

**“National Atomic Company  
“Kazatomprom” JSC**

**Interim condensed consolidated financial  
statements**

For the six months ended 30 June 2013  
(unaudited)

# NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

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## NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

### STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)

Management of National Atomic Company "Kazatomprom" JSC and its subsidiaries (hereinafter the "Group") is responsible for the preparation of interim condensed consolidated financial statements of the Group that present fairly, in all material respects, the financial position of the Group as at 30 June 2013 and the results of its operations, cash flows and changes in equity for the six-month period ended 30 June 2013 in compliance with International Accounting Standard ("IAS") 34.

In preparing the interim condensed consolidated financial statements, management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's interim condensed consolidated financial position and financial performance;
- making an assessment of the Group's ability to continue as a going concern.

The management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- maintaining proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the interim condensed consolidated financial position of the Group, and which enable them to ensure that the interim condensed consolidated financial statements of the Group comply with IAS 34;
- maintaining statutory accounting records in compliance with the Republic of Kazakhstan legislation and IAS 34;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting financial abuse and other irregularities.

The interim condensed consolidated financial statements for the six months ended 30 June 2013 were authorized for issue by management of the Group on 16 August 2013.

On behalf of Management of the Group:

  
Arifkhanov A.A.  
Deputy Chairman of the Management Board  
16 August 2013  
Astana, Republic of Kazakhstan





Kaliyeva Z.G.  
Chief accountant

16 August 2013  
Astana, Republic of Kazakhstan

## INDEPENDENT AUDITORS' REPORT

To: Management, Board of Directors and Shareholder of JSC "National Atomic Company "Kazatomprom".

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of JSC "National Atomic Company "Kazatomprom" and its subsidiaries (collectively - the "Group") as at 30 June 2013 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, 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 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 accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

*DELOITTE, LLP*

16 August 2013

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)

	Notes	Six months ended 30 June 2013 '000 KZT	Six months ended 30 June 2012 '000 KZT
Revenue	7	119,316,516	105,322,321
Cost of sales	8	(92,957,259)	(84,312,635)
<b>Gross profit</b>		<b>26,359,257</b>	<b>21,009,686</b>
Distribution expenses	9	(2,024,199)	(1,453,211)
Administrative expenses	10	(10,973,070)	(9,411,840)
Financial income	11	2,232,370	1,872,369
Financial expenses	11	(3,808,866)	(6,373,942)
Foreign exchange loss		(647,041)	(1,293,920)
Share of profits of associates	20	10,459,721	8,150,945
Share of profits of joint ventures	21	4,973,889	4,121,092
Impairment of assets		843,671	(609,053)
Gain on extinguishment of financial liability	33	6,352,243	-
Other income	12	1,001,582	261,115
Other expenses	13	(2,651,918)	(1,230,566)
<b>Profit before tax</b>		<b>32,117,639</b>	<b>15,042,675</b>
Income tax expense	15	(5,271,459)	(2,491,715)
<b>PROFIT FOR THE PERIOD</b>		<b>26,846,180</b>	<b>12,550,960</b>
<b>Other comprehensive income</b>			
<i>Items to be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		144,718	48,027
<b>Other comprehensive income for the period, net of tax</b>		<b>144,718</b>	<b>48,027</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>26,990,898</b>	<b>12,598,987</b>
Profit for the year attributable to:			
Owners of the Company		26,350,253	11,616,066
Non-controlling interests		495,927	934,894
		<b>26,846,180</b>	<b>12,550,960</b>
Total comprehensive income for the year attributable to:			
Owners of the Company		26,494,971	11,665,634
Non-controlling interests		495,927	933,353
		<b>26,990,898</b>	<b>12,598,987</b>
<b>Earnings per share from continuing operations</b>			
Basic and diluted (rounding to a tenge)		718	317

These interim condensed consolidated financial statements were approved by management on 16 August 2013 and were signed on its behalf by:

Arifkhanov A.A.  
Deputy Chairman of the Management Board

16 August 2013  
Astana, Republic of Kazakhstan

Kaliyeva Z.G.  
Chief Accountant

16 August 2013  
Astana, Republic of Kazakhstan

The accompanying notes on pages 8-35 form an integral part of these interim condensed consolidated financial statements.

# NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30 2013


	Notes	30 June 2013 '000 KZT (unaudited)	31 December 2012 '000 KZT (reclassified)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		12,164,181	12,026,973
Property, plant and equipment	16	151,277,545	123,661,474
Mine development assets	17	38,502,086	36,962,366
Mineral rights	18	8,377,413	8,275,262
Exploration and evaluation assets,	19	4,364,849	3,742,692
Investments in associates	20	74,957,001	80,611,978
Investments in joint ventures	21	15,634,927	20,147,386
Other investments		67,056,184	67,056,184
Investment property		800	800
Other non-current assets	24	32,882,867	43,880,283
Deferred tax assets		1,861,145	2,716,415
Term deposits		2,649,882	3,756,382
Long-term loans	26	13,872,038	13,277,619
<b>Total non-current assets</b>		<b>423,600,918</b>	<b>416,115,814</b>
<b>Current assets</b>			
Short-term accounts receivable	22	25,065,095	80,630,405
Asset held for the benefit of the ultimate controlling party	23	-	22,800,818
Prepaid income tax		6,178,079	4,809,923
Advances paid and other current assets	24	28,626,102	6,520,703
Value added tax receivable		21,922,605	25,658,253
Inventories	25	78,774,392	60,379,661
Term deposits		2,345,521	2,159,890
Short-term loans to related parties	26	20,000	20,000
Cash and cash equivalents	27	46,147,751	38,038,905
<b>Total current assets</b>		<b>209,079,545</b>	<b>241,018,558</b>
<b>Total assets</b>		<b>632,680,463</b>	<b>657,134,372</b>

# NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC


## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 30 JUNE 2013

	Notes	30 June 2013 '000 KZT (unaudited)	31 December 2012 '000 KZT (reclassified)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	28	36,692,362	36,692,362
Additional paid-in capital		4,784,842	4,784,842
Foreign currency translation reserve		(887,943)	(1,032,661)
Retained earnings		364,757,642	324,999,663
<b>Equity attributable to shareholders of the Company</b>		<b>405,346,903</b>	<b>365,444,206</b>
Non-controlling interests		24,845,701	11,912,025
<b>Total equity</b>		<b>430,192,604</b>	<b>377,356,231</b>
<b>Non-current liabilities</b>			
Loans and borrowings	29	91,250,408	94,328,211
Provisions	30	12,442,867	10,843,496
Non-current accounts payable	31	2,899,013	2,815,395
Advances received and other payables	32	5,010,143	5,053,495
Deferred tax liabilities		6,004,212	5,107,912
<b>Total non-current liabilities</b>		<b>117,606,643</b>	<b>118,148,509</b>
<b>Current liabilities</b>			
Loans and borrowings	29	35,398,697	14,023,621
Other financial liabilities	33	-	46,676,358
Provisions	30	48,991	22,896,069
Current accounts payable	31	31,893,122	50,133,535
Other liabilities	32	11,599,187	21,274,703
Income tax liabilities		5,470,351	6,461,254
Value added tax liabilities		470,868	164,092
<b>Total current liabilities</b>		<b>84,881,216</b>	<b>161,629,632</b>
<b>Total liabilities</b>		<b>202,487,859</b>	<b>279,778,141</b>
<b>Total equity and liabilities</b>		<b>632,680,463</b>	<b>657,134,372</b>

These interim condensed consolidated financial statements were approved by management on 16 August 2013 and were signed on its behalf by:

  
**Arifkhanov A.A.**  
 Deputy Chairman of the Management Board

16 August 2013  
 Astana, Republic of Kazakhstan

  
**Kaliyeva Z.G.**  
 Chief Accountant

16 August 2013  
 Astana, Republic of Kazakhstan

The accompanying notes on pages 8-35 form an integral part of these interim condensed consolidated financial statements.

**NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)**


	Six months ended 30 June 2013 '000 KZT	Six months ended 30 June 2012 '000 KZT
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	198,835,769	156,824,879
Interest received	398,298	573,016
Payments to suppliers	(144,794,290)	(131,642,097)
Payments to employees	(17,672,025)	(16,052,317)
<b>Cash flows from operating activities</b>	<b>36,767,752</b>	<b>9,703,481</b>
Income tax paid	(4,369,969)	(6,811,672)
Interest paid	(3,111,184)	(2,855,461)
<b>Cash flows from operating activities</b>	<b>29,286,599</b>	<b>36,348</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	21,005	16,196
Net cash inflow from step acquisition of subsidiary	855,513	-
Redemption of term deposits	2,180,743	26,363,815
Dividends received from associates and other investments	4,407,841	12,168,555
Placement of term deposits	(1,585,388)	(23,307,793)
Acquisition of property, plant and equipment	(8,583,453)	(10,757,942)
Advances paid for property, plant and equipment	(2,112,095)	(2,238,326)
Acquisition of intangible assets	(90,307)	(43,428)
Acquisition of mine development assets	(1,063,893)	(3,213,175)
Acquisition of exploration and evaluation assets	(98,996)	(112,988)
Acquisition of investments in associates (Note 20)	(1,341,000)	(1,979,129)
Other	442,978	204,419
<b>Cash flows used in investing activities</b>	<b>(6,967,052)</b>	<b>(2,899,796)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	38,637,897	10,079,395
Repayment of borrowings	(21,226,345)	(7,846,408)
Payment for extinguishment of financial liability (refer to Note 33)	(19,972,920)	-
Transaction costs relating to borrowings	(1,867)	(178,605)
Payment of finance lease liabilities	(6,475)	(20,629)
Purchase of assets held for the benefit of the ultimate controlling party	-	(3,030,017)
Dividends paid to shareholder	(11,756,651)	(4,349)
<b>Cash flows used in financing activities</b>	<b>(14,326,361)</b>	<b>(1,000,613)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7,993,186</b>	<b>(3,864,061)</b>
Cash and cash equivalents at the beginning of the period (Note 27)	38,038,905	41,837,161
Effect of exchange rate fluctuations on cash and cash equivalents	115,660	189,727
<b>Cash and cash equivalents at the end of the period (Note 27)</b>	<b>46,147,751</b>	<b>38,162,827</b>

These interim condensed consolidated financial statements were approved by management on 16 August 2013 and were signed on its behalf by:



**Arifkhanov A.A.**  
Deputy Chairman of the Management Board

16 August 2013  
Astana, Republic of Kazakhstan



**Kaliyeva Z.G.**  
Chief Accountant

16 August 2013  
Astana, Republic of Kazakhstan

The accompanying notes on pages 8-35 form an integral part of these interim condensed consolidated financial statements

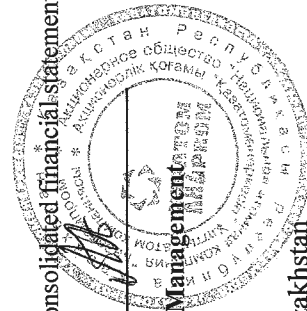


**NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

	'000 KZT	Share capital	Foreign currency translation reserve	Retained earnings	Additional paid-in capital	Equity attributable to shareholders of the Company	Non-controlling interests	Total equity
<b>1 January 2012</b>		<b>36,692,362</b>	<b>(1,087,601)</b>	<b>297,656,953</b>	<b>4,928,671</b>	<b>338,190,385</b>	<b>9,666,681</b>	<b>347,857,066</b>
Profit for the period		-	-	11,616,066	-	11,616,066	934,894	12,550,960
Foreign currency translation gain/loss		-	49,568	-	-	49,568	(1,541)	48,027
Total comprehensive income for the period		-	49,568	11,616,066	-	11,665,634	933,353	12,598,987
Change in non-controlling interest		-	-	-	22,959	22,959	10,494	33,453
<b>30 June 2012 (unaudited)</b>		<b>36,692,362</b>	<b>(1,038,033)</b>	<b>309,273,019</b>	<b>4,951,630</b>	<b>349,878,978</b>	<b>10,610,528</b>	<b>360,489,506</b>
<b>January 2013</b>		<b>36,692,362</b>	<b>(1,032,661)</b>	<b>324,999,663</b>	<b>4,784,842</b>	<b>365,444,206</b>	<b>11,912,025</b>	<b>377,356,231</b>
Profit for the period		-	-	26,350,253	-	26,350,253	495,927	26,846,180
Foreign currency translation gain		-	144,718	-	-	144,718	-	144,718
Total comprehensive income for the period		-	144,718	26,350,253	-	26,494,971	495,927	26,990,898
Partial sale of ownership interest in Semizbay-U LLP (Note 33)		-	-	13,407,726	-	13,407,726	6,943,469	20,351,195
Dividends declared		-	-	-	-	-	(204,928)	(204,928)
Change in non-controlling interest		-	-	-	-	-	5,699,208	5,699,208
<b>30 June 2013 (unaudited)</b>		<b>36,692,362</b>	<b>(887,943)</b>	<b>364,757,642</b>	<b>4,784,842</b>	<b>405,346,903</b>	<b>24,845,701</b>	<b>430,192,604</b>

These interim condensed consolidated financial statements were approved by management on 16 August 2013 and were signed on its behalf by:



**Arifkhanov A.A.**  
Deputy Chairman of the Management Board

*Z. Kaliyeva*  
**Kaliyeva Z.G.**  
Chief Accountant

16 August 2013  
Astana, Republic of Kazakhstan

The accompanying notes on pages 8-35 form an integral part of these interim condensed consolidated financial statements

# NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

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### 1 GENERAL INFORMATION

#### (a) Organizational structure and operations

National Atomic Company "Kazatomprom" JSC ("the Company") and its subsidiaries and joint ventures (together, "the Group") comprise Kazakhstan joint stock and limited liability companies as defined in the Civil Code of the Republic of Kazakhstan. The Company was established pursuant to the Decree of the President of the Republic of Kazakhstan on the establishment of National Atomic Company "Kazatomprom" No. 3593, dated 14 July 1997, and the Decree of the Government of the Republic of Kazakhstan National Atomic Company "Kazatomprom" Issues No. 1148 dated 22 July 1997.

In accordance with the Order of the President of the Republic of Kazakhstan No. 669 dated 13 October 2008, on 19 January 2009 Fund of Sovereign Welfare Fund Samruk-Kazyna (the "Shareholder") became the sole owner of the Company. The Shareholder is wholly owned by the Government of the Republic of Kazakhstan.

The Company's registered office is 10 Kunayev Street, Astana, Republic of Kazakhstan.

In June 2011, the Company relocated its head office to Astana city in accordance with the decision of the Management Board of the Shareholder.

The Group's key activities are:

- The production of uranium, processing and sale of uranium products;
- The manufacture and sale of beryllium products as well as related research and development;
- The manufacture and sale of tantalum products as well as related research and development;
- The generation and sale of electricity, heating and water;
- The production and sale of equipment for alternative energy; and
- The generation and sale of other products and rendering auxiliary products.

The Group's products are sold in Kazakhstan and are also exported outside of Kazakhstan.

#### b) Operating environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Laws and regulations governing the businesses in Kazakhstan continue to change rapidly. Tax, currency and customs legislation within Kazakhstan are subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by entities currently operating in Kazakhstan. The future development tendency of Kazakhstan mainly depends on national economic, fiscal and monetary policies, on the adopted laws and regulations as well as on the change of political situation in the country.

The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. Additionally there is increased uncertainty about the creditworthiness of some sovereign states in the Eurozone and financial institutions with exposure to the sovereign debt of such states. These conditions could slow or disrupt Kazakhstan's economy, adversely affect the Group's access to capital and cost of capital for the Group and, more generally, its business, results of operations, financial condition and prospects.

As Kazakhstan produces and exports large volumes of mineral resources, the country's economy is particularly sensitive to the price of mineral resources on the world market that fluctuated significantly during 2012 and the first half of 2013.

The interim condensed consolidated financial statements reflect management's assessment of the impact of the Kazakhstan business and political environment on the Group's performance and financial position. The actual impact of the future business conditions may differ from management's assessment.

# NATIONAL ATOMIC COMPANY “KAZATOMPROM” JSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

### 2 BASIS OF PREPARATION

#### (a) Interim condensed financial statements

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements are unaudited and do not include all the information and disclosures required in the annual financial statements. The Group omitted disclosures which would substantially duplicate the information contained in its audited annual consolidated financial statements for 2012 prepared in accordance with International Financial Reporting Standards (“IFRS”), such as accounting policies and details of accounts which have not changed significantly in amount or composition. Additionally, the Group has provided disclosures where significant events have occurred subsequent to the issuance of the Group’s annual consolidated financial statements for 2012 prepared in accordance with IFRS.

