

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

**Interim condensed consolidated financial
statements (not audited)**

As of June 30, 2012, and for the six months ended on
this date

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Management of the Group is responsible for the preparation of consolidated financial statements of the Group that present fairly, in all material respects, the financial position of the Group as of 30 June 2012, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards (“IFRS”) 34.

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

- properly selecting and applying accounting policy principles;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- assessing the Group’s ability to continue its operations in the foreseeable future.

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 consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- 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.

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS ENDED JUNE 30 2012

	Notes	For 6 months ended on June 30, 2012, '000 KZT	For 6 months ended on June 30, 2011 '000 KZT
Revenue	7	105,322,321	123,465,988
Cost of sales	8	(84,312,635)	(86,907,460)
Gross profit		21,009,686	36,558,528
Distribution expenses	9	(1,453,211)	(1,480,203)
Administrative expenses	10	(9,411,840)	(7,009,002)
Financial income	11	1,872,369	2,878,152
Financial expense	11	(6,373,942)	(5,921,770)
Foreign exchange (loss)/gain		(1,293,920)	120,585
Share of results of associates	22	8,150,945	15,015,249
Share of results of jointly controlled entities	23	4,121,092	4,358,286
Other income	12	261,115	326,717
Other expenses	13	(1,839,619)	(2,759,941)
Profit before tax		15,042,675	42,086,601
Income tax expense	15	(2,491,715)	(7,683,798)
PROFIT FOR THE YEAR		12,550,960	34,402,803
Other comprehensive income			
Exchange differences arising on translation of foreign operations		48,027	(45,744)
Other comprehensive income for the year, net of tax		48,027	(45,744)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12,598,987	34,357,059
Profit for the year attributable to:			
Owners of the Company		11,617,607	30,368,511
Non-controlling interests		934,894	4,034,292
		12,552,501	34,402,803
Total comprehensive income for the year attributable to:			
Owners of the Company		11,665,634	30,322,767
Non-controlling interests		933,353	4,034,292
		12,598,987	34,357,059
Earnings per share from continuing operations			
Basic and diluted (rounding to a tenge)		317	828



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Исмаилов А.А. Deputy Chairman of the Management Board

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Kaliyeva Z.G. Chief Accountant

The accompanying notes on pages 7-39 form an integral part of these interim condensed consolidated financial statements.

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE 6 MONTHS ENDED JUNE 30 2012

	Notes	June 30, 2012 '000 KZT	December 31, 2011 '000 KZT
ASSETS			
Long-term assets			
Intangible assets		11,713,150	12,332,325
Fixed assets	16	107,289,052	101,129,172
Expenses for production operations preparation	17	35,167,688	35,085,277
Mineral rights	18	8,283,717	8,326,060
Exploration and evaluation assets,	19	3,649,908	2,698,188
Investments in associates	20	75,542,260	83,330,514
Investments in jointly controlled entities	21	21,890,080	18,630,500
Other investments	22	67,056,184	67,056,184
Investment property		800	800
Advances paid-in and other receivables	25	17,266,470	15,729,395
Inventories	26	7,593,915	8,101,277
Deferred tax assets		3,132,651	1,337,427
Term deposits		1,335,453	402,528
Loans to related parties	27	10,898,784	10,824,384
Restricted Cash	29	5,472,708	5,123,895
Total long-term assets		376,292,820	370,107,926
Short-term assets			
Trade receivables	23	33,586,046	62,379,438
Asset held for the benefit of the ultimate controlling party	24	22,814,529	20,183,992
Prepaid income tax		7,420,809	4,745,019
Advances paid-in and other receivables	25	31,808,420	30,313,664
Inventories	26	73,097,776	54,767,733
Term deposits		22,971,073	27,305,161
Loans to related parties	27	20,000	20,000
Cash and cash equivalents	28	38,162,827	41,837,161
Total short-term assets		229,881,480	241,552,168
Total assets		606,174,300	611,660,094

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE 6 MONTHS ENDED JUNE 30 2012,
CONTINUED**

	Notes	June 30, 2012 '000 KZT	December 31, 2011 '000 KZT
EQUITY AND LIABILITIES			
Equity			
Share capital	30	36,692,362	36,692,362
Additional paid-in capital		4,951,630	4,928,671
Foreign currency translation reserve		(1,038,033)	(1,087,601)
Retained earnings		309,273,019	297,656,953
Total equity attributable to shareholders of the parent company		349,878,978	338,190,385
Non-controlling interests		10,610,528	9,666,681
Total equity		360,489,506	347,857,066
Non-current liabilities			
Loans and borrowings	31	88,996,575	94,670,518
Other financial liabilities	36	46,551,286	42,814,176
Provisions	32	10,048,006	9,677,230
Trade payables	33	791,106	686,945
Advances received and other payables	34	1,969,873	1,712,642
Preference shares		-	264,827
Grants		962,395	187,124
Deferred tax liabilities		5,267,694	5,388,234
Total non-current liabilities		154,586,935	155,401,696
Current liabilities			
Loans and borrowings	31	31,300,253	21,745,906
Other financial liabilities	36	4,635,369	4,588,641
Provisions	32	22,773,914	22,815,372
Trade payables	33	18,549,029	46,235,090
Advances received and other payables	34	11,567,751	10,348,336
Accrued liabilities	35	2,259,908	2,644,741
Grants		11,635	23,246
Total current liabilities		91,097,859	108,401,332
Total liabilities		245,684,794	263,803,028
Total equity and liabilities		606,174,300	611,660,094



Arifchandy A.A., Deputy Chairman of the Management Board

**Kaliyeva Z.G.
Chief Accountant**

The accompanying notes on pages 7-39 form an integral part of these interim condensed consolidated financial statements.

