

Embamunaigas Joint Stock Company

Financial statements

*For the year ended December 31, 2015
with independent auditors' report*

Independent auditors' report

To the shareholders and management of Embamunaigas Joint Stock Company

We have audited the accompanying financial statements of Embamunaigas Joint Stock Company (the "Company"), which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Building a better
working world

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Embamunaigas Joint Stock Company as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Jim Ducker
Audit Partner

Adil Syzdykov
Auditor



Audit qualification certificate
No. MO-0000172 dated 23 December 2013

15 March 2016

Evgeny Zhemaletdinov
General Director
Ernst & Young LLP



State audit license for audit activities on the
territory of the Republic of Kazakhstan:
series MOYU-2 No. 0000003 issued by the
Ministry of Finance of the Republic of
Kazakhstan on 15 July 2005

STATEMENT OF FINANCIAL POSITION

In thousands of Tenge

		As at December 31,	
	Notes	2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	4	135,994,437	124,009,541
Intangible assets	5	7,136,736	7,511,485
Other financial assets	6	31,433,151	16,689,576
Deferred tax asset	16	8,643,631	13,794,159
VAT recoverable	20	—	13,023,023
Advances paid for non-current assets		4,788,782	1,811,704
Total non-current assets		187,996,737	176,839,488
Current assets			
Inventories	7	7,439,874	7,756,430
Income tax prepaid		8,421,790	4,032,983
Taxes prepaid and VAT recoverable		3,757,575	14,051,478
Advances paid and prepaid expenses		8,612,537	10,671,838
Trade and other receivables	6	26,617,227	29,824,874
Cash and cash equivalents	6	101,296,508	54,122,466
Total current assets		156,145,511	120,460,069
TOTAL ASSETS		344,142,248	297,299,557
EQUITY			
Share capital	8	162,399,820	162,399,820
Retained earnings		121,699,270	76,237,677
TOTAL EQUITY		284,099,090	238,637,497
LIABILITIES			
Non-current liabilities			
Historical obligations	9	5,989,790	4,217,951
Provisions	10	20,002,423	17,064,187
Total non-current liabilities		25,992,213	21,282,138
Current liabilities			
Historical obligations	9	2,473,853	1,328,857
Provisions	10	8,800,762	656,815
Mineral extraction tax and rent tax payable		6,074,413	16,406,065
Trade and other payables		16,701,917	18,988,185
Total current liabilities		34,050,945	37,379,922
Total liabilities		60,043,158	58,662,060
TOTAL LIABILITIES AND EQUITY		344,142,248	297,299,557

First Deputy General Director



Iskazyev K.O.

Deputy General Director on Economy and Finance

Tasmagambetova R.N.

Chief Accountant

Makhambetov N.Z.

STATEMENT OF COMPREHENSIVE INCOME

In thousands of Tenge

	Notes	For the year ended	
		December 31, 2015	December 31, 2014
Revenue	11	198,112,584	344,675,229
Finance income		2,263,318	494,454
Total revenue and other income		200,375,902	345,169,683
Production expenses	12	(59,607,735)	(54,596,628)
Selling, general and administrative expenses	13	(32,795,997)	(30,785,860)
Exploration expenses		(6,321)	(209,382)
Depreciation, depletion and amortization		(14,897,332)	(40,595,308)
Taxes other than on income	14	(73,990,302)	(143,849,794)
Allowance for VAT recoverable	20	(14,104,021)	—
Impairment of property, plant and equipment		(619,118)	(338,406)
Loss on disposal of fixed assets		(244,088)	(547,316)
Finance costs	15	(1,960,336)	(3,208,637)
Foreign exchange gain, net	2	63,768,113	21,423,576
Profit before tax		65,918,765	92,461,928
Income tax expense	16	(20,457,172)	(20,224,692)
Profit for the year		45,461,593	72,237,236
Other comprehensive income for the year, net of tax		—	—
Total comprehensive income for the year, net of tax		45,461,593	72,237,236

First Deputy General Director



Iskazyev K.O.

Deputy General Director on Economy and Finance

Tasmagambetova R.N.

Chief Accountant



Makhambetov N.Z.

STATEMENT OF CASH FLOWS

In thousands of Tenge

	Notes	For the year ended	
		December 31, 2015	December 31, 2014
Cash flows from operating activities			
Profit before tax		65,918,765	92,461,928
Adjustments to add/(deduct) non-cash items:			
Depreciation, depletion and amortization		14,897,332	40,595,308
Loss on disposal of property, plant and equipment		244,088	547,316
Impairment of property, plant and equipment and intangible assets		619,118	338,406
Dry well expense on exploration and evaluation assets		—	206,371
Unrealized foreign exchange gain on non-operating activities		(52,053,159)	(11,031,126)
Other non-cash income and expenses, net		568,354	(275,604)
Allowance for VAT recoverable	20	14,104,021	—
Change in provisions		10,122,178	(166,239)
Add finance cost		1,960,336	3,208,637
Deduct finance income		(2,263,318)	(494,454)
Working capital adjustments:			
Change in inventories		316,556	501,334
Change in taxes prepaid and VAT recoverable		4,900,501	(6,459,075)
Change in prepaid expenses		2,059,301	(3,255,729)
Change in trade and other receivables		3,207,647	39,461,855
Change in trade and other payables		597,424	4,423,725
Change in mineral extraction and rent tax payable		(10,331,652)	(6,698,519)
Income tax paid		(15,114,562)	(37,315,000)
Net cash generated from operating activities		39,752,930	116,049,134
Cash flows from investing activities			
Purchases of property, plant and equipment		(33,053,693)	(33,425,666)
Purchases of intangible assets		(981,049)	(15,707,684)
Purchase of financial assets held to maturity		(502,096)	(1,081,016)
Interest received		1,507,281	426,647
Net cash used in investing activities		(33,029,557)	(49,787,719)
Cash flows from financing activities			
Dividends		—	(50,019,144)
Payments of historical obligations		(1,240,827)	(1,084,748)
Net cash used in financing activities		(1,240,827)	(51,103,892)
Net change in cash and cash equivalents		5,482,546	15,157,523
Cash and cash equivalents at the beginning of the year	6	54,122,466	29,590,173
Net foreign exchange difference on cash and cash equivalents		41,691,496	9,374,770
Cash and cash equivalents at the end of the year	6	101,296,508	54,122,466

First Deputy General Director



Iskaziyeu K.O.

Deputy General Director on Economy and Finance

Tasmagambetova R.N.

Chief Accountant

Makhambetov N.Z.

The notes on pages 5-24 are an integral part of these financial statements.

STATEMENT OF CHANGE IN EQUITY

In thousands of Tenge

	Share capital	Retained earnings	Total equity
As at December 31, 2013	162,399,820	54,019,585	216,419,405
Profit for the year	—	72,237,236	72,237,236
Total comprehensive income	—	72,237,236	72,237,236
Dividends (Note 8)	—	(50,019,144)	(50,019,144)
As at December 31, 2014	162,399,820	76,237,677	238,637,497
Profit for the year	—	45,461,593	45,461,593
Total comprehensive income	—	45,461,593	45,461,593
As at December 31, 2015	162,399,820	121,699,270	284,099,090

First Deputy General Director



Iskazyev K.O.

Deputy General Director on Economy and Finance

Tasmagambetova R.N.

Chief Accountant

Makhambetov N.Z.