Management believes that the disclosures in these interim condensed consolidated financial statements are adequate to make the information presented not misleading if these financial statements are read in conjunction with the Group’s annual consolidated financial statements for 2012 prepared in accordance with IFRS. In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the Group’s financial position, results of operations, statements of changes in shareholders’ equity and cash flows for the interim reporting periods.

#### (b) Presentation currency

The national currency of Kazakhstan is the Kazakhstani Tenge (“KZT”).

The tenge is not a fully convertible currency outside the Republic of Kazakhstan. Transactions in foreign currencies are recorded at the market rate effective at the date of the transaction using market rates fixed by the Kazakhstan Stock Exchange (“KASE”). For foreign currencies which are not quoted by KASE, the exchange rates are calculated by the National Bank of Kazakhstan using the cross-rates to the US Dollar (“USD” or “US\$”) in accordance with the quotations received from Reuters.

The accompanying interim condensed consolidated financial statements are presented in KZT and all figures have been rounded to the nearest thousand.

#### (c) Critical accounting judgments and key sources of estimation uncertainty

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Group’s annual consolidated financial statements for 2012 prepared in accordance with IFRS.

Exchange rates for the currencies in which the Group transacts were as follows:

	<u>30 June 2013</u>	<u>31 December 2012</u>
<b>Closing exchange rates – tenge</b>		
1 US Dollar (“USD”)	151.65	150.74
	<u>30 June 2013</u>	<u>30 June 2012</u>
<b>Average exchange rates for the six months ended – tenge</b>		
1 USD	150.90	148.15

## NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

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#### 3 SIGNIFICANT ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments.

The accounting principles applied in the preparation of the interim condensed consolidated financial statements are in line with the principles applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2012.

##### **New and revised Standards effective for the reporting period**

The Group adopted the following standards effective for annual periods beginning 1 January 2013:

- IFRS 10 "*Consolidated Financial Statements*"
- IFRS 11 "*Joint Arrangements*"
- IFRS 12 "*Disclosure of Interest in Other Entities*"
- IFRS 13 "*Fair Value*"
- Amendments to IFRS 7 "*Disclosures - Offsetting Financial assets and financial liabilities*"
- Amendments to IFRS 10 "*Consolidated Financial Statements*", IFRS 11 "*Joint Arrangements*" and IFRS 12 "*Disclosure of Interest in Other Entities*" – Transition Guidance
- IAS 19 (revised 2011) "*Employee Benefits*"
- IAS 27 (revised 2011) "*Separate Financial Statements*"
- IAS 28 (revised 2011) "*Investments in associates and joint ventures*"
- Amendments to IFRS "*Improvements to IFRS for 2009-2011*"

Application of these standards did not result in significant changes to the interim condensed financial statements.

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 9 "*Financial Instruments*" – effective for annual periods, beginning from 1 January 2015.
- Amendments to IFRS 9 and IFRS 7, "*Effective date of IFRS 9 and Transition Disclosures*" – effective for annual periods, beginning from 1 January 2015.
- Amendments to IAS 32 "*Offsetting financial assets and financial liabilities*" – effective for annual periods, beginning 1 January 2014.

The requirements of these amendment standards have not been considered for preparation of this condensed interim consolidated financial information. The Group plans to adopt these standards as they become effective. Currently, the Group has not yet completed the analysis of potential effect of these standards on its consolidated financial statements.

#### 4 RESTATEMENTS AND RECLASSIFICATIONS

##### **(a) Reclassification**

At the request of the Shareholder, the Group reclassified certain items in the interim condensed statement of financial position in order to eliminate differences in classification between the audited consolidated financial statements and the reporting package provided to the Shareholder, as it believes that these changes will better reflect the nature of the assets and liabilities of the Group.

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

(b) Effect of changes

	31 December 2012 (as previously reported) '000 KZT	Reclassification '000 KZT	31 December 2012 (as reclassified) '000 KZT
<b>ASSETS</b>			
<b>Non-current assets</b>			
Advances paid and other receivables	29,130,950	14,749,333	43,880,283
Inventories	8,765,218	(8,765,218)	-
Restricted cash	5,984,115	(5,984,115)	-
<b>Total non-current assets</b>	<b>43,880,283</b>	<b>-</b>	<b>43,880,283</b>
<b>Current assets</b>			
Short-term accounts receivable	80,549,261	81,144	80,630,405
Value added tax receivable	-	25,658,253	25,658,253
Current assets	32,260,100	(25,739,397)	6,520,703
<b>Total current assets</b>	<b>112,809,361</b>	<b>-</b>	<b>112,809,361</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Advances received and other payables	1,786,001	3,267,494	5,053,495
Other financial liabilities	2,474,691	(2,474,691)	-
Preferred shares	264,827	(264,827)	-
Subsidies	378,331	(378,331)	-
Accrued liabilities	149,645	(149,645)	-
<b>Total non-current liabilities</b>	<b>5,053,495</b>	<b>-</b>	<b>5,053,495</b>
<b>Current liabilities</b>			
Current liabilities	47,086,712	(410,354)	46,676,358
Other short-term liabilities	24,679,573	(3,404,870)	21,274,703
Trade payables	49,567,880	565,655	50,133,535
Income tax liabilities	-	164,092	164,092
Accrued liabilities	3,352,225	(3,352,225)	-
Subsidies	23,552	(23,552)	-
Other taxes payable	-	6,461,254	6,461,254
<b>Total current liabilities</b>	<b>124,709,942</b>	<b>-</b>	<b>124,709,942</b>

# NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

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### 5 SEGMENT INFORMATION

#### Adoption of IFRS 8 Operating segments

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment for the six months ended 30 June 2013:

Uranium products	- Uranium extraction, processing and sale of the uranium products
Beryllium products	- Manufacturing and sale of the beryllium products and research and development.
Tantalum products	- Manufacturing and sale of the tantalum products and research and development.
Utilities	- Generation and sale of electric energy, heat power and water.
Equipment for Alternative energy	- Production and sale of equipment for alternative energy
Other operations	- Production and sale of other products and rendering the services for the primary production.

The information regarding the Group's reportable segments is given below.

#### (a) Segment revenues and results

The accounting policy of the reportable segments are in line with the accounting policy of the Group for the year ended 31 December 2012.

Intersegment sales are effected at current market prices. Segment profit represents the profit earned by each segment without allocation of administration costs and directors' salaries, share of profits of associates, gain recognised on disposal of interest in former associate, investment income, other gains and losses, finance costs and income tax expense. This is the measure reported to the managing director for the purposes of resource allocation and assessment of segment performance.

**NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)**

Following is an analysis of the Group's revenue and results by reportable segment for the six months ended 30 June 2013:

	Uranium products '000 KZT	Beryllium products '000 KZT	Tantalum products '000 KZT	Utilities '000 KZT	Equipment for Alternative energy '000 KZT	Other '000 KZT	Elimination '000 KZT	Consolidation '000 KZT
<b>Revenue</b>								
External sales	71,239,464	3,605,733	6,135,085	21,259,992	326,755	16,749,487	-	119,316,516
Intersegment sales	-	-	-	-	-	16,005,785	(16,005,785)	-
Total revenue	<u>71,239,464</u>	<u>3,605,733</u>	<u>6,135,085</u>	<u>21,259,992</u>	<u>326,755</u>	<u>32,755,272</u>	<u>(16,005,785)</u>	<u>119,316,516</u>
<b>Segment result</b>	<u>15,392,534</u>	<u>416,520</u>	<u>750,938</u>	<u>3,789,968</u>	<u>(303,482)</u>	<u>7,331,894</u>	<u>(1,019,115)</u>	<u>26,359,257</u>
Distribution costs								(2,024,199)
Administrative expenses								(10,973,070)
Financial income								2,232,370
Financial expenses								(3,808,866)
Foreign exchange loss								(647,041)
Share in profit of associates and joint ventures								15,433,610
Other income								7,353,825
Other expense								(1,808,247)
<b>Profit before tax</b>								<u>32,117,639</u>

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

Following is an analysis of the Group's revenue and results by reportable segments for the six months ended 30 June 2012:

	Uranium products	Beryllium products	Tantalum products	Utilities	Equipment for Alternative energy	Other	Elimination	Consolidation
	'000 KZT	'000 KZT	'000 KZT	'000 KZT	'000 KZT	'000 KZT	'000 KZT	'000 KZT
<b>Revenue</b>								
External sales	65,193,381	3,794,612	5,080,759	16,610,515	15,541	14,627,513	-	105,322,321
Intersegment sales	-	-	-	-	-	11,425,032	(11,425,032)	-
Total revenue	<u>65,193,381</u>	<u>3,794,612</u>	<u>5,080,759</u>	<u>16,610,515</u>	<u>15,541</u>	<u>26,052,545</u>	<u>(11,425,032)</u>	<u>105,322,321</u>
<b>Segment result</b>	<u>15,043,562</u>	<u>403,442</u>	<u>738,467</u>	<u>1,431,740</u>	<u>(10,602)</u>	<u>5,982,413</u>	<u>(2,579,336)</u>	<u>21,009,686</u>
Distribution costs	-	-	-	-	-	-	-	(1,453,211)
Administrative expenses	-	-	-	-	-	-	-	(9,411,840)
Financial income	-	-	-	-	-	-	-	1,872,369
Financial expenses	-	-	-	-	-	-	-	(7,667,862)
Share in profit of the associates and jointly ventures	-	-	-	-	-	-	-	12,272,037
Other income	-	-	-	-	-	-	-	261,115
Other expense	-	-	-	-	-	-	-	(1,839,619)
<b>Profit before tax</b>								<u><u>15,042,675</u></u>



# NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

### (b) Segment assets

	30 June 2013 ‘000 KZT	31 December 2012 ‘000 KZT
Uranium products	305,964,752	349,068,578
Beryllium products	6,508,611	5,210,888
Tantalum products	11,734,282	8,747,109
Utilities	37,044,536	25,352,874
Equipment for Alternative energy	34,830,915	27,335,607
Other	37,229,790	39,474,468
Elimination	(32,236,945)	(31,422,592)
Total segment assets	401,075,940	423,766,932
Unallocated assets	231,604,523	233,367,440
<b>Consolidated assets</b>	<b>632,680,463</b>	<b>657,134,372</b>

### (c) Segment liabilities

	30 June 2013 ‘000 KZT	31 December 2012 ‘000 KZT
Uranium products	83,901,788	134,996,837
Beryllium products	699,019	412,071
Tantalum products	1,260,251	691,712
Utilities	6,358,705	7,002,573
Equipment for Alternative energy	7,031,882	7,751,676
Other	6,354,263	7,437,457
Elimination	(38,675,536)	7,112,115
Total segment liabilities	66,930,372	165,404,441
Unallocated assets	135,557,487	114,373,700
<b>Consolidated liabilities</b>	<b>202,487,859</b>	<b>279,778,141</b>

Segment information has been no material change in total assets from the amount disclosed in the last annual financial statements. There are no differences from the last annual financial statements in the basis of segmentation or in the basis of the measurement of segment profit or loss.

# NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

### 6 CONSOLIDATION OF CONTROLLED ENTITIES

These interim consolidated financial statements include the following controlled entities:

	Country	30 June 2013 Ownership	31 December 2012 Ownership
MAEK –Kazatomprom LLP	Kazakhstan	100%	100%
GRK LLP	Kazakhstan	100%	100%
Kazatomprom-Demeu LLP	Kazakhstan	90%	90%
Bailanys LLP	Kazakhstan	100%	100%
Korgan KAP LLP	Kazakhstan	100%	100%
Appak LLP	Kazakhstan	65%	65%
Semizbai –U LLP	Kazakhstan	51%	51%
Ulba Metallurgical Plant JSC	Kazakhstan	90%	90%
Volkovgeology JSC	Kazakhstan	90%	90%
Institute of High Technologies LLP	Kazakhstan	100%	100%
Kyzyltu LLP	Kazakhstan	76%	76%
JV SARECO LLP	Kazakhstan	51%	51%
Energomash LLP	Kazakhstan	100%	100%
Kvarz LLP;	Kazakhstan	100%	100%
MK KazSilicon LLP;	Kazakhstan	100%	100%
Kazakhstan Solar Silicon LLP	Kazakhstan	100%	100%
Astana Solar LLP	Kazakhstan	100%	100%
Kazakhstan Nuclear University LLP	Kazakhstan	100%	100%
Uranenergo LLP	Kazakhstan	53%	-
JV KT Raremetals company	Kazakhstan	51%	51%
DP Ortalyk LLP	Kazakhstan	100%	100%

#### Reorganization of Kvarz LLP by MK Kaz Silicon LLP

In May 2013 the Kvarz LLP were merged with MK Kaz Silicon LLP. The reorganization had no significant impact on the interim condensed consolidated financial statements as of 30 June 2013.

### 7 REVENUE

	Six months ended 30 June 2013 '000 KZT	Six months ended 30 June 2012 '000 KZT
Sales of uranium	71,239,464	65,193,381
Sales of energy products	21,259,992	16,610,515
Drilling services	6,178,403	5,552,284
Sales of tantalum	6,135,085	5,080,759
Processing services	4,204,026	3,570,885
Sales of beryllium	3,605,733	3,794,612
Sales of purchased goods	2,700,064	854,686
Transportation services	2,655,924	3,125,801
Research and development services	29,478	48,365
Other	1,308,347	1,491,033
	119,316,516	105,322,321

**NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)**

**8 COST OF SALES**

	<b>Six months ended 30 June 2013 '000 KZT</b>	<b>Six months ended 30 June 2012 '000 KZT</b>
Materials and supplies	55,819,489	55,434,456
Wages and salaries	11,642,362	11,566,903
Processing and other services	9,310,869	5,775,669
Depreciation and amortization	7,528,193	5,936,279
Taxes other than income tax	5,091,047	3,475,539
Maintenance and repair	1,130,607	800,303
Utility	652,496	643,382
Transportation expenses	156,093	100,705
Rent expenses	117,214	195,143
Other	1,508,889	384,256
	<b>92,957,259</b>	<b>84,312,635</b>

**9 DISTRIBUTION EXPENSES**

	<b>Six months ended 30 June 2013 '000 KZT</b>	<b>Six months ended 30 June 2012 '000 KZT</b>
Shipping, transportation and storage	1,025,920	702,566
Commissions	350,063	122,454
Wages and salaries	344,888	312,146
Rent	93,552	76,323
Materials and supplies	85,010	89,014
Depreciation and amortization	25,537	22,631
Cargo insurance	24,551	21,213
Travel expenses	19,505	13,413
Advertising and marketing expenses	19,128	21,485
Customs duties	6,675	3,139
Other	29,370	68,827
	<b>2,024,199</b>	<b>1,453,211</b>

# NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

### 10 ADMINISTRATIVE EXPENSES

	Six months ended 30 June 2013 ‘000 KZT	Six months ended 30 June 2012 ‘000 KZT
Wages and salaries	5,812,984	5,348,282
Taxes other than income tax	523,136	588,951
Rent	504,314	407,022
Depreciation and amortization	495,298	426,916
Research expenses	455,833	135,358
Consulting, auditing and information services	411,050	604,165
Travel expenses	260,379	386,087
Materials and supplies	246,785	255,662
Provision for doubtful debts	203,951	197,972
Training expenses	176,456	162,711
Communication services	154,854	48,288
Maintenance and repair	147,408	156,654
Bank charges	103,590	118,298
Security services	98,000	16,131
Utilities	75,987	70,277
Corporate events	63,050	27,171
Stationery	57,584	48,196
Insurance	46,124	31,721
Entertainment expenses	20,875	14,297
Other	1,115,412	367,681
	<b>10,973,070</b>	<b>9,411,840</b>

### 11 FINANCIAL INCOME AND EXPENSES

	Six months ended 30 June 2013 ‘000 KZT	Six months ended 30 June 2012 ‘000 KZT
<i>Financial income</i>		
Dividends received and receivable	1,267,509	701,138
Interest income on term deposits and deposits on demand, and current accounts	863,678	1,036,260
Other	101,183	134,971
<b>Total</b>	<b>2,232,370</b>	<b>1,872,369</b>
	Six months ended 30 June 2013 ‘000 KZT	Six months ended 30 June 2012 ‘000 KZT
<i>Financial expenses</i>		
Interest paid and payable on loans and borrowings	3,169,257	2,986,768
Unwinding of discount on provisions	386,241	340,751
Unwinding of discount on other financial liabilities	86,473	2,811,960
Loss on sales of foreign currency	66,851	66,182
Other	100,044	168,281
<b>Total</b>	<b>3,808,866</b>	<b>6,373,942</b>

# NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

### 12 OTHER INCOME

	Six months ended 30 June 2013	Six months ended 30 June 2012
	'000 KZT	'000 KZT
Property received free of charge	422,215	46,023
Income from fines and penalties	336,486	-
Other	242,881	215,092
<b>Total</b>	<b>1,001,582</b>	<b>261,115</b>

### 13 OTHER EXPENSES

	Six months ended 30 June 2013	Six months ended 30 June 2012
	'000 KZT	'000 KZT
Sponsorship and charitable donations	975,757	279,213
Social sphere expenses	618,106	453,166
Unrecoverable value added tax	601,260	70,282
Write-off of goodwill	164,886	-
Loss on suspension of production	142,940	166,647
Other	148,969	261,258
	<b>2,651,918</b>	<b>1,230,566</b>

### 14 PERSONNEL COSTS

	Six months ended 30 June 2013	Six months ended 30 June 2012
	'000 KZT	'000 KZT
Wages and salaries	22,551,590	20,136,224
Social tax and social contributions	2,088,722	1,832,664
	<b>24,640,312</b>	<b>21,968,888</b>

**NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)**

**15 INCOME TAX EXPENSE**

	Six months ended 30 June 2013	Six months ended 30 June 2012
	<u>'000 KZT</u>	<u>'000 KZT</u>
Current income tax expense	3,060,241	4,206,956
Accrual of tax for prior periods	287,313	209,354
	<b>3,347,554</b>	<b>4,416,310</b>
Income tax expense / (benefit) from deferred income tax:		
Origination and recovery of temporary differences	1,923,905	(1,924,595)
	<b>5,271,459</b>	<b>2,491,715</b>

Following is a reconciliation of the Group's effective income tax rate using a tax rate of 20% , which is the rate of income tax applicable to Kazakhstan companies from 1 January 2009.

	Six months ended 30 June 2013	%	Six months ended 30 June 2012	%
	<u>'000 KZT</u>		<u>'000 KZT</u>	
<b>Profit before tax</b>	<b>32,117,639</b>	<b>100</b>	<b>15,042,675</b>	<b>100</b>
Income tax, at applicable rate	6,423,528	20.00	3,008,532	20.00
Tax effect from:				
Tax exempt income	(381,520)	(1.19)	(7,057,792)	(46.92)
Non-deductible expenses	1,538,674	4.79	57,510	0.38
Non-taxable income from disposal of noncontrolling interest	(1,317,849)	(4.10)	-	-
Transfer pricing adjustments	372,603	1.16	1,047,064	6.96
Margin elimination in finished products	365,964	1.14	2,515,916	16.73
Share of profits of associates	(2,091,945)	(6.51)	1,630,189	10.84
Share of profits joint ventures	(994,777)	(3.10)	824,218	5.48
Use of previously unrecognized tax losses	(116,009)	(0.36)	(410,719)	(2.73)
Current year losses in respect of which deferred tax asset was not recognized	1,185,477	3.69	667,443	4.44
Underprovided in previous years	287,313	0.89	209,354	1.39
	<b>5,271,459</b>	<b>16.41</b>	<b>2,491,715</b>	<b>16.56</b>

**NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)**

**16 PROPERTY, PLANT AND EQUIPMENT**

<i>KZT, thousand</i>	Land	Buildings	Plant and equipment	Vehicles	Other	Construction in progress	Total
At 31 December 2012	262,910	64,295,820	60,175,819	12,117,605	3,631,823	32,618,045	173,102,022
Acquisitions	20,246	-	1,375,869	379,242	135,593	23,261,000	25,171,950
Business combinations	6,001	4,509,333	3,221,602	292,226	81,078	-	8,110,240
Transfers	606	3,190,041	2,640,951	43,859	31,031	(5,906,488)	-
Disposals	(606)	(114,659)	(301,638)	(95,887)	(7,671)	(4,443)	(524,904)
Transfer to cost of production	-	-	-	-	-	(7,700)	(7,700)
At 30 June 2013	289,157	71,880,535	67,112,603	12,737,045	3,871,854	49,960,414	205,851,608
<i>Amortization and impairment losses</i>							
At 31 December 2012	-	15,556,980	25,248,164	4,698,967	1,685,093	2,251,344	49,440,548
Accumulated amortization	-	1,584,887	3,140,027	583,356	212,319	-	5,520,589
Impairment	-	397	97	(6)	(21)	(1,943)	(1,476)
Disposals	-	(36,291)	(277,680)	(65,379)	(6,248)	-	(385,598)
At 30 June 2013	-	17,105,973	28,110,608	5,216,938	1,891,143	2,249,401	54,574,063
<i>Net book value</i>							
At 31 December 2012	262,910	48,738,840	34,927,655	7,418,638	1,946,730	30,366,701	123,661,474
At 30 June 2013	289,157	54,774,562	39,001,995	7,520,107	1,980,711	47,711,013	151,277,545

# NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

(a) Amortization costs of 000'KZT 5,079,084 have been reflected in cost of sales; of , 000'KZT 22,537 distribution expenses; and of 000'KZT 415,968 in administrative expenses.

### (b) Construction in progress

Construction in progress comprises construction of new assets and capital repairs of existing property, plant and equipment, which extends their useful life.

### (c) Fully depreciated property, plant and equipment

As of 30 June 2013, the gross book value of fully depreciated property, plant and equipment still in use was 000'KZT 5,814,906 (31 December 2012: 000'KZT 5,185,565).

### (d) Idle Property, Land and Equipment

As of 30 June 2013, the book value of temporary idle property, plant and equipment was 000'KZT 47,305 (31 December 2012: 000'KZT 38,936).

### (e) Commitments

As of 30 June 2013, commitments relating to the acquisition of property, plant and equipment were KZT 4,208,473 (31 December 2012: 000'KZT 13,289,278).

## 17 MINE DEVELOPMENT ASSETS

'000 KZT	Field preparation	Site restoration asset	Ion-exchange resin	Total
<i>Cost</i>				
At 1 January 2013	58,162,306	6,748,657	3,774,196	68,685,159
Additions	5,935,723	-	96,869	6,032,592
Change in estimate	-	1,074,973	-	1,074,973
Other	7,700	-	-	7,700
<b>At 30 June 2013</b>	<b>64,105,729</b>	<b>7,823,630</b>	<b>3,871,065</b>	<b>75,800,424</b>
<i>Amortization and impairment losses</i>				
At 1 January 2013	29,993,433	704,318	1,025,042	31,722,793
Amortization charge	5,258,469	182,517	134,559	5,575,545
<b>At 30 June 2013</b>	<b>35,251,902</b>	<b>886,835</b>	<b>1,159,601</b>	<b>37,298,338</b>
<i>Net book value</i>				
At 31 December 2012	28,168,873	6,044,339	2,749,154	36,962,366
<b>At 30 June 2013</b>	<b>28,853,827</b>	<b>6,936,795</b>	<b>2,711,464</b>	<b>38,502,086</b>



# NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

### 18 MINERAL RIGHTS

'000 KZT	Total
<b>Cost</b>	
Balance at 1 January 2013	8,572,489
Additions	143,103
<b>Balance at 30 June 2013</b>	<b>8,715,592</b>
<i>Amortization and impairment losses</i>	
Balance at 1 January 2013	297,227
Amortization charge	40,952
<b>Balance at 30 June 2013</b>	<b>338,179</b>
<i>Net book value</i>	
At 31 December 2012	8,275,262
At 30 June 2013	<u>8,377,413</u>

### 19 EXPLORATION AND EVALUATION ASSETS

'000 KZT	Tangible assets	Intangible assets	Total
<i>Cost</i>			
Balance at 1 January 2013	2,466,839	1,275,853	3,742,692
Additions	822,570	-	822,570
Transfer to other current liabilities	(200,413)	-	(200,413)
<b>Balance at 30 June 2013</b>	<u>3,088,996</u>	<u>1,275,853</u>	<u>4,364,849</u>

### 20 INVESTMENTS IN ASSOCIATES

The Group has the following investments in associates:

	At 30 June 2013			At 31 December 2012	
	Country	Interest/ Voting right	'000 KZT	Interest/ Voting right	'000 KZT
JV Betpak Dala LLP	Kazakhstan	30%	10,551,887	30%	15,262,789
JV KATCO LLP	Kazakhstan	49%	39,052,484	49%	38,262,088
Uranenergo LLP	Kazakhstan	-	-	45.59%	4,897,488
JV SKZ Kazatomprom LLP	Kazakhstan	22%	589,859	22%	607,149
JV Inkai LLP	Kazakhstan	40%	14,041,255	40%	12,171,185
JV Zarechnoe JSC	Kazakhstan	49.67%	2,483,974	49.67%	2,477,560
JV Rosburmash LLP	Kazakhstan	49%	223,094	49%	200,379
Kazakhstan Nuclear University LLP	Kazakhstan	-	-	40%	-
Kazgeomash LLP	Kazakhstan	49%	41,359	49%	44,125
Kyzylkum LLP	Kazakhstan	30%	4,615,438	30%	3,459,452
SKZ-U LLP	Kazakhstan	49%	3,286,568	49%	3,163,172
JV IFASTAR	France	49%	10,951	49%	11,324
PKF Ulba Electro	Kazakhstan	30%	60,132	30%	55,267
			<u>74,957,001</u>		<u>80,611,978</u>

# NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

For the six months ended 30 June 2013, the Group:

- recognized its share of profits of associates of 000'KZT 10,459,721 (30 June 2012: 000'KZT 8,150,945);
- received dividends from associates of 000'KZT 12,739,285 (30 June 2012: 000'KZT 17,982,476);
- derecognition of investment in Uranenergo LLP in the amount of 000'KZT 4,897,488 following the acquisition of a controlling interest in this entity.
- increased its investment in the issued capital of associates by 000'KZT 1,341,000 (2012: 2,501,627 000'KZT)

### 21 INVESTMENTS IN JOINT VENTURES

The Group has the following investments in joint ventures:

	Country	30 June 2013		31 December 2012	
		Interest/ Voting right	'000 KZT	Interest/ Voting right	'000 KZT
Karatau LLP	Kazakhstan	50%	4,054,700	50%	9,998,036
JV Akbastau JSC	Kazakhstan	50%	10,552,396	50%	9,046,950
COU JSC	Kazakhstan	50%	625,743	50%	681,552
Yingtian Ulba Shine Metal Materials Co., Ltd	Kazakhstan	50%	333,093	50%	350,905
ULBA Conversion LLP	Kazakhstan	50%	26,031	50%	30,275
CJSC JV UKR TVS	Ukraine	33.33%	3,341	33.33%	3,341
KAS JSC	Germany	50%	1,976	50%	1,976
Atomic Power Stations JSC Kazakhstan – Russian Company	Kazakhstan	50%	-	50%	-
Geotechnologia					
KKRUMTs	Kyrgyzstan	50%	1,840	50%	1,840
Kazperoxide LLP	Kazakhstan	50%	35,807	50%	32,511
			<b>15,634,927</b>		<b>20,147,386</b>

For the six months ended 30 June 2013 the Group:

- recognized its share of profits of joint ventures of 000'KZT 4,973,889 (30 June 2012: 000'KZT 4,121,092);
- received dividends from joint ventures of 000'KZT 9,426,959 (30 June 2012: 000'KZT 852,455).

### 22 TRADE RECEIVABLES

	30 June 2013	31 December 2012
	'000 KZT	'000 KZT
Trade receivables from unrelated parties	19,982,693	75,711,847
Trade receivables from related parties	5,804,444	5,468,241
	25,787,137	81,180,088
Provision for doubtful debts	(852,372)	(630,827)
	<b>24,934,765</b>	<b>80,549,261</b>
Other accounts receivable	1,559	1,622
Other accounts receivable form related parties	128,771	79,522
	130,330	81,144
	<b>25,065,095</b>	<b>80,630,405</b>

# NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

### 23 ASSETS HELD FOR THE BENEFIT OF THE ULTIMATE CONTROLLING PARTY

In 2010, the Company was directed by the ultimate controlling party to construct a Student Palace in Astana city ("the Project").

The Group has now fulfilled its obligations for the construction of the Project and in June 2013, the Company transferred the Project to municipal ownership of Astana city. As a result of the completion of the Group's obligations for this project in the six months ended 30 June 2013, the asset and related liability of 000'KZT 22,800,818 that had been previously recorded by the Group were derecognised at 30 June 2013.

### 24 OTHER ASSETS

	<b>30 June 2013</b>	<b>31 December 2012</b>
	<b>'000 KZT</b>	<b>'000 KZT</b>
<i>Non current</i>		
Advances paid for long-term assets	9,817,621	21,305,745
Inventory	8,572,984	8,765,218
Restricted cash	6,319,483	5,984,115
Value added tax receivable	4,916,545	4,498,844
Loans to employees	2,179,833	2,057,384
Prepaid expenses	1,045,955	1,262,142
Interest receivable	24,085	-
Other	6,361	6,835
	<b>32,882,867</b>	<b>43,880,283</b>
<i>Current</i>		
Dividends receivable	19,876,758	-
Advances paid for goods and services	4,878,512	3,518,219
Prepaid expenses	1,380,465	1,111,216
Insurance prepayments	374,669	292,008
Advances paid for goods and services to related parties	232,836	218,014
Prepaid tax other than income tax	130,943	127,157
Other	1,751,919	1,254,089
	<b>28,626,102</b>	<b>6,520,703</b>

### 25 INVENTORIES

	<b>30 June 2013</b>	<b>31 December 2012</b>
	<b>'000 KZT</b>	<b>'000 KZT</b>
<i>Current</i>		
Finished goods and goods for resale	49,841,590	32,653,399
Work-in-progress	13,508,659	12,972,307
Raw materials	11,103,561	11,050,405
Fuel	1,223,606	988,217
Spare parts	1,184,113	975,717
Materials in process	189,205	512,342
Other materials	2,445,006	1,961,291
	<b>79,495,740</b>	<b>61,113,678</b>
Provision for obsolete inventories	(721,348)	(734,017)
<b>Total inventories</b>	<b>78,774,392</b>	<b>60,379,661</b>

There was no inventory pledged as collateral as of 30 June 2013 and 31 December 2012.

# NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

### 26 LOANS TO RELATED PARTIES

	30 June 2013 <u>'000 KZT</u>	31 December 2012 <u>'000 KZT</u>
<i>Non current</i>		
Kyzylkum LLP	8,042,442	7,698,391
Baiken U LLP	<u>5,829,596</u>	<u>5,579,228</u>
	<u><b>13,872,038</b></u>	<u><b>13,277,619</b></u>
<i>Current</i>		
JV KRKAS JSC	<u>20,000</u>	<u>20,000</u>
	<u><b>20,000</b></u>	<u><b>20,000</b></u>

In September and December 2010, the Group provided interest-bearing long-term loans to Kyzylkum LLP and Baiken-U LLP, entities in which the Group has ownership interests. Kyzylkum LLP is an associate of the Group and the Group owns 5% of the issued capital of Baiken-U LLP. Kyzylkum LLP and Baiken-U LLP pledged their property in order to secure the loan.

### 27 CASH AND CASH EQUIVALENTS

	30 June 2013 <u>'000 KZT</u>	31 December 2012 <u>'000 KZT</u>
Bank accounts	46,039,814	37,086,677
Demand deposits	-	831,662
Cash on hand	<u>107,937</u>	<u>120,566</u>
	<u><b>46,147,751</b></u>	<u><b>38,038,905</b></u>

# NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

### 28 EQUITY

#### Share capital

	<b>Ordinary shares 30 June 2013</b>	<b>Ordinary shares 31 December 2012</b>
Par value	1,000 tenge	1,000 tenge
Number of authorized and issued shares	36,692,362	36,692,362
	<b>36,692,362</b>	<b>36,692,362</b>

All shares of the Company belong to National Welfare Fund Samruk-Kazyna JSC which decides on dividend distributions to be made by the Company.

### 29 LOANS AND BORROWINGS

	<b>30 June 2013 '000 KZT</b>	<b>31 December 2012 '000 KZT</b>
<i>Non current liabilities</i>		
Bonds issued	75,307,143	74,740,067
Secured bank loans	15,681,532	19,336,629
Unsecured non bank loans	261,733	251,515
	<b>91,250,408</b>	<b>94,328,211</b>
<i>Current liabilities</i>		
Secured bank loans	18,971,859	11,168,438
Unsecured bank loans	15,811,792	1,062,903
Bonds issued	527,993	533,524
Finance lease obligations	-	6,329
Unsecured non bank loans	87,053	1,252,427
	<b>35,398,697</b>	<b>14,023,621</b>

#### (a) Bonds

On 20 May 2010, the Group issued bonds amounting to USD 500,000,000 with 6.25% coupon rate and which are due for repayment in 2015. Interest on the bonds is payable semi-annually on 20 November and 20 May of each year.