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS ENDED JUNE 30 2012

	For 6 months ended 30 June 2012 ‘000 KZT	For 6 months ended 30 June 2011 ‘000 KZT
OPERATING ACTIVITIES		
Cash receipts from customers	156,824,879	171,426,637
Interest received	573,016	1,623,707
Payments to suppliers	(131,642,097)	(109,615,617)
Payments to employees	(16,052,317)	(13,307,241)
Cash flows from operations	9,703,481	50,127,486
Income tax paid	(6,811,672)	(7,733,550)
Interest paid	(2,855,461)	(2,953,665)
Cash flows from operating activities	36,348	39,440,271
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	16,196	47,329
Proceeds from disposal of investments (net of cash derecognized)	-	-
Redemption of term deposits	26,363,815	48,692,902
Dividends received from associates and other investments	12,168,555	12,686,200
Proceeds from grants	-	-
Loans to related parties	-	(8,000)
Placement of term deposits	(23,307,793)	(44,690,132)
Acquisition of property, plant and equipment	(10,757,942)	(3,845,472)
Advances paid for property, plant and equipment	(2,238,326)	(187,840)
Acquisition of intangible assets	(43,428)	(257,470)
Acquisition of mine development assets	(3,213,175)	(6,642,064)
Acquisition of exploration and evaluation assets	(112,988)	(782,334)
Acquisition of investments in associates	(1,979,129)	(4,692,815)
Other	204,419	6,046
Cash flows from/(used in) investing activities	(2,899,796)	326,350
FINANCING ACTIVITIES		
Proceeds from issuance of bonds	-	-
Proceeds from contribution to capital by non-controlling interests	-	221,970
Proceeds from borrowings	10,079,395	1,137,653
Repayment of borrowings	(7,846,408)	(6,512,871)
Transaction costs relating to borrowings	(178,605)	(14,912)
Payment of finance lease liabilities	(20,629)	(25,102)
Purchase of assets held for the benefit of the ultimate controlling party	(3,030,017)	(3,711,876)
Dividends paid to shareholder	(4,349)	(11,011,572)
Cash flows (used in) /from financing activities	(1,000,613)	(19,916,710)
Net increase/ (decrease) in cash and cash equivalents	(3,864,061)	19,849,911
Cash and cash equivalents at the beginning of the year (Note 32)	41,837,161	22,384,108
Effect of exchange rate fluctuations on cash and cash equivalents	189,727	(1,154,889)
Cash and cash equivalents at end of year (Note 32)	38,162,827	41,079,130



Amirkhanov A.A., Deputy Chairman of the
Management Board

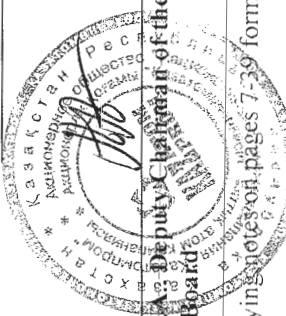
Kaliyeva Z.G.
Chief Accountant

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NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED JUNE 30 2012

'000 KZT	Share capital	Foreign currency translation reserve	Retained earnings	Additional paid-in capital	Total equity attributable to the Owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 1, 2011	36,692,362	(1,144,499)	226,175,357	4,806,535	266,529,755	12,889,952	279,419,707
Profit for 6 months	-	-	30,368,511	-	30,368,511	4,034,292	34,402,803
Foreign currency translation gain	-	(45,744)	-	-	(45,744)	-	(45,744)
Total comprehensive income for 6 months	-	(45,744)	30,368,511	-	30,322,767	4,034,292	34,357,059
Dividends declared	-	-	(8,852,110)	-	(8,852,110)	(427,540)	(9,279,650)
Other distributions	-	-	(827,060)	-	(827,060)	-	(827,060)
Change in non-controlling interest	-	-	-	4,897	4,897	228,135	233,032
Balance at June 30, 2011	36,692,362	(1,190,243)	246,864,698	4,811,432	287,178,249	16,724,839	303,903,088
Balance at January 1, 2012	36,692,362	(1,087,601)	297,656,953	4,928,671	338,190,385	9,666,681	347,857,066
Profit for 6 months	-	-	11,616,066	-	11,616,066	933,353	12,549,419
Foreign currency translation gain	-	49,568	-	-	49,568	-	49,568
Total comprehensive income for 6 months	-	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
Balance at June 30, 2012	36,692,362	(1,038,033)	309,273,019	4,951,630	349,878,978	10,610,528	360,489,506



Arifkhanov A. A. Deputy Chairman of the Management Board

Kaliyeva Z.G.
Chief Accountant

The accompanying notes on pages 7-39 form an integral part of these interim condensed consolidated financial statements

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012

1 GENERAL

(a) Organizational structure and operations

National Atomic Company Kazatomprom JSC ("the Company") and its subsidiaries and jointly controlled entities (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 National Welfare 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, Kunayeva 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 generation and sale of other products and rendering of services for the main production.

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

(b) Operating environment

The markets of developing countries including Kazakhstan are subject to economic, political, social, judicial and legislative risks differing from the risks of more mature markets. As it has happened in the past, anticipated or actual financial problems of the countries with developing economy or an increase of the perceived risk of investments into these economies could adversely affect the economy and the investment climate of Kazakhstan.

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.

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

1 GENERAL, CONTINUED

(c) Operating environment, continued

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 first half of 2012 and 2011.

The 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 the management's assessment.

2 BASIC PRINCIPLES FOR PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of compliance

These interim condensed consolidated financial statements for the six months ended June 30, 2012, have been prepared in accordance with International Financial Reporting Standards No.34 "Interim financial statements" ("IFRS 34"). These interim condensed consolidated financial statements don't include all information and are not disclosed as required in preparation of annual consolidated financial statements therefore it shall be reviewed together with annual consolidated financial statements of the Group for the year ended December 31, 2011.

(b) Presentation currency

The national currency of Kazakhstan is the Kazakhstan 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 ruling 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 consolidated financial statements are presented in KZT and all figures have been rounded to the nearest thousand.

3 GENERAL PROVISIONS OF THE ACCOUNTING POLICY

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 annual financial statements for the year ended December 31, 2011.

4 SEGMENT INFORMATION

Adoption of IFRC 8 «Operating segments»

The Group is regularly inspected on the basis of information by the supervisor responsible for operational decisions. As we defined this supervisor shall be our executive director allocating the resources by segments and assessing their performance. Thus the reportable segments of the Group are as follows in accordance with IFRC 8:

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.

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30
2012, CONTINUED

- | | |
|------------------|---|
| Utilities | - Generation and sale of electric energy, heat power and water.
Production and sale of other products and rendering the services for the |
| Other operations | - primary production. |

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

Intersegment sales are effected at current market prices.

The accounting policy of the reportable segments are in line with the accounting policy of the Group. The segment profit is a factor applied by the management to control its business and represents gross profit gained by each segment. This is a figure which is shown in the financial reports for the managing director for the purpose of resource allocation and assessment of the segments' activity results.

