LLP, and the results of the Maikuben West coal mine for the period to 17 May 2011 (see note 5).

⁴ As the operating profit in the consolidated income statement includes the equity accounted profit from the joint venture, Ekibastuz GRES-1, on a post-interest and tax basis, the joint venture's interest and taxation expenses are added back to calculate the operating profit from continuing operations of the Group on a consistent pre-interest and tax basis.

⁵ Mineral extraction tax has been excluded from the key financial indicator of EBITDA as its exclusion provides a more informed measure of the operational performance of the Group given the revenue nature of the tax.

⁶ The share of EBITDA of the associate excludes mineral extraction tax of the associate.

\$ million	Six months ended 30 June 2010								
	Kazakhmys Mining	MKM ¹	Kazakhmys Power ²	Kazakhmys Petroleum	Corporate Services	Total	Continuing operations		
							Subsidiaries	Joint venture ^{2,3}	Discontinued operations
Operating profit/(loss) per income statement ³	464	36	54	-	(18)	536	440	19	77
Interest and taxation of joint venture	-	-	6	-	-	6	-	6	-
Segmental operating profit/(loss)⁴	464	36	60	-	(18)	542	440	25	77
Special items:									
Add: impairment charge against property, plant and equipment	7	-	-	-	-	7	7	-	-
Add: major social projects	130	-	-	-	-	130	130	-	-
Profit/(loss) before finance items and taxation (excluding special items)	601	36	60	-	(18)	679	577	25	77
Add: depreciation and depletion	101	10	28	-	1	140	111	8	21
Add: amortisation	1	-	-	-	-	1	1	-	-
Add: mineral extraction tax ⁴	115	-	-	-	-	115	115	-	-
Segmental EBITDA (excluding special items)	818	46	88	-	(17)	935	804	33	98

Share of EBITDA of associate ⁵	407	407	-	-
Group EBITDA (excluding special items)	1,342	1,211	33	98

¹ MKM has been classified as an asset held for sale and is included within discontinued operations (see note 5).

² Kazakhmys Power includes 100% of the results of Ekibastuz GRES-1 LLP for the period ended 26 February 2010 whilst the business was a subsidiary of the Group, 50% of the results of Ekibastuz GRES-1 LLP from 27 February 2010 to 30 June 2010 as an equity accounted joint venture, and the results of the Maikuben West coal mine for the six months ended 30 June 2010 which has been classified as an asset held for sale and is included within discontinued operations (see note 5). The results of the Group's captive power stations (previously included within the Kazakhmys Copper segment) for the six months ended 30 June 2010 are also included within the results of Kazakhmys Power.

³ As the operating profit in the consolidated income statement includes the equity accounted profit from the joint venture, Ekibastuz GRES-1, on a post-interest and tax basis, the joint venture's interest and taxation expenses are added back to calculate the operating profit from continuing operations of the Group on a consistent pre-interest and tax basis.

⁴ Mineral extraction tax has been excluded from the key financial indicator of EBITDA as its exclusion provides a more informed measure of the operational performance of the Group given the revenue nature of the tax.

⁵ The share of EBITDA of the associate excludes the mineral extraction tax of the associate.

(b) Segmental information in respect of revenues

Revenues by product are as follows:

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Kazakhmys Mining		
Copper cathodes	1,154	1,024
Copper rod	133	116
Total copper products	1,287	1,140
Silver	220	126
Gold bullion	78	79
Gold doré	20	16
Zinc metal in concentrate	105	77
Other by-products	48	42
Other revenue	25	18
	1,783	1,498
MKM		
Wire	333	235
Sheets and strips	373	265
Tubes and bars	191	146
Metal trade	18	13
	915	659
Kazakhmys Power¹		
Electricity and heat generation	151	140
Coal	25	23
	176	163
Total revenues	2,874	2,320
Continuing operations	1,817	1,522
Discontinued operations	940	746
Share of joint venture's revenues – Kazakhmys Power	117	52
Total revenues	2,874	2,320

¹ Kazakhmys Power revenues include 100% of the revenues of Ekibastuz GRES-1 LLP for the period ended 26 February 2010 whilst the business was a subsidiary of the Group. For the period from 27 February 2010 to 30 June 2010 and for the period to 30 June 2011, 50% of the revenues of Ekibastuz GRES-1 LLP are included in the share of joint venture's revenues. In addition, revenues include the external revenues of the Kazakhmys captive power stations for the periods ended 30 June 2011 and 30 June 2010. The revenues of the Maikuben West coal mine are included for the period up to 17 May 2011.

Revenues by destination to third parties are as follows:

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Continuing operations		
Europe	780	681
China	844	673
Kazakhstan	180	168
Other	13	-
	1,817	1,522
Discontinued operations		
Europe	746	539
China	9	3
Kazakhstan	25	76
Other	160	128

	940	746
Share of joint venture's revenue		
Kazakhstan	103	51
Other	14	1
	117	52
Total revenues	2,874	2,320

Six months ended 30 June 2011

Four customers, three of which are collectively under common control, within the Kazakhmys Mining segment represent 44% of total Group revenue for the six months from continuing operations. The total revenue from these customers is \$802 million. The revenue from the three customers under common control of \$597 million represents 33% of the total Group revenue from continuing operations. Revenues from the fourth major customer of \$205 million represent 11% of total Group revenue from continuing operations.

