

KAZMUNAIGAS EXPLORATION PRODUCTION JOINT STOCK COMPANY

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (unaudited)

Tenge million

| | | September 30, 2017 | December 31, 2016 |
|---|-------|--------------------|-------------------|
| | Notes | Unaudited | Audited |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 6 | 356,633 | 311,597 |
| Intangible assets | | 13,198 | 11,607 |
| Investments in joint ventures | 7 | 120,995 | 144,532 |
| Investments in associate | 8 | 132,115 | 135,633 |
| Receivable from a jointly controlled entity | | 20,280 | 16,696 |
| Loans receivable from joint venture | 7 | 34,076 | 29,638 |
| Other financial assets | 9 | 37,031 | 35,961 |
| Deferred tax asset | | 53,175 | 51,459 |
| Other assets and advances paid | | 9,128 | 970 |
| Total non-current assets | | 776,631 | 738,093 |
| Current assets | | | |
| Inventories | | 34,446 | 24,774 |
| Income taxes prepaid | | 4,551 | 51,567 |
| VAT recoverable, net of allowance | 18 | 29,294 | 16,680 |
| Mineral extraction and rent tax prepaid | | - | 15,676 |
| Export customs duty and other taxes prepaid | | 14,568 | 15,071 |
| Prepaid expenses | | 23,951 | 11,529 |
| Trade and other receivables | 9 | 93,369 | 74,121 |
| Receivable from a jointly controlled entity | | 18,034 | 17,617 |
| Other financial assets | 9 | 1,041,900 | 983,257 |
| Cash and cash equivalents | 9 | 289,562 | 162,091 |
| Total current assets | | 1,549,675 | 1,372,383 |
| Total assets | | 2,326,306 | 2,110,476 |
| EQUITY | | | |
| Share capital | 10 | 165,412 | 165,343 |
| Other capital reserves | | 2,354 | 2,448 |
| Retained earnings | | 1,592,975 | 1,444,351 |
| Foreign currency translation reserve | | 337,049 | 321,370 |
| Total equity | | 2,097,790 | 1,933,512 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | | 2,393 | 3,844 |
| Deferred tax liability | | 138 | 138 |
| Provisions | 11 | 56,940 | 45,300 |
| Total non-current liabilities | | 59,471 | 49,282 |
| Current liabilities | | | |
| Borrowings | | 5,768 | 5,483 |
| Income tax payable | | 9,843 | 33 |
| Provisions | 11 | 35,758 | 45,926 |
| Mineral extraction tax and rent tax payable | | 43,189 | 8,571 |
| Trade payables | | 39,977 | 37,751 |
| Dividend payable and other payables | | 34,510 | 29,918 |
| Total current liabilities | | 169,045 | 127,682 |
| Total liabilities | | 228,516 | 176,964 |
| Total liabilities and equity | | 2,326,306 | 2,110,476 |

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

KAZMUNAIGAS EXPLORATION PRODUCTION JOINT STOCK COMPANY

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (unaudited)

Tenge million

| | Notes | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------|-------------------------------------|----------------|------------------------------------|----------------|
| | | 2017 | 2016 | 2017 | 2016 |
| Revenue | 12 | 228,538 | 201,340 | 665,516 | 514,706 |
| Share of results of associate and joint ventures | 7,8 | 3,602 | (893) | 18,173 | (7,603) |
| Finance income | | 7,426 | 7,750 | 22,425 | 22,025 |
| Total revenue and other income | | 239,566 | 208,197 | 706,114 | 529,128 |
| Production expenses | 13 | (80,805) | (72,155) | (230,348) | (195,364) |
| Selling, general and administrative expenses | 14 | (33,609) | (31,917) | (92,812) | (94,514) |
| Net loss on acquisition of a subsidiary | 5 | – | – | (3,249) | – |
| Exploration expenses | | (357) | (51) | (525) | (51) |
| Depreciation, depletion and amortization | | (8,856) | (9,175) | (25,765) | (22,524) |
| Taxes other than on income | 15 | (74,648) | (36,493) | (201,634) | (115,803) |
| Net reversal for VAT recoverable | | – | 20,298 | 26,414 | 13,362 |
| Loss on disposal of property, plant and equipment | 6 | (389) | (250) | (192) | (532) |
| Finance costs | | (957) | (836) | (3,156) | (2,702) |
| Foreign exchange gain/(loss), net | | 61,788 | (8,733) | 29,189 | (7,284) |
| Profit before tax | | 101,733 | 68,885 | 204,036 | 103,716 |
| Income tax expense | 16 | (21,240) | (10,411) | (35,663) | (27,993) |
| Profit for the period | | 80,493 | 58,474 | 168,373 | 75,723 |
| Foreign currency translation difference | | 30,362 | (7,139) | 15,679 | (6,256) |
| Other comprehensive income/(loss) for the period to be reclassified to profit and loss in subsequent periods | | 30,362 | (7,139) | 15,679 | (6,256) |
| Total comprehensive income for the period, net of tax | | 110,855 | 51,335 | 184,052 | 69,467 |
| EARNINGS PER SHARE – Tenge thousands | | | | | |
| Basic and diluted | | 1.17 | 0.86 | 2.46 | 1.11 |

