

Embamunaigas Joint Stock Company

Financial statements

*For the year ended December 31, 2014
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 2014, 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.

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 2014, 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. MΦ-0000172 dated 23 December 2013

13 March 2015



Evgeny Zhemaletdinov
General director
Ernst & Young LLP



State audit license for audit activities on the
territory of the Republic of Kazakhstan:
series MΦЮ-2 No. 00000003 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	2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	4	124,009,541	122,751,569
Intangible assets	5	7,511,485	1,254,420
Other financial assets	6	16,689,576	12,932,649
Deferred tax asset	16	13,794,159	6,621,811
VAT recoverable	20	13,023,023	—
Advances paid for non-current assets		1,811,704	1,155,282
Total non-current assets		176,839,488	144,715,731
Current assets			
Inventories	7	7,756,430	8,495,574
Income tax prepaid		4,032,983	—
Taxes prepaid and VAT recoverable		14,051,478	22,194,831
Advances paid and prepaid expenses		10,671,838	7,416,109
Trade and other receivables	6	29,824,874	69,286,729
Other financial assets	6	—	214,342
Cash and cash equivalents	6	54,122,466	29,590,173
Total current assets		120,460,069	137,197,758
TOTAL ASSETS		297,299,557	281,913,489
EQUITY			
Share capital	8	162,399,820	162,399,820
Retained earnings		76,237,677	54,019,585
TOTAL EQUITY		238,637,497	216,419,405
LIABILITIES			
Non-current liabilities			
Historical obligations	9	4,217,951	3,699,875
Provisions	10	17,064,187	15,596,662
Total non-current liabilities		21,282,138	19,296,537
Current liabilities			
Historical obligations	9	1,328,857	1,087,438
Provisions	10	656,815	1,340,670
Income tax payable		—	5,959,146
Mineral extraction tax and rent tax payable		16,406,065	23,104,584
Trade and other payables		18,988,185	14,705,709
Total current liabilities		37,379,922	46,197,547
Total liabilities		58,662,060	65,494,084
TOTAL LIABILITIES AND EQUITY		297,299,557	281,913,489

General Director



Iskaziye 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 COMPREHENSIVE INCOME

In thousands of Tenge

	Notes	For the year ended	
		December 31, 2014	December 31, 2013
Revenue	11	344,675,229	330,098,492
Finance income		494,454	496,618
Total revenue and other income		345,169,683	330,595,110
Production expenses	12	(54,596,628)	(40,021,949)
Selling, general and administrative expenses	13	(30,785,860)	(28,006,978)
Exploration expenses		(209,382)	(4,500)
Depreciation, depletion and amortization		(40,595,308)	(26,152,771)
Taxes other than on income	14	(143,849,794)	(127,890,146)
Impairment of property, plant and equipment		(338,406)	(877,710)
Loss on disposal of fixed assets		(547,316)	(798,426)
Finance costs	15	(3,208,637)	(1,542,108)
Foreign exchange gain, net	2	21,423,576	1,540,831
Profit before tax		92,461,928	106,841,353
Income tax expense	16	(20,224,692)	(31,854,429)
Profit for the year		72,237,236	74,986,924
Other comprehensive income for the year, net of tax		—	—
Total comprehensive income for the year, net of tax		72,237,236	74,986,924

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, 2014	December 31, 2013
Cash flows from operating activities			
Profit before tax		92,461,928	106,841,353
Adjustments to add/(deduct) non-cash items:			
Depreciation, depletion and amortization		40,595,308	26,152,771
Loss on disposal of property, plant and equipment		547,316	798,426
Impairment of property, plant and equipment and intangible assets		338,406	877,710
Dry well expense on exploration and evaluation assets		206,371	—
Unrealized foreign exchange (gain)/ loss on non-operating activities		(11,031,126)	143,971
Other non-cash income and expenses		(275,604)	458,688
Add finance cost		3,208,637	1,542,108
Deduct finance income		(494,454)	(496,618)
Working capital adjustments:			
Change in inventories		501,334	(1,742,006)
Change in taxes prepaid and VAT recoverable		(6,459,075)	(6,442,937)
Change in prepaid expenses		(3,255,729)	(4,063,749)
Change in trade and other receivables		39,461,855	(38,575,958)
Change in trade and other payables		4,423,725	(2,125,497)
Change in mineral extraction and rent tax payable		(6,698,519)	(517,037)
Change in provisions		(166,239)	(1,173,618)
Income tax paid		(37,315,000)	(39,700,000)
Net cash generated from operating activities		116,049,134	41,977,607
Cash flows from investing activities			
Purchases of property, plant and equipment		(33,425,666)	(31,215,063)
Purchases of intangible assets		(15,707,684)	(760,964)
(Purchase of)/ proceeds from financial assets held to maturity		(1,081,016)	1,229,997
Interest received		426,647	49,500
Net cash used in investing activities		(49,787,719)	(30,696,530)
Cash flows from financing activities			
Dividends		(50,019,144)	(12,017,586)
Payments of historical obligations		(1,084,748)	(1,062,980)
Net cash used in financing activities		(51,103,892)	(13,080,566)
Net change in cash and cash equivalents		15,157,523	(1,799,489)
Cash and cash equivalents at the beginning of the year	6	29,590,173	31,451,865
Net foreign exchange difference on cash and cash equivalents		9,374,770	(62,203)
Cash and cash equivalents at the end of the year	6	54,122,466	29,590,173

General Director



Iskazyev 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 CHANGES IN EQUITY

In thousands of Tenge

	Share capital	Retained earnings/ (accumulated loss)	Total equity
As at December 31, 2012	162,399,820	(8,949,753)	153,450,067
Profit for the year	—	74,986,924	74,986,924
Total comprehensive income	—	74,986,924	74,986,924
Dividends paid (Note 8)	—	(12,017,586)	(12,017,586)
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 paid (Note 8)	—	(50,019,144)	(50,019,144)
As at December 31, 2014	162,399,820	76,237,677	238,637,497

General Director



Iskaziyev K.O.

Deputy General Director on Economy and Finance

Rasmagambetova R.N.

Chief Accountant

Makhambetov N.Z.