Six months ended 30 June 2010

Four customers, three of which are collectively under common control, within the Kazakhmys Mining segment represent 20% of total Group revenue for the six months from continuing operations. The total revenue from these customers is \$312 million. The revenue from each customer does not individually represent more than 10% of total Group revenue from continuing operations.

7. Impairment losses

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Impairment charge against intangible assets – Kazakhmys Petroleum	455	-
Impairment (reversal)/charge against property, plant and equipment	(9)	7
Impairment charge against mining assets	2	-
Impairment charge/(reversal) against prepayments and other current assets	2	(4)
Provisions against trade and other receivables	3	3
Provisions against inventories	9	6
Continuing operations	462	12
Discontinued operations	28	1
	490	13

Following the adverse drilling results received at the end of June 2011, management has performed an impairment test on Kazakhmys Petroleum which resulted in an impairment of \$455 million, thereby reducing the carrying value of Kazakhmys Petroleum to its recoverable amount. In July 2011, the Board commenced a sales process for the Group's interest in the oil and gas exploration licence, the net expected proceeds of which have been used to determine the recoverable amount.

8. Special items

Special items are those items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business.

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Continuing operations		
Special items within operating profit:		
Major social projects ¹	-	130
Impairment charge against intangible assets – Kazakhmys Petroleum (note 7)	455	-
Impairment (reversal)/charge against property, plant and equipment	(9)	7
Impairment charge against mining assets	2	-
Loss on disposal of property, plant and equipment	1	-
	449	137
Discontinued operations		

Loss on disposal of subsidiary	20	-
Gain on disposal of share in subsidiary (note 4)	-	(14)
Impairment charge against property, plant and equipment – MKM	10	-
Impairment charge against inventories – MKM	17	-
Change in deferred tax liabilities resulting from impairment charges – MKM	(5)	-
	42	(14)

¹ In 2010, the Group committed to construct and develop major social projects at a cost of \$130 million in Kazakhstan. The charge represents the full cost of the projects, with construction expected to take up to two years.

9. Finance income and finance costs

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Finance income		
Interest income	4	4
Foreign exchange gains	36	39
Continuing operations	40	43
Interest income	-	1
Foreign exchange gains	7	9
Discontinued operations	7	10
	47	53

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Finance costs		
Net interest expense	(25)	(23)
Total interest expense	(32)	(23)
Less: amounts capitalised to the cost of qualifying assets ¹	7	-
Interest on employee obligations	(2)	(2)
Unwinding of discount on provisions	(4)	(3)
Finance costs before foreign exchange losses	(31)	(28)
Foreign exchange losses	(34)	(54)
Continuing operations	(65)	(82)
Interest expense	(5)	(5)
Foreign exchange losses	(7)	(6)
Discontinued operations	(12)	(11)
	(77)	(93)

¹ At 30 June 2011, the Group capitalised to the cost of qualifying assets \$7 million (2010: \$nil) of borrowing costs incurred on the outstanding debt during the period on the CDB/Samruk-Kazyna financing facilities at an average rate of interest of 5.27%.

10. Income taxes

(a) Income statement

Major components of income tax expense for the six months presented are:

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Current income tax		
Corporate income tax – current period (UK)	15	(1)
Corporate income tax – current period (overseas)	165	146
Corporate income tax – prior periods	2	(17)
	182	128
Deferred income tax		
Corporate income tax – current period	(21)	(7)
Corporate income tax – prior periods	-	7
	(21)	-
Income tax attributable to continuing operations	161	128
Current income tax attributable to discontinued operations	3	10
Deferred income tax attributable to discontinued operations	(3)	9
Income tax attributable to discontinued operations	-	19
Total income tax expense	161	147

A reconciliation of the income tax expense applicable to the accounting profit before tax at the statutory income tax rate to the income tax expense at the Group's effective income tax rate is as follows:

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Profit before taxation from continuing operations	550	631
At UK statutory income tax rate of 26.5% (2010: 28.0%) ¹	146	177
Tax effect of share of profits from joint venture	(14)	(5)
Tax effect of share of profits from associate	(74)	(59)
Overprovided in previous periods – current income tax	2	(17)
Underprovided in previous periods – deferred income tax	-	7
Effect of domestic tax rates applicable to individual Group entities	(44)	(36)
Release of deferred tax liability due to change in future tax rates	-	(2)
Non-deductible expenses:		
Impairment charge against intangible assets – Kazakhmys Petroleum	120	-
Transfer pricing	8	6
Other non-deductible expenses	17	57
Income tax expense attributable to continuing operations	161	128
Income tax attributable to discontinued operations	-	19
Total income tax expense	161	147

¹ The UK statutory income tax rate for January to March 2011 was 28.0% and for April to December 2011 was 26.0%, giving a weighted average full year rate of 26.5%.