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

5 SEGMENT INFORMATION, CONTINUED

(a) Segment revenues and results, continued

Below is the analysis of Group's revenue and results by reportable segments for the first half of 2012:

	Uranium products 000 KZT	Beryllium products 000 KZT	Tantalum products 000 KZT	Utilities 000 KZT	Other 000 KZT	Elimination 000 KZT	Consolidation 000 KZT
Revenue							
External sales	65,193,381	3,794,612	5,080,759	16,610,515	14,643,054		105,322,321
Intersegment sales	-	-	-	-	11,425,032	(11,425,032)	-
Total revenue	65,193,381	3,794,612	5,080,759	16,610,515	26,068,086	(11,425,032)	105,322,321
Segment result	15,043,562	403,442	738,467	1,431,740	5,971,811	(2,579,336)	21,009,686
Distribution costs							(1,453,211)
Administrative expenses							(9,411,840)
Financial income <i>доходы</i>							1,872,369
Financial expenses							(7,667,862)
Foreign exchange loss							-
Share in profit of the associates and jointly controlled entities							12,272,037
Other income							261,115
Other expense							(1,839,619)
Profit before tax							15,042,675

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

5 SEGMENT INFORMATION, CONTINUED

(a) Segment revenues and results, continued

Below is the analysis of Group's revenue and results by reportable segments for the first half of 2011:

	Uranium products 000 KZT	Beryllium products 000 KZT	Tantalum products 000 KZT	Utilities 000 KZT	Other 000 KZT	Elimination 000 KZT	Consolidation 000 KZT
Revenue							
External sales	90,118,953	3,872,944	2,608,051	14,468,653	12,397,387	-	123,465,988
Intersegment sales					8,061,433	(8,061,433)	
Total revenue	90,118,953	3,872,944	2,608,051	14,468,653	20,458,820	(8,061,433)	123,465,988
Segment result							
Distribution costs	29,943,531	456,262	489,684	1,719,340	5,625,001	(1,675,290)	36,558,528
Administrative expenses							(1,480,203)
Financial income доходы							(7,009,002)
Financial expenses							2,998,737
Foreign exchange							
Loss							
Share in profit of the associates and jointly controlled entities							(5,921,770)
Other income							19,373,535
Other expense							326,717
Profit before tax							(2,759,941)
							42,086,601

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

5 SEGMENT INFORMATION, CONTINUED

(a) Segment revenues and results, continued

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than investments in associates and jointly controlled entities, financial and tax assets; and
- All liabilities are allocated to reportable segments other than financial liabilities, current and deferred tax liabilities and other liabilities.

(b) Segment assets

	June 30, 2012 000 KZT	December 31, 2011 000 KZT
Uranium products	306,762,426	291,942,293
Beryllium products	4,876,708	5,670,804
Tantalum products	8,925,408	7,710,041
Utilities	23,394,523	22,689,893
Other	48,757,441	29,941,957
Elimination	(37,896,452)	(6,035,540)
Total segment assets	354,821,054	351,919,449
Unallocated assets	251,353,246	259,740,645
Consolidated assets	606,174,300	611,660,094

(c) Segment liabilities

	June 30, 2012 000 KZT	December 31, 2011 000 KZT
Uranium products	98,719,851	110,950,765
Beryllium products	383,377	451,178
Tantalum products	701,739	613,423
Utilities	4,861,478	4,771,454
Other	10,918,565	2,231,028
Elimination	2,990,691	22,464,129
Total segment liabilities	118,575,701	141,481,977
Unallocated assets	127,109,093	122,321,051
Consolidated liabilities	245,684,794	263,803,028

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

6 CONSOLIDATION

These interim consolidated financial statements include the following subsidiaries:

	Страна	June 30, 2012 Ownership	December 31, 2011 Ownership
MAEK –Kazatomprom LLP	Казахстан	100%	100%
GRK LLP	Казахстан	100%	100%
Kazatomprom-Demeu LLP	Казахстан	90%	90%
Bailanys LLP	Казахстан	100%	100%
Taikonyr JSC	Казахстан	100%	100%
Korgan KAP LLP	Казахстан	100%	100%
Appak LLP	Казахстан	65%	65%
Semizbai –U LLP	Казахстан	51%	51%
Ulba Metallurgical Plant JSC	Казахстан	90%	90%
Volkovgeology JSC	Казахстан	90%	90%
Institute of High Technologies LLP	Казахстан	100%	100%
Kyzyltu LLP	Казахстан	76%	76%
JV SARECO LLP	Казахстан	51%	51%
Energomach LLP	Казахстан	100%	100%
Kvarz LLP;	Казахстан	100%	100%
MK KazSilicon LLP;	Казахстан	100%	100%
Kazakhstan Solar Silicon LLP	Казахстан	100%	100%
Astana Solar LLP	Казахстан	100%	100%
JV KT Raremetals company	Казахстан	51%	51%
DP Ortalyk LLP	Казахстан	100%	100%

7 REVENUE

	For 6 months ended June 30, 2012	For 6 months ended June 30, 2011
	000 KZT	000 KZT
Sales of uranium	65,193,381	90,118,953
Sales of energy products	16,610,515	14,285,807
Processing services	3,570,885	2,166,872
Drilling services	5,552,284	6,334,086
Sales of beryllium	3,794,612	3,872,944
Sales of tantalum	5,080,759	2,608,051
Transportation services	3,125,801	1,779,988
Research and development services	48,365	168,019
Sales of purchased goods	854,686	570,032
Other	1,491,033	1,561,236
	<u>105,322,321</u>	<u>123,465,988</u>

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

8 COST OF SALES

	For 6 months ended June 30, 2012	For 6 months ended June 30, 2011
	<u>000 KZT</u>	<u>000 KZT</u>
Materials and supplies	55,434,456	58,086,155
Processing and other services	5,775,669	8,935,958
Wages and salaries	11,566,903	7,725,226
Depreciation and amortization	5,936,279	4,730,544
Taxes other than income tax	3,475,539	3,741,462
Maintenance and repair	800,303	1,786,476
Utility	643,382	874,102
Rent expenses	195,143	172,467
Transportation expenses	100,705	204,634
R&D	28,050	30,408
Other	356,206	620,028
	<u>84,312,635</u>	<u>86,907,460</u>

9 DISTRIBUTION COSTS

	For 6 months ended June 30, 2012	For 6 months ended June 30, 2011
	<u>000 KZT</u>	<u>000 KZT</u>
Shipping, transportation and storing	702,566	807,368
Wages and salaries	312,146	236,614
Commissions	122,454	138,391
Materials and supplies	89,014	95,198
Rent	76,323	67,297
Advertising and marketing expenses	21,485	21,882
Cargo insurance	21,213	31,213
Travel expenses	13,413	18,264
Depreciation and amortization	22,785	18,472
Customs duties	3,139	3,824
Other	68,673	41,680
	<u>1,453,211</u>	<u>1,480,203</u>