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

30 PROVISIONS

	Compensation for occupational diseases	Environmental protection	Reclamation of mine sites	Obligation for social object construction	Other	Total
As at 31 December 2012						
<i>Non-current</i>	441,548	1,160,859	9,221,418	-	19,671	10,843,496
<i>Current</i>	95,251	-	-	22,800,818	-	22,896,069
<b>Total</b>	<b>536,799</b>	<b>1,160,859</b>	<b>9,221,418</b>	<b>22,800,818</b>	<b>19,671</b>	<b>33,739,565</b>
Accrued over the period	139,290	-	1,074,972	-	588	1,214,850
Derecognised following settlement of obligations (Note 23)	-	-	-	(22,800,818)	-	(22,800,818)
Unwinding of discount	23,663	40,630	321,630	-	318	386,241
Used during the period	(48,048)	-	-	-	-	(48,048)
Foreign exchange differences	-	-	68	-	-	68
<b>As at 30 June 2013</b>	<b>651,704</b>	<b>1,201,489</b>	<b>10,618,088</b>	<b>-</b>	<b>20,577</b>	<b>12,491,858</b>
including:						
<i>Non-current</i>	602,713	1,201,489	10,618,088	-	20,577	12,442,867
<i>Current</i>	48,991	-	-	-	-	48,991

# NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

### 31 TRADE PAYABLES

	30 June 2013 ‘000 KZT	31 December 2012 ‘000 KZT
<i>Non-current</i>		
Trade payables	2,899,013	2,815,395
<i>Current</i>		
Accounts payable to related parties	17,455,253	35,547,556
Trade payables	13,878,421	14,020,324
	<b>31,333,674</b>	<b>49,567,880</b>
Other short-term payables to related parties	1,724	1,740
Other short-term payables	557,724	563,915
	<b>559,448</b>	<b>565,655</b>
Total trade payables	<b>31,893,122</b>	<b>50,133,535</b>

Trade payables mainly include the balance of debt from purchasing of goods and services, and current expenses. The average credit term is 60 days.

### 32 OTHER LIABILITIES

	30 June 2013 ‘000 KZT	31 December 2012 ‘000 KZT
<i>Non current</i>		
Historical cost liabilities	2,427,195	2,474,691
Other liabilities	1,682,266	2,057,626
Deferred revenues	486,209	106,706
Preference shares liability	264,828	264,827
Provision on vacation and other remuneration	149,645	149,645
	<b>5,010,143</b>	<b>5,053,495</b>
<i>Current</i>		
Advances received	3,789,888	1,800,245
Provision on vacation and other remuneration	2,721,466	2,853,208
Salaries payable	2,321,077	2,199,041
Advances received from related parties	1,403,689	892,072
Social contributions payable	463,571	686,706
Historical cost liabilities	435,924	410,354
Dividends payable	295,580	155,604
Dividends payable to related parties	-	11,750,664
Other current liabilities	167,992	526,809
	<b>11,599,187</b>	<b>21,274,703</b>

# NATIONAL ATOMIC COMPANY “KAZATOMPROM” JSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

### 33 OTHER FINANCIAL LIABILITIES

#### Minimum distributions of Semizbai-U LLP

In 2008, the Group entered into a conditional agreement with Beijing Sino-Kaz Uranium Resources Investment Company Limited (Sino-Kaz Company) to sell 49% of the Group’s interest in Semizbai-U LLP. According to this agreement, the Group received cash proceeds of 234,346 USD’000 (equivalent of 28,297,280 000’KZT) in 2008 and Sino-Kaz Company became entitled to receive at least a minimum level of annual dividends from Semizbai-U LLP for the period from 2010 to 2033. The payment of these dividends was guaranteed by the Group. This financial obligation was assessed at its fair value at the date of its initial recognition.

In August 2012 the Company and Sino-Kaz Company signed an Amicable Agreement extinguishing Sino-kaz Company’s entitlement to minimum annual dividends in the period 2010 until 2033, coupled with the associated guarantee by the Company, whereby Sino-Kaz Company was confirmed as having a 49% ownership interest in Semizbay, and the Company will make cash payment equal to the difference between the original contractual obligation and the current fair value of Semizbay as determined by an independent third party.

In May 2013, all conditions of this Amicable Agreement were satisfied, including receipt of the required approval from the Government of the Republic of Kazakhstan confirming the transfer of the 49% ownership interest in Semizbay-U LLP to Sino-Kaz Company. On 7 June 2013 the Group paid to Sino-Kaz Company 132,000 USD’000.

The effect of this Amicable Agreement was recognized in the Group’s 30 June 2013 financial statements as follows:

(i).A gain of 6,352,243 000’KZT was recorded following the extinguishment of the financial liability of the Group to Sino-Kaz Company. This gain represented the difference between the carrying value of the Group’s financial obligation of 46,676,358 000’KZT and the fair value of the consideration paid in the amount of 000’KZT 19,972,920 by the Group being the cash payment made and the fair value agreed between the parties of a 49% interest in Semizbai-U LLP determined by an independent appraisal as of 1 July 2012 in the amount of 000’KZT 20,351,195.

(ii).Following disposal of the ownership interest in Semizbay-U LLP, the Group retains a 51% ownership interest and continued to exercise control over Semizbay-U LLP at 30 June 2013. The ownership interest held by Sino-Kaz Company represents a non-controlling interest which amounted to 6,943,469 000’KZT at 30 June 2013. The difference of 13,407,726 000’KZT between the adjusted non-controlling interests and the fair value of consideration paid was recognised directly in equity and attributed to the owners of the Company.

The movement in the Group’s financial obligation was as follows:

	<b>30 June 2013 ‘000 KZT</b>	<b>31 December 2012 ‘000 KZT</b>
Opening balance	46,676,358	45,028,274
Unwinding of discount	-	4,988,414
Foreign exchange loss	-	1,003,820
Payment of dividend	-	(4,344,150)
Fair value of consideration paid	(19,972,920)	-
Non-controlling interest recognised	(6,943,469)	-
Adjustment to retained earnings	(13,407,726)	-
Gain from extinguishment of financial liability	(6,352,243)	-
	<b>-</b>	<b>46,676,358</b>



## NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

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#### 34 CONTINGENT ASSETS AND LIABILITIES

##### (a) Insurance

The insurance market of Kazakhstan is at a development stage and many forms of insurance common in other countries of the world are not yet available. The Group does not have full insurance coverage for its plant facilities, losses caused by suspension of production or third party liabilities in connection with damage to property or environment as a result of accidents or Group operations. Until the Group obtains an adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

##### (b) Taxation contingencies

###### (i) Taxation contingencies

The tax system of Kazakhstan is quite new and characterized by a large number of taxes (corporate income tax, value added tax, mineral extraction tax and other taxes having material effect on the Group's operations) and frequent changes in legislation, official explanations and judicial decrees which are often not clearly stated and contradictory that allows their varying interpretations by the tax authorities. Correctness of tax calculations is controlled and investigated by regulatory bodies entitled to charge fines and penalties. The correctness of tax calculation can be reviewed within subsequent five calendar years but under certain circumstances this period can be increased. Various Kazakh legislative acts are not always clearly set forth and their interpretation depends on the opinion of local tax authorities and the Ministry of Finance of the Republic of Kazakhstan, for example, the definition of taxable turnover for VAT purposes, the deductibility of certain expenses for corporate income tax purposes, questions of application of the new tax code effective from 2009, the determination of the timing of revenue recognition and other issues. The opinions of the local, regional, and state tax officials often differ. The existing regime of charging penalties and fines in case of declared and discovered violations of laws, decrees and standards of Kazakhstan are very strict, especially now and tax authorities are very aggressive in the inspection of subsurface users. The sanctions include confiscation of disputable amounts, and payment of penalties of 2.5 times the official refinancing rate set by the National Bank of the Republic of Kazakhstan for each day of the violation. The rate of penalty comprises 50% of the additional charge of the tax. As a result, penalties and fines can result in amounts many times higher than the incorrectly calculated taxes.

Such conditions can create more serious tax, penalty, and interest risks in Kazakhstan than in other countries. Management believes that it has appropriately provided for all tax liabilities based on existing interpretations of applicable tax laws, regulations and court rulings. Nonetheless, the opinions of the respective authorities can differ, which can significantly impact the financial statements if the authorities manage to prove the legal basis for their own interpretations.