Corporate income tax is calculated at 26.5% (2010: 28.0%) of the assessable profit for the six months for the Company and its UK subsidiaries and 20.0% for the operating subsidiaries in Kazakhstan (2010: 20.0%). MKM, which is included as part of discontinued operations, has a tax rate of 28.5% (2010: 28.5%) that relates to German corporate income tax and trade tax.

The effective tax rate for continuing operations for the six months ended 30 June 2011 is 29.3% (2010: 20.3%).

11. Earnings per share

(a) Basic and diluted EPS

Basic earnings per share (EPS) is calculated by dividing profit for the six months attributable to equity holders of the Company by the weighted average number of ordinary shares of 20 pence each outstanding during the period. Purchases of the Company's shares by the Employee Benefit Trust are dilutive ordinary shares.

The following reflects the income and share data used in the EPS computations.

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Net profit attributable to equity shareholders of the Company from continuing operations	388	503
Net (loss)/profit attributable to equity shareholders of the Company from discontinued operations	(14)	71
	374	574

Number	Six months ended 30 June 2011	Six months ended 30 June 2010
Weighted average number of ordinary shares of 20 pence each	534,641,161	534,818,101
EPS – basic and diluted (\$)		
From continuing operations	0.73	0.94
From discontinued operations	(0.03)	0.13
	0.70	1.07

(b) EPS based on Underlying Profit

The Group's Underlying Profit is the net profit for the six months after adding back items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business and their resultant tax and minority interest effects, as shown in the table below. EPS based on Underlying Profit is calculated by dividing Underlying Profit by the weighted average number of ordinary shares of 20 pence each outstanding during the period. The Directors believe EPS based on Underlying Profit provides a more consistent measure for comparing the underlying trading performance of the Group.

The following shows the reconciliation of Underlying Profit from the reported profit and the share data used in the computations for EPS based on Underlying Profit:

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Net profit attributable to equity shareholders of the Company from continuing operations	388	503
Special items:		
Impairment charge against intangible assets – Kazakhmys Petroleum	455	-
Impairment (reversal)/charge against property, plant and equipment	(9)	7
Impairment charge against mining assets	2	-
Loss on disposal of property, plant and equipment	1	-
Major social projects	-	130
Tax effect of non-recurring items:		
Subsidiary businesses	1	(1)
Underlying Profit from continuing operations	838	639
Net (loss)/profit attributable to equity shareholders of the Company from discontinued operations	(14)	71
Special items:		
Loss on disposal of subsidiary	20	-
Gain on disposal of share in subsidiary	-	(14)
Impairment charge against property, plant and equipment – MKM	10	-
Impairment charge against inventories – MKM	17	-
Change in deferred tax liabilities resulting from impairment charges – MKM	(5)	-
Underlying Profit from discontinued operations	28	57
	866	696

Number	Six months ended 30 June 2011	Six months ended 30 June 2010
Weighted average number of ordinary shares of 20 pence each	534,641,161	534,818,101
EPS based on Underlying Profit – basic and diluted (\$)		
From continuing operations	1.57	1.19
From discontinued operations	0.05	0.11
	1.62	1.30

12. Dividends paid and proposed

(a) Dividends paid

The dividends paid during the six months ended 30 June 2011 and 2010 are as follows:

	Per share US cents	Amount \$ million
Six months ended 30 June 2011		
Final dividend in respect of year ended 31 December 2010	16.0	86
Six months ended 30 June 2010		
Final dividend in respect of year ended 31 December 2009	9.0	48

(i) Six months ended 30 June 2011

On 17 May 2011 the Company paid the final dividend of \$86 million in respect of the year ended 31 December 2010 to shareholders on the register as at 26 April 2011.

(ii) Six months ended 30 June 2010

On 18 May 2010 the Company paid the final dividend of \$48 million in respect of the year ended 31 December 2009 to shareholders on the register as at 23 April 2010.

(b) Dividends declared after the balance sheet date

	Per share US cents	Amount \$ million
Proposed by the Directors on 24 August 2011 (not recognised as a liability as at 30 June 2011):		
Interim dividend in respect of the year ended 31 December 2011	8.0	43

13. Intangible assets

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
At 1 January	509	510
Additions	6	3
Amortisation expense	(1)	(1)
Impairment charge (note 7)	(455)	-
Translation difference	1	-
At 30 June	60	512

During the six months ended 30 June 2011, the Group reassessed the provisions for payments of licences within Kazakhmys Petroleum, and as a result, the provision has increased by \$5 million (2010: \$nil) with a corresponding increase in intangible assets. This amount is a non-cash item and is recorded within provisions for payments of licences.

14. Property, plant and equipment

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
At 1 January	2,031	1,687
Additions	281	274
Capitalised depreciation	3	6
Capitalised interest	7	-
Depreciation expense	(106)	(104)
Impairment reversal/(charge)	9	(7)
Disposals	(12)	(17)
Translation difference	20	11
At 30 June	2,233	1,850

Assets with a book value of \$12 million were disposed of by the Group during the six months ended 30 June 2011 (30 June 2010: \$17 million) resulting in a loss on disposal of \$1 million (30 June 2010: \$nil).