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30, 2012, CONTINUED

10 ADMINISTRATIVE EXPENSES

	For 6 months ended June 30, 2012	For 6 months ended June 30, 2011
	000 KZT	000 KZT
Wages and salaries	5,348,282	4,646,162
Taxes other than income tax	588,951	560,127
Consulting, auditing and information services	604,165	318,084
Depreciation and amortization	426,916	273,726
Rent	407,022	133,977
Materials and supplies	255,662	119,575
Travel expenses	386,087	163,958
Training expenses	162,711	125,948
Maintenance and repair	156,654	162,007
Provision for doubtful debts	197,972	
Bank charges	118,298	70,809
Communication services	48,288	55,134
Corporate events	27,171	27,151
Research expenses	135,358	167,468
Utilities	70,277	46,696
Stationery	48,196	46,597
Entertainment expenses	14,297	29,949
Security services	16,131	20,695
Insurance	31,721	18,211
Other	367,681	22,728
	9,411,840	7,009,002

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

11 FINANCIAL INCOME AND EXPENSE

	For 6 months ended June 30, 2012	For 6 months ended June 30, 2011
	000 KZT	000 KZT
<i>Financial income</i>		
Interest income on term deposits and deposits on demand, and current accounts	1,036,260	2,137,347
Dividend income	701,138	699,290
Other	134,971	41,515
Total	1,872,369	2,878,152

	For 6 months ended June 30, 2012	For 6 months ended June 30, 2011
	000 KZT	000 KZT
<i>Financial expense</i>		
Interest expense on loans and borrowings	2,986,768	3,062,255
Unwinding of discount on other financial liabilities	2,811,960	2,379,542
Unwinding of discount on provisions	340,751	232,276
Loss on sales of foreign currency	66,182	4,361
Preference share dividend expense		
Other	168,281	243,336
Total	6,373,942	5,921,770

12 OTHER INCOME

	For 6 months ended June 30, 2012	For 6 months ended June 30, 2011
	000 KZT	000 KZT
Property received free of charge	46,023	21,807
Other	215,092	304,910
Total	261,115	326,717

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

13 OTHER EXPENSES

	For 6 months ended June 30, 2012	For 6 months ended June 30, 2011
	000 KZT	000 KZT
Sponsorship and charitable donations	279,213	246,136
Expenses on doubtful debts		1,374,483
Social sphere expenses	453,166	603,245
Loss on disposal and impairment of long-term assets	609,053	82,526
Loss on suspension of production	166,647	269,845
Unrecoverable value added tax ("VAT")	70,282	67,693
Other	261,258	116,013
	<u>1,839,619</u>	<u>2,759,941</u>

14 PERSONNEL COSTS

	For 6 months ended June 30, 2012	For 6 months ended June 30, 2011
	000 KZT	000 KZT
Wages and salaries	20,136,224	17,077,818
Social tax and social contributions	1,832,664	1,549,933
	<u>21,968,888</u>	<u>18,627,751</u>

15 INCOME TAX EXPENSE

	For 6 months ended June 30, 2012	For 6 months ended June 30, 2011
	000 KZT	000 KZT
<i>Current tax expense</i>		
Current year	4,206,956	8,560,716
Under provided in prior years	209,354	11,666
	<u>4,416,310</u>	<u>8,572,382</u>
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	(1,924,595)	(888,584)
	<u>2,491,715</u>	<u>7,683,798</u>

Applicable tax rate for the Group is 20% which is the income tax rate for Kazakhstani companies (in 2007, 2008 - 30%). From January 1, 2009, income tax rate in Kazakhstan was reduced to 20%.

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

Reconciliation of effective tax rate:

	For 6 months ended June 30, 2012		For 6 months ended June 30, 2011	
	000 KZT	%	000 KZT	%
Profit before tax	15,042,675	100	42,086,601	100
Income tax at applicable tax rate	3,008,532	20.00	8,417,320	20.00
Tax effect of:				
Non-taxable income	(7,057,792)	(46.92)	(2,694,898)	(6.4)
Non-deductible expenses	57,510	0.38	167,660	0.38
Transfer pricing adjustment	1,047,064	6.96	2,647,198	6.29
Elimination of margin in finished goods	2,515,916	16.73	745,059	1.77
Share of results of associates	1,630,189	10.84	(726,598)	(1.73)
Share of results of jointly controlled entities	824,218	5.48	(1,956,542)	(1.56)
Utilization of tax losses not recognized in prior periods	(410,719)	(2.73)	(250,805)	(0.60)
Current year losses for which no deferred tax asset is recognized	667,443	4.44	22,755	0.05
Under provided in prior years	209,354	1.39	12,370	0.03
	2,491,715	16.56	7,683,798	18.26

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

16 PROPERTY, PLANT AND EQUIPMENT <i>KZT, thousand</i>	Land	Buildings	Plant and equipment	Vehicles	Other	Construction in progress	Total
At January 2012.	250,748	64,269,141	52,478,479	8,629,245	3,397,696	9,378,313	138,403,622
Acquisitions	4,944	68,569	2,431,749	1,909,425	192,724	7,969,509	12,576,920
Transfers	-	(372,496)	216,852	(33,181)	(7,774)	(510,203)	(706,802)
Disposals	(1,779)	(212,703)	(157,714)	(38,149)	(55,398)	(768,441)	(1,234,184)
Foreign-currency-translation difference			1		(11)	-	(10)
At June 30, 2012	253,913	63,752,511	54,969,367	10,467,340	3,527,237	16,069,178	149,039,546
<i>Amortization and impairment losses</i>							
At January 2012	-	11,851,594	19,782,679	3,490,457	1,414,941	734,779	37,274,450
Accumulated amortization	-	1,604,756	2,983,594	602,963	176,716	-	5,368,029
Transfers	-	(552,610)	(28,806)	(31,626)	15,336	(85,669)	(683,375)
Disposals	-	(23,729)	(142,290)	(12,985)	(29,606)	-	(208,610)
At June 30, 2012.	-	12,880,011	22,595,177	4,048,809	1,577,387	649,110	54,630,505
<i>Net book value</i>							
At December, 31 2011	250,748	52,417,547	32,695,800	5,138,788	1,982,755	8,643,534	101,129,172
At June 30, 2012	253,913	50,872,500	32,374,190	6,418,531	1,949,850	15,420,068	107,289,052

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

16 PROPERTY, PLANT AND EQUIPMENT

(a) Amortization costs in the amount KZT 4,969,636 have been reflected in cost of goods sold in the amount of KZT 22,631 included in distribution costs and in the amount of KZT 375,762 included in administrative expenses.

(b) Construction in progress

Construction in progress comprises construction of new assets and capital repairs of the existing property, plant and equipment, extending their service life.

(c) Collateral

Property, plant and equipment with a book value of KZT 3,744,849 (2011: KZT 3,868,936) serve as a pledge to secure bank loans.