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KAZMUNAIGAS EXPLORATION PRODUCTION JOINT STOCK COMPANY

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (unaudited)

Tenge million

| | | Nine months ended September 30, | |
|--|-------|---------------------------------|------------------|
| | Notes | 2017 | 2016 |
| Cash flows from operating activities | | | |
| Profit before tax | | 204,036 | 103,716 |
| Adjustments to add/(deduct) non-cash items | | | |
| Depreciation, depletion and amortisation | | 25,765 | 22,524 |
| Share of result of associate and joint ventures | | (18,173) | 7,603 |
| Loss on disposal of property, plant and equipment (PPE) | 6 | 192 | 532 |
| Recognition of share-based payments | | – | 1,350 |
| Forfeiture of share-based payments | | (13) | (2) |
| Unrealised foreign exchange (gain)/loss on non-operating activities | | (27,547) | 7,406 |
| Change in provisions | | 7,227 | 1,108 |
| Net reversal for VAT recoverable | | (26,414) | (13,362) |
| Net loss on acquisition of a subsidiary | 5 | 3,249 | – |
| Other non-cash income and expense | | 1,860 | 2,444 |
| Add finance costs | | 3,156 | 2,702 |
| Deduct finance income | | (22,425) | (22,025) |
| Working capital adjustments | | | |
| Change in other assets | | 465 | (872) |
| Change in inventories | | (9,672) | (3,308) |
| Change in export customs duty, VAT recoverable and other taxes prepaid | | 12,928 | (12,689) |
| Change in prepaid expenses | | (12,422) | 4,287 |
| Change in trade and other receivables | | (14,382) | 34,874 |
| Change in trade and other payables | | (5,241) | 4,746 |
| Change in mineral extraction and rent tax payable and prepaid | | 52,216 | 5,890 |
| Income tax refunded/(paid) | | 9,526 | (38,988) |
| Net cash generated from operating activities | | 184,331 | 107,936 |
| Cash flows from investing activities | | | |
| Purchases of PPE and advances paid for PPE | 6 | (71,401) | (67,107) |
| Proceeds from sale of PPE | | 496 | 384 |
| Purchases of intangible assets | | (3,092) | (1,442) |
| Loans provided to joint ventures | | (942) | (2,538) |
| Dividends received from joint ventures and associate, net of withholding tax | | 46,694 | 13,083 |
| Placement of term deposits | | (28,437) | (88,841) |
| Proceeds from acquisition of a subsidiary | 5 | 181 | – |
| Interest received | | 13,368 | 11,903 |
| Net cash used in investing activities | | (43,133) | (134,558) |
| Cash flows from financing activities | | | |
| Repayment of borrowings | | (1,781) | (1,526) |
| Dividends paid to Company's shareholders | | (18,874) | (123) |
| Net cash used in financing activities | | (20,655) | (1,649) |
| Net change in cash and cash equivalents | | 120,543 | (28,271) |
| Cash and cash equivalents at the beginning of the period | 9 | 162,091 | 237,310 |
| Net foreign exchange difference on cash and cash equivalents | | 6,928 | 4,318 |
| Cash and cash equivalents at the end of the period | 9 | 289,562 | 213,357 |

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

KAZMUNAIGAS EXPLORATION PRODUCTION JOINT STOCK COMPANY

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (unaudited)

Tenge million

| | Share capital | Treasury stock | Other capital reserves | Retained earnings | Foreign currency translation reserve | Total Equity |
|---|----------------|------------------|------------------------|-------------------|--------------------------------------|------------------|
| As at December 31, 2015 (audited) | 263,095 | (100,091) | 3,945 | 1,311,759 | 333,141 | 1,811,849 |
| Profit for the period | – | – | – | 75,723 | – | 75,723 |
| Other comprehensive loss | – | – | – | – | (6,256) | (6,256) |
| Total comprehensive income | – | – | – | 75,723 | (6,256) | 69,467 |
| Recognition of share-based payments | – | – | 1,350 | – | – | 1,350 |
| Forfeiture of share-based payments | – | – | (2) | – | – | (2) |
| Exercise of employee options | – | 2,320 | (2,822) | 502 | – | – |
| Dividends (Note 10) | – | – | – | (52) | – | (52) |
| As at September 30, 2016 (unaudited) | 263,095 | (97,771) | 2,471 | 1,387,932 | 326,885 | 1,882,612 |
| As at December 31, 2016 (audited) | 263,095 | (97,752) | 2,448 | 1,444,351 | 321,370 | 1,933,512 |
| Profit for the period | – | – | – | 168,373 | – | 168,373 |
| Other comprehensive income | – | – | – | – | 15,679 | 15,679 |
| Total comprehensive income | – | – | – | 168,373 | 15,679 | 184,052 |
| Exercise of employee options | – | 69 | (81) | 12 | – | – |
| Forfeiture of share-based payments | – | – | (13) | – | – | (13) |
| Dividends (Note 10) | – | – | – | (19,761) | – | (19,761) |
| As at September 30, 2017 (unaudited) | 263,095 | (97,683) | 2,354 | 1,592,975 | 337,049 | 2,097,790 |

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