15. Investment in joint venture

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
At 1 January	742	-
Recognition at fair value ¹	-	703
Share of profits from joint venture ^{2,3}	53	19
Net share of gains of joint venture recognised in other comprehensive income ³	-	1
At 30 June	795	723

¹ Fair value was determined by reference to the enterprise value of Ekibastuz GRES-1 LLP using a discounted cash flow basis at the date of acquisition (see note 5).

² Share of profits from joint venture is net of tax.

³ Based on the unaudited interim financial statements of Ekibastuz GRES-1 LLP.

The investment in joint venture relates to the Group's 50% shareholding in Ekibastuz GRES-1 LLP. The details of the acquisition of the joint venture are described in note 4.

The following is a summary of the financial information of the Group's investment in joint venture based on Ekibastuz GRES-1 LLP's unaudited interim financial statements for the period ended 30 June 2011:

\$ million	At 30 June 2011	At 31 December 2010	At 30 June 2010
Share of joint venture's assets and liabilities			
Non-current assets	490	447	410
Current assets	93	67	81
	583	514	491
Non-current liabilities	(98)	(86)	(86)
Current liabilities	(22)	(24)	(20)
	(120)	(110)	(106)
Net assets	463	404	385
Carrying amount of the investment	795	742	723

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Share of joint venture's revenue and profit		
Revenue	117	52
Gross profit	75	29
Operating profit	66	25
Net finance income/(costs)	1	(1)
Income tax expense	(14)	(5)
Profit for the period	53	19

16. Investment in associate

The Group holds 334,824,860 shares in ENRC representing 26.0% of the issued share capital. There have been no changes in this holding during 2010 and 2011.

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
At 1 January	4,356	3,869
Share of profits from associate ^{1,2}	279	211
Net share of gains/(losses) of associate recognised in other comprehensive income ²	45	(12)
Dividends received	(60)	(20)
At 30 June	4,620	4,048

¹ Share of profits from associate is net of tax.

² Based on ENRC's published unaudited results.

At 30 June 2011, the Group's shareholding in ENRC had a market value of \$4,191 million (30 June 2010: \$4,344 million, 31 December 2010: \$5,431 million) which was determined by reference to the published price quotation on the London Stock Exchange.

The following is a summary of the financial information of the Group's investment in ENRC based on ENRC's published unaudited interim results for the period ended 30 June 2011:

\$ million	At 30 June 2011	At 31 December 2010	At 30 June 2010
Share of associate's assets and liabilities			
Total assets	4,071	3,723	2,851
Total liabilities	(1,172)	(1,114)	(568)
Net assets	2,899	2,609	2,283
Carrying amount of the investment	4,620	4,356	4,048

\$ million	Six months ended 30 June 2011	Six months ended 30 June 2010
Share of associate's revenue and profit		
Revenue	1,043	792
Operating profit	410	299

Profit before finance items, taxation and share of profit from joint venture and associates	410	299
Net finance costs and share of losses from joint ventures and associates	(10)	(3)
Income tax expense and non-controlling interests	(121)	(85)
Profit for the period	279	211

17. Cash and cash equivalents

\$ million	At 30 June 2011	At 31 December 2010	At 30 June 2010
Cash deposits with maturities of less than three months	1,038	906	947
Cash at bank	207	206	94
Petty cash	1	1	1
Continuing operations¹	1,246	1,113	1,042
Discontinued operations	22	13	6
Cash and cash equivalents in the cash flow statement	1,268	1,126	1,048

¹ Includes approximately \$520 million (at 31 December 2010: approximately \$500 million and at 30 June 2010: approximately \$265 million) of cash drawn down under the CDB/Samruk-Kazyna financing facilities which is reserved for specific development projects in accordance with the relevant facility agreements (see note 19).

18. Share capital and reserves

(a) Allotted share capital

	Number	£ million	\$ million
Allotted and called up share capital			
At 30 June 2011, 31 December 2010 and 30 June 2010	535,240,338	107	200

(b) Own shares

At 30 June 2011, the Group, through an Employee Benefit Trust, owned 848,309 Kazakhmys PLC shares (30 June 2010: 577,561, 31 December 2010: 617,514) with a market value of \$19 million (30 June 2010: \$9 million, 31 December 2010: \$15 million) and a cost of \$16 million (30 June 2010: \$10 million, 31 December 2010: \$11 million).

(c) Capital reserves

\$ million	Reserve fund	Net unrealised gains reserve	Currency translation reserve	Capital redemption reserve	Hedging reserve	Total
At 1 January 2011	42	2	(787)	6	(2)	(739)
Exchange differences on retranslation of foreign operations ¹	-	-	34	-	-	34
Recycling of exchange differences on disposal of subsidiary	-	-	13	-	-	13
Share of (losses)/gains of associate recognised in other comprehensive income	-	(10)	55	-	-	45
At 30 June 2011	42	(8)	(685)	6	(2)	(647)
At 1 January 2010	42	-	(1,040)	6	(2)	(994)
Exchange differences on retranslation of foreign operations ¹	-	-	27	-	-	27
Recycling of exchange differences on disposal of share in subsidiary	-	-	196	-	-	196
Share of gains of joint venture recognised in other comprehensive income	-	-	1	-	-	1
Share of losses of associate recognised in other comprehensive income	-	(11)	(1)	-	-	(12)
At 30 June 2010	42	(11)	(817)	6	(2)	(782)

¹ Of the \$34 million (2010: \$27 million) of foreign exchange differences recognised in the currency translation reserves for the period, a gain of \$8 million (2010: loss of \$10 million) relates to discontinued operations.