(d) Fully depreciated property, plant and equipment

As at June 30, 2012, the gross book value of fully depreciated property, plant and equipment still in use was KZT 1,414,879 (in 2011: KZT1,690,180).

(e) Idle Property, Land and Equipment

As at 30 June 2012, the book value of temporary idle property, plant and equipment was KZT 38,936 (2011: KZT38,936).

(f) Commitments

As of June 30 2012, commitments relating to the acquisition of property, plant and equipment were KZT 13,289,278 (in 2011: KZT 8,785,562).

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

17 MINE DEVELOPMENT ASSETS

000 KZT	Field preparation	Site restoration asset	Ion- exchange resin	Total
<i>Cost</i>				
At January 1, 2012	47,321,233	6,248,662	3,316,616	56,886,511
Additions	4,441,062	-	155,982	4,597,044
Change in estimate	(21,607)	(51)	-	(21,658)
At June 30, 2012	<u>51,740,688</u>	<u>6,248,611</u>	<u>3,472,598</u>	<u>61,461,897</u>
<i>Amortization and impairment loss</i>				
At January 1, 2012	20,669,733	370,487	761,014	21,801,234
Depreciation charge	4,232,793	154,777	105,405	4,492,975
At June 30, 2012	<u>24,902,526</u>	<u>525,264</u>	<u>866,419</u>	<u>26,294,209</u>
<i>Net book value</i>				
At December 31, 2011	<u>26,651,500</u>	<u>5,878,175</u>	<u>2,555,602</u>	<u>35,085,277</u>
At June 30, 2012	<u>26,838,162</u>	<u>5,723,347</u>	<u>2,606,179</u>	<u>35,167,688</u>

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

18 MINERAL RIGHTS

000 KZT COST	Total
Balance at January 1, 2012	8,531,319
Change in estimate	(518)
Balance at June 30, 2012	8,530,801
<i>Amortization and impairment losses</i>	
Balance at January 1, 2012	205,259
Depreciation charge	41,825
Balance at June 30, 2012	133,209
<i>Net Book Value</i>	
At December 31, 2011.	8,326,060
At June 30, 2012	8,283,717

According to a number of subsoil use agreements for uranium deposits the Group undertakes to finance the development of social sphere and training programs. The Group recognizes the costs for social development and training programs in the expenses when incurred.

In connection with the Order of the Ministry of Industry and New Technologies of the Republic of Kazakhstan, the right on subsoil use on the Central Mynkuduk field was revoked from LLP "Ken Dala KZ", a third party, and given to Kazatomprom.

19 EXPLORATION AND EVALUATION ASSETS

000 KZT	Tangible assets	Intangible assets	Total
<i>Cost</i>			
Balance at 1 January 2010	2,122,595	575,593	2,698,188
Additions	250,963	700,757	951,720
Balance at June 30, 2012	2,373,558	1,276,350	3,649,908

20 INVESTMENTS IN ASSOCIATES

The Group has the following investments in associates:

	At June 30, 2012			At December 31, 2011		
	Country	Interest/ Voting right	000 KZT	Country	Interest/ Voting right	000 KZT
JV Betpak Dala LLP	Kazakhstan	30%	18,794,162	Kazakhstan	30%	15,093,411
JV KATCO LLP	Kazakhstan	49%	31,072,666	Kazakhstan	49%	45,326,938
Uranenergo LLP	Kazakhstan	44.82%	4,431,813	Kazakhstan	44.82%	4,371,545
JV "SKZ Kazatomprom" LLP	Kazakhstan	22%	639,447	Kazakhstan	22%	657,973
JV Inkai LLP	Kazakhstan	40%	10,574,381	Kazakhstan	40%	9,614,565
JV Zarechnoe JSC	Kazakhstan	49.67%	2,887,174	Kazakhstan	49.67%	2,875,543
JV Rosburmash LLP	Kazakhstan	49%	432,900	Kazakhstan	49%	171,716
Kazakhstan Nuclear University LLP	Kazakhstan	40%	17,263	Kazakhstan	40%	16,180
Kazgeomach LLP»	Kazakhstan	49%	12,668			-
Kyzylkum LLP	Kazakhstan	30%	3,042,407	Kazakhstan	30%	1,559,273
NPK Ulba	Kazakhstan	-	-			-
SKZ-U LLP	Kazakhstan	49%	3,480,401	Kazakhstan	49%	3,590,018
JV IFASTAR	France	49%	8,839	Kazakhstan	49%	11,179
PKF Ulba Electro	Kazakhstan	30%	48,139	Kazakhstan	30%	42,073
			75,542,260			83,330,514

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

For the six months ended on June 30, 2012, the Group recognized its share in the associates in the amount KZT 8,150,945 (at 30 June 2011: KZT 15,015,250), that resulted in increase of the investments current value. The total amount of dividends received from the associates was KZT 17,982,476 (at June 30,2011: KZT 11,733,936) and it led to the respective decrease of the investments current value. The authorized capital of the associates was increased at KZT 1,973,317. The remainder of the investment change in the amount of KZT 69,960 is attributed to foreign currency translation.

21 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

The Group has the following investments in jointly controlled entities:

	Country	June 30 2012		December 31, 2011	
		Interest/ Voting right	000 KZT	Interest/ Voting right	000 KZT
Karatau LLP	Kazakhstan	50%	14,663.874	50%	11,292.526
JV Akbastau LLP	Kazakhstan	50%	6,215.740	50%	6,299.839
CJSC COU	Kazakhstan	50%	634.980	50%	658.059
JSC Yingtan Ulba Shine Metal Materials Co., Ltd	Kazakhstan	50%	326.917	50%	341.289
ULBA Conversion LLP	Kazakhstan	50%	29,894	50%	29.605
JV UKR TVS CJSC	Ukraine	33.33%	3,922	33.33%	3,922
Chemieanlagenbau Chemitz Kazakhstan-Russian company	Germany	50%	2,372	50%	2.420
Atomic Stations JSC	Kazakhstan	50%	-	50%	-
Geotechnologia KKRUMC	Kyrgyzstan	50%	1,840	50%	1,840
Kazperoxide LLP	Kazakhstan	50%	10,541		
			21,890,080		18,630,500

For the six months ended June 30 2012 the Group recognized its share in the amount of KZT 4,121,092 (at June 30, 2011: KZT4,358,286) in jointly controlled entities, that resulted in increase of the investments current value. Total amount of dividends gained from jointly controlled entities was KZT 852,455 (at June 30, 2011: KZT 725,293) and it led to the respective decrease of the current value of the investments. The remainder of the investments changed is mainly attributed to foreign currency translation.