Management of the Group believes that it adequately presented its tax liabilities in this interim condensed consolidated financial statements.

###### (ii) Excess profit tax ("EPT")

In accordance with tax legislation from 2009 the subsoil users must pay EPT based on net income earned from contractual operations in a calendar year, which exceeds the amount equal to 25% from the deductions used for EPT calculations. For the EPT calculation purposes, EPT expenditures include the following:

- corporate income tax deductions claimed in a reporting year, net of any PPE depreciation and intangible asset amortization charges, as determined for corporate income tax purposes;
- any capital expenditures that a subsoil user incurs in the reporting year for the purposes of its subsoil use operations; and;
- any unused net operating losses that a subsoil user incurred in the course of its subsoil operations in prior years and that were carried forward to the reporting year.

## NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

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The excess profit tax base is the portion of the net income, as this term is defined below, calculated for each subsoil contract, in excess of 25% of the amount of the corresponding EPT deductions. For the purposes of calculating EPT, net income represents the difference between the taxable income and the amount of corporate income tax liability, where the taxable income is the gross annual revenues less the amount of abovementioned EPT expenditures. The applied EPT rates vary on the progressing scale from 10% to 60% depending on the ratio of total annual revenues to annual EPT deductions.

Taking into account that the revenue from the Group's contracts is defined as cost of production, increased by 20%, using the current method of calculating corporate income tax and EPT, management of the Group anticipates that an internal rate of return of above 20% will not be reached for the foreseeable future.

#### **(iii) Mineral Extraction Tax ("MET")**

Starting from 1 January 2009 the new Tax Code of the Republic of Kazakhstan introduced a tax on extraction of mineral products, a MET. This new tax replaces previously existing royalty payments for minerals and ground water. MET applies to all subsoil users that produce minerals, including uranium.

The tax base for MET is the value of the depleted deposits of a mineral extracted in the reporting period, which is a calendar quarter. In the complete absence of depleted deposits, the tax base for the calculation of MET is determined based on actual production costs of mining and primary processing (enrichment), which was increased by 20%.

MET applies to uranium at a rate of 17.5% from 2009, and from 1 January 2013 the rate is 18.5%.

#### **(iv) Transfer pricing law**

The Kazakhstan transfer pricing law, which was amended and enacted on 1 January 2009 primarily applies to cross-border and domestic transactions related to international business operations for sale of goods and services. As at 30 June 2013, the Group considers that it has made all necessary adjustments to comply with the transfer pricing law. The tax authorities have not conducted any reviews relating to the Group's compliance with the transfer pricing tax legislation, except as described below.

In 2012, a transfer pricing tax audit was completed of JSC NAC Kazatomprom for the 2007 year. As a result of this audit, the Company received assessments for additional income tax, fines and penalties of 000'KZT 6,390,276. The Company disagreed with the accrual of an additional income tax and intends to challenge the lawfulness of tax charge in higher authorities and judiciary of the Republic of Kazakhstan, therefore the Company commenced legal proceedings on unenforceability of the assessment to Specialized inter-district Economic court of Almaty. In July 2013, the Specialized inter-district Economic court of Almaty denied of the Company's claim. The Company intends to continue to pursue legal challenge of this assessment and management believes that the juridical proceedings with the tax authorities of Kazakhstan will be decided in favor of the Company. Accordingly, no liability was recognized at 30 June 2013.

#### **(c) Environmental obligations**

In accordance with the approved Program of the Government of the Republic of Kazakhstan on the development of nuclear industry in the Republic of Kazakhstan for 2011-2014, with the prospect till 2020 (hereinafter referred to as the "Program") the government body is responsible for decommissioning reactor BN - 350 and for storing the reactor's nuclear fuel rods, including the further utilization of the related equipment and materials is the Ministry of Industry and New Technologies of the Republic of Kazakhstan.

In addition, the Programm also provides the sources of funding for these activities from the Republican budget. As at 30 June 2013 the Group has no legal or financial obligation to decommission reactor BN-350.

#### **(d) Guarantees**

The maximum credit risk under financial guarantees given for financing of certain related parties as at 30 June 2013, is 000'KZT 38,309,685 (in 2012: 000'KZT 38,265,908). Management assessed potential obligations to the Group from these guarantees and concluded that no liability should be recognized at 30 June 2013.

# NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

### 35 RELATED PARTY TRANSACTIONS

#### (a) Control relationships

The Group was established in accordance with the Order of the President of the Republic of Kazakhstan no 3593 dated 14 July 1997. In accordance with the Decree of the President No.669 dated 13 October 2008, from 19 January 2009, the sole shareholder of the Company is the Sovereign Welfare Fund "Samruk-Kazyna" JSC. Samruk-Kazyna is wholly owned by the Government of the Republic of Kazakhstan.

#### (b) Transactions with participation of the management and their family members

Members of the Board of Directors, executive directors, heads of departments and their close family members do not control any voting shares of the Group, as 100% of the shares are owned by the Government.

#### (i) Remuneration to the executive officers

The key executive officers received the following remuneration during the reporting periods which is included in personnel costs.

	For the six month ended 30 June 2013 <u>'000 KZT</u>	For the six month ended 30 June 2012 <u>'000 KZT</u>
Salaries and bonuses	<u>773,346</u>	<u>704,769</u>

The Group related party transactions are disclosed in the following tables. In relation to government entities which are related parties, the Group has transactions with the group of companies controlled by the Sovereign Welfare Fund "Samruk-Kazyna" JSC (the "Parent company").

#### (c) Transactions with other related parties

#### (i) Revenue

<u>'000 KZT</u>	Transaction value Six months 30 June 2013	Outstanding balance 30 June 2013	Transaction value Six months 30 June 2012	Outstanding balance 31 December 2012
<i>Sale of goods and services:</i>				
Associates	10,776,225	3,622,956	9,031,919	4,332,721
Joint ventures	5,989,710	1,529,012	5,763,335	881,809
Sister companies	8,537,780	302,053	6,399,133	332,726
Other	952,270	584,818	-	1,833,416
Dividends received/receivable from associates	12,699,798	12,699,799	18,102,779	-
Dividends received/receivable from joint ventures	9,426,959	7,176,959	2,852,455	-
	<u>48,382,742</u>	<u>25,915,597</u>	<u>42,149,621</u>	<u>7,380,672</u>

All outstanding balances with related parties are to be settled in cash within six months after the reporting date. None of the balances are secured.

## NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013 (CONTINUED)

#### (ii) Expenses

‘000 KZT	Transaction value Six months 30 June 2013	Outstanding balance 30 June 2013	Transaction value Six months 30 June 2012	Outstanding balance 31 December 2012
<i>Sale of goods and services:</i>				
Associates	22,686,582	11,425,654	2,773,279	20,431,882
Joint ventures	12,972,975	4,356,872	5,990,936	10,658,013
Sister companies	13,515,939	2,968,590	12,420,671	4,139,782
Dividends paid/payable to the Shareholder	-	-	-	11,750,664
Other	1,107	109,550	-	1,211,691
	<u>49,176,603</u>	<u>18,860,666</u>	<u>21,184,886</u>	<u>48,192,032</u>

All outstanding balances with related parties are to be settled in cash within six months after the reporting date. None of the balances are secured.

#### (d) Pricing policy

Pricing for related party transactions is primarily based upon the comparable uncontrolled price method in accordance with the Law "On Transfer Pricing", dated 5 July 2008 and Rules (procedures) of Pricing of Natural Uranium Concentrate (U308), approved by the Government №74, dated 3 February 2008.

## 36 BUSINESS COMBINATIONS

#### (a) Acquisition of control over "Uranenergo" LLP, previously classified as an associate company

In the six-month period ended 30 June 2013, the Group increased its ownership interest in the issued capital of Uranenergo LLP from 45.5% to 53.3%. The principal activities of Uranenergo LLP and its controlled entities are the transportation of electricity to uranium mining companies in Kyzyl-Orda and South Kazakhstan regions, as well as the provision of heating services, water and sanitation in remote villages located in these areas. Management concluded that at 30 June 2013 the Group exercised control over Uranenergo LLP and, accordingly, it has been consolidated into the Group's financial statements at that date. The Group had previously accounted for Uranenergo LLP on the equity basis as it was an associated entity.

As at the date when the Group obtained control, the Group recognized its share of the fair value of net assets acquired based on provisional amounts because it had insufficient time to complete its assessment. Management intends to complete its determination of the fair values by 31 December 2013.