(i) Reserve fund

In accordance with legislation of the Republic of Kazakhstan the reserve fund comprises prescribed transfers from retained earnings amounting to 15% of Kazakhmys Corporation LLC's charter capital.

(ii) Net unrealised gains reserve

The net unrealised gains reserve is used to record the fair value movements of available for sale investments.

(iii) Currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries whose functional currency is not the US dollar into the Group's presentation currency.

(iv) Capital redemption reserve

As a result of the share buy-back programme, transfers are made from share capital to the capital redemption reserve based on the nominal value of the shares cancelled.

(v) Hedging reserve

The hedging reserve is used to record the fair value movements of derivative financial instruments that have been designated as cash flow hedges.

19. Borrowings

	Maturity	Average interest rate during the year	Currency of denomination	Current \$ million	Non-current \$ million	Total \$ million
30 June 2011						
CDB/Samruk-Kazyna financing line ¹ – US\$ LIBOR +4.80%	2023	5.27%	US dollar	-	787	787
Pre-export finance facility ¹ – US\$ LIBOR +1.25%	2013	1.49%	US dollar	520	351	871
Revolving trade finance facility ² – EURIBOR +3.00%	2012	3.88%	Euro	214	-	214
				734	1,138	1,872
31 December 2010						
CDB/Samruk-Kazyna financing line ¹ – US\$ LIBOR +4.80%	2023	5.32%	US dollar	-	688	688
Pre-export finance facility ¹ – US\$ LIBOR +1.25%	2013	1.52%	US dollar	519	612	1,131
Revolving trade finance facility ² – EURIBOR +3.00%	2012	3.55%	Euro	61	130	191
				580	1,430	2,010
30 June 2010						
CDB/Samruk-Kazyna financing line ¹ – US\$ LIBOR +4.80%	2023	5.63%	US dollar	-	300	300
Pre-export finance facility ¹ – US\$ LIBOR +1.25%	2013	2.08%	US dollar	519	865	1,384
Revolving trade finance facility ² – EURIBOR +3.00%	2012	3.29%	Euro	-	151	151
				519	1,016	1,535

¹ Relates to continuing operations.

² Relates to discontinued operations (see note 5).

Details of the Group's significant borrowings are:

(a) Continuing operations

Pre-export finance debt facility

On 29 February 2008 Kazakhmys Finance PLC ("Kazakhmys Finance"), a wholly owned subsidiary of the Company, signed a five year pre-export finance debt facility for \$2,100 million with a syndicate of banks to be used for general corporate purposes, including the acquisition of the Ekibastuz GRES-1 power plant and Maikuben West coal mine and incremental purchases of shares in ENRC. As at 30 June 2011 and 2010 and 31 December 2010, the facility was fully drawn. The loan is secured on the value of copper sales contracts with certain designated customers. Monthly loan repayments commenced in March 2009 and will continue through to February 2013 following a one year availability period. Arrangement fees with an amortised cost as at 30 June 2011 of \$3 million (30 June 2010: \$9 million, 31 December 2010 of \$6 million), gross cost before amortisation of \$26 million, have been netted off against these borrowings in

accordance with IAS 39. Interest is payable on the drawn balance at a rate of US\$ LIBOR + 1.25%. Kazakhmys PLC, Kazakhmys Corporation LLC and Kazakhmys Sales Limited act as guarantors of the loan.

China Development Bank (“CDB”) and JSC Sovereign Wealth Fund Samruk-Kazyna (“Samruk-Kazyna”) financing line

On 30 December 2009, Kazakhmys announced that it had secured a \$2.7 billion financing line with CDB and Samruk-Kazyna, allocated from a \$3.0 billion financing line agreed between CDB and Samruk-Kazyna. Of the \$2.7 billion secured for the Group, facility agreements were signed for \$2.1 billion on 30 December 2009, and for a further \$200 million on 12 January 2010, for the development of the Group’s projects at Bozshakol and Bozymchak and other development projects, with the balance of \$400 million remaining available over the next three years. Samruk-Kazyna has separately signed an agreement for \$300 million of the \$3.0 billion to be used elsewhere and not for the benefit of the Group. As part of this financing package, the Company, along with a subsidiary of Samruk-Kazyna, provided a guarantee in favour of CDB in respect of Samruk-Kazyna’s obligations under the \$3.0 billion financing line, including 85% of the \$300 million which was not on-lent for the benefit of the Group. The fair value of the Guarantee is less than \$5 million, an immaterial figure in the context of a financing line available to the Group of \$2.7 billion.