22 OTHER INVESTMENTS

	June 30 2012	December 31, 2011
	000 KZT	000 KZT
<i>Investments available for sale</i>		
Toshiba Nuclear Energy Holdings (US) Inc.	48,892,455	48,892,455
Toshiba Nuclear Energy Holdings (UK) Ltd.	17,112,425	17,112,425
Baiken-U LLP	1,021,590	1,021,590
Other investments available for sale	29,714	29,714
	67,056,184	67,056,184

Investments to «Toshiba Nuclear Energy Holdings (US) Inc.» and «Toshiba Nuclear Energy Holdings (UK) Ltd.»

The Company invested into «Toshiba Nuclear Energy Holdings (US) Inc.» (hereinafter - «TNEH-US») and «Toshiba Nuclear Energy Holdings (UK) Inc.» (hereinafter - «TNEH-UK») in October 2007 by acquiring 10% Class A ordinary shares of both companies to the total amount of USD 540,000 (USD 400,000 into TNEH-US and USD140,000 into TNEH-UK).

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

Simultaneously with acquiring of the participatory interest in TNEH-US and TNEH-UK, the Group entered into a put option agreement (the "Put Option"). Subject to certification of nuclear fuel assemblies by Westinghouse at the Company's subsidiary JSC "Ulba Metallurgical Plant", put option gives the Company an option to sell its shares to Toshiba Corporation for 100% of the initial purchase price equal to USD 540,000 for the first 67% of shares and 90% of the initial purchase price for the remaining 33% of shares resulting in striking price equal to USD 522,180. The Company may exercise the put option during the period from March 31, 2012, to February 28, 2013 if the certification is not provided. As of June 30 2012 the put option was not exercised by the Company.

Simultaneously with the acquisition of the interest in TNEH-US and TNEH-UK, the Group entered into a call option agreement (the "Call Option"). The Call Option provides Toshiba Corporation with the right to demand from the Group the sale of its TNEH-US and TNEH-UK shares if the Committee on Foreign Investment in the United States (CFIUS) a US government entity decides that the Group is no longer a strategic partner. In such case, the fair value of the Group's shares will be determined by an independent international appraiser. The Call Option was not exercised at 31 December 2011».

The Company classified these investments as Available for Sale as it is a best way to reflect the intention and ability of the Company to hold the investments for the long term. Investments in TNEH-US and TNEH-UK are carried at cost because these investments are equity in private companies for which fair value cannot be reliably measured.

23 TRADE RECEIVABLES

	<u>At June 30</u> <u>'000 KZT</u>	<u>At December</u> <u>'000 KZT</u>
Trade receivable	16,325,725	54,043,358
Trade receivable from the related parties	18,788,409	9,775,210
	35,114,134	63,818,568
Provision for doubtful debts	(1,528,088)	(1,439,130)
	<u>33,586,046</u>	<u>62,379,438</u>

24 ASSETS HELD FOR THE BENEFIT OF THE ULTIMATE CONTROLLING PARTY

In May, 2010, the Company was entrusted by direction of the ultimate controlling party to construct social project – a Schoolchildren's palace in Astana city (hereinafter referred to as "the Project").

As of June 30, 2012, the Company recognized a provision of KZT 22,729,911 representing the value of estimated expenditures for the construction of the Project (Note 36). This provision was recognised in accordance with IAS 37, Provision, Contingent Liabilities and Contingent Assets. In the statement of changes in equity, a distribution for this amount was recognised.

As of June 30, 2012, the Company recognized the general costs for the project construction in the amount KZT 22,814,529 (2011: KZT 20,183,992). These costs are recognized as current assets held for the benefit of the ultimate controlling party in the consolidated statement of financial position. It is expected that these assets will be transferred to the institution to be defined by the ultimate controlling party during 2012.

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

25 ADVANCES PAID AND OTHER RECEIVABLES

	June 30, 2012 000 KZT	December 31, 2011 000 KZT
<i>Long-term</i>		
Advances paid for long-term assets	12,900,587	11,531,302
Interest receivable	1,749,120	1,227,470
Loans to employees	849,495	922,477
VAT receivable	750,561	751,555
Prepaid expenses	619,173	620,565
Other	397,534	676,026
	17,266,470	15,729,395
<i>Short-term</i>		
VAT receivable	18,948,860	22,271,322
Advances paid for goods and services	8,296,939	5,277,702
Prepaid expenses	919,548	1,256,956
Prepaid tax other than income tax	95,140	261,069
Insurance prepayments	310,979	220,071
Other	3,236,954	1,026,544
	31,808,420	30,313,664

26 INVENTORIES

	June 30, 2012 000 KZT	December 31, 2011 000 KZT
<i>Short-term</i>		
Finished goods and goods for resale	46,884,914	31,571,169
Work-in-progress	9,864,553	9,132,002
Raw materials	12,343,011	10,760,713
Fuel	886,484	843,190
Materials in process	16,052	777,781
Spare parts	712,321	539,225
Other materials	2,662,582	1,440,969
	73,369,917	55,065,049
Provision for obsolete inventories	(272,141)	(297,316)
Short-term	73,097,776	54,767,733
Long-term	7,593,915	8,101,277
Total inventories	80,691,691	62,869,010

Long-term inventories include reserves of enriched uranium belonging to the Group from the time of its establishment and intended for use upon commissioning of new facilities for uranium pellets fabrication.

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

27 LOANS TO RELATED PARTIES

	June 30, 2012 000 KZT	December 31, 2011 000 KZT
<i>Long-term</i>		
Kyzylkum LLP	6,308,261	6,265,198
Baiken U LLP	4,590,523	4,559,186
	10,898,784	10,824,384
<i>Short-term</i>		
JV KRKAS JSC	20,000	20,000
	20,000	20,000

In September and December 2010, the Company provided long-term loans as a financial aid to Kyzylkum LLP and Baiken-U LLP on a basis of maturity, under the conditions В сентябре и декабре 2010 г., в целях оказания финансовой поддержки, Компания предоставила долгосрочные кредиты на условиях срочности, платности и возвратности предприятиям ТОО «Кызылкум» и ТОО «Байкен-У». В обеспечение обязательств по данным займам принят залог имущества. ТОО «Кызылкум» является ассоциированной компанией Группы, а так же Группа владеет 5% в ТОО «Байкен-У».