The funds are available for drawing any time within a three year period and once drawn will attract interest semi-annually at an annualised rate of US\$ LIBOR + 4.80%. The loans have a final maturity of between 12 and 15 years from the first draw down and repayment of principal commences from the end of the third year following the first draw down under each facility.

As at 30 June 2011, \$800 million (30 June 2010: \$300 million, 31 December 2010: \$700 million) was drawn under the facility agreements signed to date. Arrangement fees with an amortised cost as at 30 June 2011 of \$13 million (30 June 2010: \$8 million, 31 December 2010: \$12 million), gross cost before amortisation of \$14 million, have been netted off against these borrowings in accordance with IAS 39.

Further details on the accounting treatment, the loan structuring and related guarantees are set out in note 29 of the 2010 Annual Report and Accounts.

Revolving credit facilities

The Group has available several revolving credit facilities, totalling \$300 million, entered into by Kazakhmys Finance PLC, for general corporate purposes and to provide standby liquidity. In March 2011, Kazakhmys Finance PLC extended the term of facilities, amounting to \$250 million, for an additional two years to March 2013. At 30 June 2011, a facility amounting to \$50 million had a maturity date in September 2011. All facilities were undrawn as at 30 June 2011.

(b) Discontinued operations

Revolving trade finance facility

In May 2006 MKM entered into a revolving trade finance facility with a syndicate of banks for a four year loan to finance the repayment of external borrowings and intercompany balances due to Kazakhmys Corporation LLC, and to fund working capital. In June 2009 the facility was refinanced and the final maturity extended to June 2012. On 21 July 2011, the facility was refinanced for a further four years with a final maturity in July 2015. The facility was also increased from €170 million to €220 million. Interest is payable on the drawn balance at a rate of EURIBOR +2.25%. The loan is secured over the inventories and receivables of MKM.

20. Reconciliation of profit before taxation to net cash inflow from operating activities

Six months

Six months

\$ million	ended 30 June 2011	ended 30 June 2010
Profit before taxation from continuing operations	550	631
Profit before taxation from discontinued operations	6	76
Interest income	(4)	(5)
Interest expense	30	28
Depreciation and depletion	112	132
Amortisation	1	1
Share based payments	2	-
Share of profits from joint venture	(53)	(19)
Share of profits from associate	(279)	(211)
Impairment losses	490	13
Loss on disposal of property, plant and equipment	1	-
Unrealised foreign exchange loss	(11)	12
Operating cash flows before changes in working capital and provisions	845	658
Increase in inventories	(58)	(11)
Increase in prepayments and other current assets	(30)	(8)
Increase in trade and other receivables	(34)	(47)
(Decrease)/increase in employee benefits	(2)	2
Increase in provisions	24	3
Increase in trade and other payables	111	71
Cash inflow from operations before interest, income taxes and dividends from associate	856	668

Non-cash transactions

As explained in note 13, the Group capitalised to intangible assets an amount of \$5 million in respect of provisions for payments of licences (2010: \$nil).

21. Movement in net debt

\$ million	At 1 January 2011	Cash flow	Attributable to discontinued operations	Net exchange translation	At 30 June 2011
Cash and cash equivalents	1,113	140	(9)	2	1,246
Current investments	356	19	-	1	376
Borrowings	(1,819)	159	23	(21)	(1,658)
Net debt	(350)	318	14	(18)	(36)

\$ million	At 1 January 2010	Cash flow	Attributable to discontinued operations	Net exchange translation	At 30 June 2010
Cash and cash equivalents	903	106	36	(3)	1,042
Current investments	58	-	-	(1)	57
Borrowings	(1,650)	(121)	62	25	(1,684)
Net debt	(689)	(15)	98	21	(585)

22. Related party disclosures

(a) Transactions with related parties

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial period:

\$ million	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Companies related to the Government				
30 June 2011	-	-	-	-
30 June 2010	-	-	-	-
Companies under trust management¹				
30 June 2011	7	3	52	3
30 June 2010	7	4	44	1
Other¹				

30 June 2011	1	16	9	3
30 June 2010	2	22	7	3

¹ A provision of \$50 million (30 June 2010: \$43 million) has been set against the amounts owed by related parties within companies under trust management and other companies. The bad debt expense in relation to related parties was \$4 million for the period (2010: \$3 million).

(i) Government

Transactions in the Company's shares

On 24 July 2008, the Company issued 80,286,050 ordinary shares of 20 pence each to the State Property and Privatisation Committee within the Government of Kazakhstan, thereby making the Government a 15% shareholder of the Company and a related party with effect from this date.

On 4 October 2010, the Group's Chairman, Vladimir Kim, sold 58,876,793 ordinary shares, approximately 11.0% of Kazakhmys' shares in issue, to Samruk-Kazyna, an entity wholly owned and controlled by the Government of Kazakhstan. As a result of the transaction, the Government's interest in the Group increased to 139,162,843 ordinary shares, representing approximately 26.0% of the shares in issue. The Government's interest is held via The State Property & Privatisation Committee's 15.0% holding and the 11.0% shareholding of Samruk-Kazyna.

Sale of 50% of Ekibastuz GRES-1 LLP to JSC Sovereign Wealth Fund Samruk-Kazyna

In December 2009 it was announced that the Group had agreed to dispose of 50% of Ekibastuz GRES-1 LLP, a 100% owned subsidiary within Kazakhmys Power, to Samruk-Kazyna, for consideration of \$681 million. The transaction completed on 26 February 2010.

China Development Bank ("CDB") and JSC Sovereign Wealth Fund Samruk-Kazyna financing line

As explained in note 19, the Group secured a \$2.7 billion financing line with CDB and Samruk-Kazyna. The terms and conditions of the financing line, including a guarantee issued by the Group over the debt obligations of Samruk-Kazyna to CDB under the financing line are considered to be on an arm's length basis.

Other transactions

Throughout the normal course of business, the Group conducts transactions with entities controlled by the Government. The principal activities relate to the payment of electricity transmission fees, use of railway infrastructure and payments to tax authorities. Transactions between the Group and Government departments and agencies are considered to be related party transactions. Disclosure of these routine transactions is not made where all of the following criteria are met:

- they were done in the ordinary course of business of the Government department and/or company;
- there is no choice of suppliers; and
- they have terms and conditions (including prices, privileges, credit terms, regulations etc) that are consistently applied to all entities, public or private.

The Group did not have any non-arm's length or privileged transactions with entities controlled by the Government.

Dividend payment

The Government's share of the final dividend paid by the Company on 17 May 2011 was \$22 million (2010: \$7 million).

(ii) ENRC

In 2011 the Group received dividends of \$60 million from ENRC, the associated undertaking (2010: \$20 million).

(iii) Companies under trust management agreements

The Group operates a number of companies under trust management agreements with local and state authorities. The activities include heating distribution systems, road maintenance and aviation services. The purpose of these agreements is to provide public and social services without any material financial benefit for the Group.

(iv) Other

Transactions with other companies primarily relate to the provision of goods and services, on an arm's length basis, with companies whose boards include members of senior management from the Group's subsidiaries.

(b) Terms and conditions of transactions with related parties

Prices for related party transactions are determined by the parties on an ongoing basis depending on the nature of the transaction.

23. Update on commitments and contingencies

Kazakhmys Copper – environmental pollution charge (“EPC”)

The tax audit being conducted for the years 2006 to 2008 as disclosed in the 2010 Annual Report and Accounts, identified a potential exposure related to EPC resulting from a difference in interpretation on the applicability of the “Law on Foreign Investment” dated 27 December 1994 (the “Law”). The Law grants foreign investors stability, inter alia, over taxes and related legislative matters, for a period of 10 years from the date of investment by a foreign investor or from the commencement of the relevant operating licence being awarded to a foreign investor. In 1999, the relevant state agency confirmed that the predecessor company to Kazakhmys Corporation LLC was eligible for stabilisation under the Law, and consequently Kazakhmys Corporation LLC applied stabilised EPC rates in earlier years when calculating its EPC liabilities to 2008. The tax authorities have challenged the eligibility of Kazakhmys Corporation LLC to apply stabilised EPC rates under the Law.

At 31 December 2010, the Directors assessed the position of Kazakhmys Corporation LLC and made a provision reflecting the probability that a settlement would be negotiated with the tax authorities following agreement being reached on the interpretation of the Law. The relevant state agency has since confirmed the date from which Kazakhmys Corporation LLC should be eligible for stabilised EPC rates under the Law. Following this confirmation, and the greater certainty over the application of stabilised EPC rates, the tax authorities have reassessed the EPC liability for the years 2006 to 2008 on a preliminary basis. The final assessment on the tax audits has not been issued yet, however the amount of the EPC liability included in the preliminary assessment provided by the tax authorities has been accrued as at 30 June 2011.

24. Events after the balance sheet date

(a) Kazakhmys Petroleum

Following a review in July 2011 of the funding options for the future exploration of the oil and gas field, and the drilling results received to date, the Board decided to dispose of the Group's interest in the business. A sale and purchase agreement was signed on 24 August 2011 for proceeds of \$100 million plus contingent consideration in the form of potential royalties of up to \$476 million, dependent upon future oil revenues. The completion of the sale is dependent on obtaining the necessary regulatory approvals (see note 7).

(b) MKM refinancing

On 21 July 2011, the MKM trade finance facility was refinanced for four years with a final maturity in July 2015. The facility was also increased from €170 million to €220 million. Interest is payable on the drawn balance at a rate of EURIBOR +2.25%. The loan is secured over the inventories and receivables of MKM.

(c) Interim dividend

The Directors have declared an interim dividend in respect of the year ended 31 December 2011 of 8.0 US cents per share. This dividend shall be paid on 4 October 2011 to shareholders on the register as at 9 September 2011.