28 CASH AND CASH EQUIVALENTS

	June 30, 2012 000 KZT	December 31, 2011 000 KZT
Bank accounts	16,674,955	28,069,179
Demand deposits	21,415,288	13,678,706
Cash on hand	72,584	89,276
	38,162,827	41,837,161

29 RESTRICTED CASH

	June 30, 2012 000 KZT	December 31, 2011 000 KZT
Fixed deposits	3,797,458	3,452,317
Long-term restricted cash	1,675,250	1,671,578
	5,472,708	5,123,895

In accordance with the terms of its subsurface use agreements, the Group invests cash in long-term bank deposits to finance future site restoration activities.

Due to investigation carried out by governmental authorities towards one of the Group's supplier, the Company has acted as a depository for cash assets of the supplier which have been sequestered. This is reflected as restricted cash in the consolidated statement of financial position and not reflected in the Group's cash flows as it is not part of the Group's operations. These cash assets were shown as long-term as the Group's management considers that these cash assets will be used for a long term. The cash balance has increased at the amount of exchange difference.

NATIONAL ATOMIC COMPANY "KAZATOMPROM" JSC

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

The information on Group's exposure to the risk of interest rate change and sensitivity analysis in respect of financial assets and liabilities is shown in Note 42.

30 EQUITY

(a) Share capital

	<u>Ordinary shares June 30, 2012</u>	<u>Ordinary shares December 31, 2011</u>
Par value	1,000 tenge	1,000 tenge
Number of authorized and issued shares	<u>36,692,361</u>	<u>36,692,361</u>
	<u>36,692,361</u>	<u>36,692,361</u>

All shares of the Company belong to National Welfare Fund Samruk-Kazyna JSC which solely and ultimately decides on dividend distribution.

31 LOANS AND BORROWINGS

	<u>June 30, 2012 000 KZT</u>	<u>December 31, 2011 000 KZT</u>
<i>Long-term liabilities</i>		
Bonds issued	73,952,185	73,331,606
Secured bank loans	14,827,511	20,035,127
Unsecured non bank loans	216,879	1,297,456
Finance lease obligations	-	6,329
	<u>88,996,575</u>	<u>94,670,518</u>
<i>Short-term liabilities</i>		
Secured bank loans	27,901,662	17,828,491
Unsecured non-bank loans	2,862,806	3,367,196
Bonds issued	520,229	522,356
Finance lease obligations	15,556	27,863
	<u>31,300,253</u>	<u>21,745,906</u>

(a) Bonds

On May 20, 2010, the Group issued the bonds to the amount of USD 500,000,000 of the principal with 6.25% coupon rate and due in 2015 r. (hereinafter - «Bonds»). Interest on the Bonds is payable semi-annually in arrears on 20 November and 20 May of each year.

(b) Finance Lease obligations

Finance-lease obligations are subject to repayment as follows:

000 KZT	<u>Minimum lease payments</u>	<u>30.06.2012 Less future finance charges</u>	<u>Present value of minimum lease payments</u>
Not later than one year	18,301	(2,745)	15,556
Later than one year and not later than five years	-	-	-
	<u>18,301</u>	<u>(2,745)</u>	<u>15,556</u>

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

	Minimum lease payments	31.12.2011 Less future finance charges	Present value of minimum lease payments
000 KZT			
Not later than one year	29,698	(1,835)	27,863
Later than one year and not later than five	6,479	(150)	6,329
	<u>36,177</u>	<u>(1,985)</u>	<u>34,192</u>

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

32 PROVISIONS

000 KZT

As of December 31, 2011.

	Reserve for compensation for occupational diseases	Reserve for environmental protection	Reserve for reclamation of mine sites	Reserve against obligation of social object construction	Other	Total
<i>Non-current</i>	420,407	1,102,695	8,136,461	-	17,667	9,677,230
<i>Current</i>	85,461	-	-	22,729,911	-	22,815,372
Total	505,868	1,102,695	8,136,461	22,729,911	17,667	32,492,602
Provision created within year	36,464	-	-	-	738	37,202
Change in estimate	-	-	-	-	-	-
Unwinding of discount	18,343	38,595	283,495	-	318	340,751
Provision used within year	(45,398)	-	(3,313)	-	-	(48,711)
Foreign exchange	-	-	76	-	-	76
Balance at June 30, 2012	515,277	1,141,290	8,416,719	22,729,911	18,723	32,821,920
including:						
<i>Non-current</i>	471,274	1,141,290	8,416,719	-	18,723	10,048,006
<i>Current</i>	44,003	-	-	22,729,911	-	22,773,914
Total	515,277	1,141,290	8,416,719	22,729,911	18,723	32,821,920

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

33 TRADE PAYABLES

	June 30, 2012 000 KZT	December 31, 2011 000 KZT
<i>Non-current</i>		
Trade payables	791,106	686,945
<i>Current</i>		
Accounts payable to related parties (Note 44)	8,484,685	34,654,231
Trade payables	10,064,344	11,580,859
	18,549,029	46,235,090
	19,340,135	46,922,035

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

34 ADVANCES RECEIVED AND OTHER PAYABLES

	30.06.2012 000 KZT	31.12.2011 000 KZT
<i>Long-term</i>		
Other advances received	1,674,986	1,671,578
Other payables	294,887	41,064
	1,969,873	1,712,642
<i>Short-term</i>		
Deferred revenues	-	-
Taxes payable	4,576,387	4,615,264
Wages payable	2,102,759	2,173,259
Advances received	3,370,049	2,192,488
Income tax payable	287,289	23,455
Social contributions payable	418,466	600,317
Dividends payable	41,030	98,460
Interest payable	893	1,922
Other current liabilities	-	-
Other payables	770,878	643,171
	11,567,751	10,348,336
	13,537,624	12,060,978

35 ACCRUED LIABILITIES

	30.06.2012 000 KZT	31.12.2011 000 KZT
Vacation pay accrual	1,709,116	1,530,713
Bonus accruals	351,088	660,498
Services accrual	187,740	433,642
Other	11,964	19,888
	2,259,908	2,644,741

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

36 OTHER FINANCIAL LIABILITIES

(a) Minimum distributions of "Semizbai-U" LLP

In 2008, the Group entered into an Agreement (the "Agreement") with Beijing Sino-Kaz Uranium Resources Investment Company Limited ("Sino-Kaz Company") to sell 49% of its interest in Semizbai-U LLP.

According to the Agreement Sino-Kaz Company is entitled to distribute in proportion to its interest the minimum net income in the period from 2010 to 2033 r., which represents the repayment of financial obligation reflected in this transaction. Such distribution is required for minimum payment of contractual amounts. The payments of these distributions are guaranteed by JSC National Atomic Company Kazatomprom. This financial obligation of the Group was assessed at fair value as of the date of its initial recognition.