GLOSSARY

Board or Board of Directors

The Board of Directors of the Company

Capital employed

The aggregate of equity attributable to owners of the Company, minority interests and borrowings

Cash cost of copper after by-product credits

The total of cash operating costs excluding purchased concentrate less by-product revenues, divided by the volume of copper cathode equivalent sales

CIT

Corporate income tax

Company or Kazakhmys

Kazakhmys PLC

Directors

The Directors of the Company

dollar or \$ or USD

United States dollars, the currency of the United States of America

DRC

The Democratic Republic of Congo

EBITDA

Earnings before interest, taxation, depreciation, depletion, amortisation and mineral extraction tax

Ekibastuz GRES-1

Ekibastuz GRES-1 LLP

ENRC or ENRC PLC

Eurasian Natural Resources Corporation PLC

EPS

Earnings per share

EPS based on Underlying Profit

Profit for the period after adding back items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business, and their resulting taxation and minority interest impact, divided by the weighted average number of ordinary shares in issue during the period

EPT

Excess profits tax

EURIBOR

European Inter Bank Offer Rate

Euro or €

Euro, the currency of certain member states of the European Union

Free Cash Flow

Net cash flow from operating activities less sustaining capital expenditure on tangible and intangible assets

g/t

Grammes per metric tonne

Government

The Government of the Republic of Kazakhstan

the Group

Kazakhmys PLC and its subsidiary companies

Group EBITDA

Earnings before interest, taxation, depreciation, depletion, amortisation and mineral extraction tax adjusted for special items and including the share of EBITDA of the joint venture and associate

GVA

Gross value added, which is calculated as turnover less the input cost of copper cathode

GW

Gigawatt, a unit of power equal to one billion watts

GWh

Gigawatt-hour, one gigawatt-hour represents one hour of electricity consumed at a constant rate of one gigawatt

IAS

International Accounting Standards

IASB

International Accounting Standards Board

IFRIC

International Financial Reporting Interpretations Committee

IFRS

International Financial Reporting Standards

JORC

Joint Ore Reserves Committee

Kazakhmys LLC or Kazakhmys Corporation LLC

Kazakhmys Corporation LLC, the Group's principal operating subsidiary in Kazakhstan

Kazakhmys Mining

An operating segment of the Group, which comprises all entities and functions within the Group responsible for the exploration, evaluation, development, mining and processing of the Group's mineral resources and sale of the Group's metal products. The operating segment represents the previous Kazakhmys Copper Division and includes the previous Kazakhmys Gold operating segment but excludes the Group's captive power stations, which are now included within the Kazakhmys Power operating segment

Kazakhmys Gold

Previously considered an operating segment of the Group, which includes the processing of gold ore into refined ore and exploration and development activity in the precious metals sector in Central Asia. The Kazakhmys Gold operations are now included within the Kazakhmys Mining operating segment

Kazakhmys Petroleum

An operating segment of the Group, which holds a licence to conduct oil and gas exploration and development activity in the Eastern Akzhar exploration block in western Kazakhstan

Kazakhmys Power

An operating segment of the Group, which includes the Group's captive power stations, the Ekibastuz GRES-1 coal-fired power plant joint venture and Maikuben West coal mine (until 17 May 2011), whose principal activity is the sale of electricity to external customers and internally to Kazakhmys Mining

Kazakhstan

The Republic of Kazakhstan

KEGOC

Kazakhstan Electricity Grid Operating Company

KGcal

Thousand gigacalories, a unit of heat equal to one thousand billion calories

koz

Thousand ounces

kt

Thousand metric tonnes

kW

kilowatt, a unit of power equal to one thousand watts

kWh

kilowatt hour, one kilowatt hour represents one hour of electricity consumed at a constant rate of one kilowatt

lb

pound, unit of weight

LBMA

London Bullion Market Association

LIBOR

London Inter Bank Offer Rate

Listing or IPO

The listing of the Company's ordinary shares on the London Stock Exchange on 12 October 2005

LME

London Metal Exchange

LSE

London Stock Exchange

MET

Mineral extraction tax

MKM

MKM Mansfelder Kupfer und Messing GmbH, the Group's operating subsidiary in the Federal Republic of Germany and an operating segment of the Group, which manufactures copper and copper alloy semi-finished products

MT

Million metric tonnes

MW

Megawatt, a unit of power equivalent to one million watts

MWh

Megawatt-hour, one megawatt-hour represents one hour of electricity consumed at a constant rate of one megawatt

Ounce or oz

A troy ounce, which equates to 31.1035 grammes

\$/t or \$/tonne

US dollars per metric tonne

Samruk-Kazyna

Joint Stock Company "National Welfare Fund "Samruk-Kazyna", an entity owned and controlled by the Government of Kazakhstan

Segmental EBITDA

Earnings before interest, taxation, depreciation, depletion, amortisation and mineral extraction tax from the Group's operating segments, including the share of EBITDA of the joint venture but excluding the share of EBITDA of the associate

Special items

Those items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business. Special items are set out in note 8 to the condensed consolidated half-yearly financial statements

SX/EW

Solvent extraction/electro-winning

t

metric tonnes

tenge or KZT

The official currency of the Republic of Kazakhstan

UK

United Kingdom

Underlying Profit

Profit for the period after adding back items which are non-recurring or variable in nature and which do not impact the underlying trading performance of the business and their resultant tax and minority interest effects. Underlying Profit is set out in note 11 to the condensed consolidated half-yearly financial statements

USc/lb

US cents per pound