	<u>30.06.2012</u>	<u>31.12.2011</u>
Opening balance sheet	45,028,274	42,478,457
Release of discount	2,727,281	4,634,273
(Foreign exchange loss)/(gain)	332,462	331,842
Payment of minimum amount	-	(2,416,298)
	<u>48,088,017</u>	<u>45,028,274</u>
<i>Including</i>		
<i>Non-current</i>	43,760,664	40,745,811
<i>Current</i>	4,327,353	4,282,463

(b) Historical costs

In accordance with the terms and conditions of a number of subsoil use contracts the Group is obligated to reimburse historical costs related to exploration and assessment.

Historical costs	<u>30.06.2012</u>	<u>31.12.2011</u>
Opening balance sheet	2,374,543	2,112,669
Transferred from provisions		
Obligations created within the year	670,172	488,475
Change in cost	-	(33,223)
Discount release	54,723	90,328
Repayment of obligation within the year	(153,088)	(304,830)
Foreign exchange difference	152,288	21,124
	<u>3,098,638</u>	<u>2,374,543</u>
<i>Including</i>		
<i>Non-current</i>	2790,622	2,068,365
<i>Current</i>	308,016	306,178

37 CONTINGENT ASSETS AND LIABILITIES

(a) Insurance

The insurance market of Kazakhstan is on the stage of development 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 greater 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 legality of their own interpretations.

The management of the Group believes that it adequately presented its tax liabilities in this consolidated financial statements.

(ii) Excess profit tax ("EPT")

In accordance with tax legislation from 2009 the subsoil users must pay EPT on the amount of 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 fixed asset depreciation and intangible asset amortization charges, as determined for corporate income tax purposes;

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- 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.

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, the 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 Company'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 groundwaters. 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 the MET is determined based on actual production costs of mining and primary processing (enrichment), which was increased by 20%.

MET applies to uranium at the rate of 22%.

(i) 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 of June 30, 2012, the Company has made all necessary adjustments according to transfer pricing law put in force. The tax authorities have not yet conducted any subject reviews relating the compliance of Company's calculations with the tax legislation connected with transfer pricing.

(c) Environmental obligations

In accordance with "the Implementing Agreement between the Department of Energy of the United States of America and the Ministry of Energy, Industry and Trade of the Republic of Kazakhstan " dated 19 December 1999, the governments of the United States of America and Kazakhstan have assumed responsibility for decommissioning reactor BN - 350 and for storing the reactor's nuclear fuel rods. Under the Agreement, the US Government has undertaken to obtain financing from international organizations including Technical Assistance for CIS countries (TACIS) of the European Union, Precioso (France), Canberra (Belgium), and ALSTOM (France), and domestic not-for-profit organizations, Scientific Production Centre BYaT and KATEP JSC. The estimated commitments for decommissioning and reclamation of the atomic reactor BN-350 in its entirety are KZT 35 billion. The Government of the Republic of Kazakhstan does not subsidize this amount; therefore, the issue on further financing of this program has no solution at this point in time.

(d) The National Security Committee investigation

In 2009 the National Security Committee of the Republic of Kazakhstan, under supervision of the General Prosecutor, commenced an investigation against the former Chief Executive Officer of the Company and other former employees of the Company and its subsidiaries. The investigation related to allegations mainly concerned with asset embezzlement and illegal sale of certain uranium deposits to affiliated offshore companies.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

On 12 March 2010 the court sentenced the former chief executive to 14 years imprisonment. Also, the prosecutor's office announced in March 2010 that there was a new investigation into allegations that the former chief executive was involved in money laundering. Management believes that these investigations and allegations do not have any effect on the consolidated financial statements, as they are initiated against former management and not the Company or the Group.

(e) Guarantees

The maximum credit risk under financial guarantees given for financing of certain related parties is as of June 30, 2012, KZT 37,507,112 (in 2011: KZT 35,712,325).

38 RELATED PARTY TRANSACTIONS

(a) Control relationships

The Company was established in accordance with the Order of the President of the Republic of Kazakhstan no 3593 dated July 14, 1997. In accordance with the Decree of the President No.669 dated October 13, 2008, from January 19, 2009, the sole shareholder of the Company (hereinafter – Shareholder) is the National 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 year which is included in personnel costs.

	30.06.2012 000 KZT	30.06.2011 000 KZT
Salaries and bonuses	704,769	723,009

The Group's related party transactions are disclosed in the following tables. In relation to government entities who are the related parties, the Group only has transactions with the group of companies controlled by the National Welfare Fund “Samruk-Kazyna” JSC (Parent company).

(c) Transactions with other related parties

(i) Revenue

000 KZT	Transaction value June 30, 2012	Outstanding balance June 30,2012	Transaction value June 30, 2011	Outstanding balance December 31,2011
<i>Sale of goods:</i>				
Associates	1,460,429	387,422	1,500,365	415,872
Jointly controlled entities	4,274,480	480,081	967	123,196
Sister companies	6,399,133	324,989	5,794,629	295,122
<i>Services provided:</i>				
Associates	7,571,490	10,417,296	13,865,868	3,561,935
Jointly controlled entities	1,488,855	124,905	-	419,365
Sister companies	-	-	-	2,405
Other	-	-	-	-
<i>Dividends:</i>				
Dividends declared by associates	18,102,779	9,344,317	-	725,293
Dividends declared by jointly controlled entities	2,852,455	3,375,148	-	4,522,694
	42,149,621	24,454,158	21,161,829	10,065,882

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.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED JUNE 30 2012, CONTINUED

39 TRANSACTIONS WITH THE RELATED PARTIES, CONTINUED

(c) *Transactions with other related parties, continued*

(ii) *Expenses*

000 KZT	Transaction value June 30, 2012	Outstanding balance June 30, 2012	Transaction value June 30, 2011	Outstanding balance December 31, 2011
<i>Sale of goods:</i>				
Associates	1,120,883	1,133,578	2,235,698	23,941,571
Jointly controlled entities	5,951,885	4,312,664	-	6,688,789
Sister companies	11,230,823	2,094,431	9,091,560	1,805,406
<i>Services provided:</i>				
Associates	1,652,396	429,944	4,464,232	1,900,531
Jointly controlled entities	39,051	1,723	-	60,571
Sister companies	1,189,848	290,410	642,893	257,363
	<u>21,184,886</u>	<u>8,262,750</u>	<u>16,434,383</u>	<u>34,654,231</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 are primarily based on 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.

40 POST BALANCE SHEET EVENTS

On July 5, the Sole Shareholder of NAC Kazatomprom JSC distributed the consolidated net income of the Company and approved the procedure of dividend payment to the amount of KZT 23 501 328 per an ordinary share of KZT 640,50.