

**JOINT STOCK COMPANY
“NATIONAL ATOMIC COMPANY
“KAZATOMPROM”**



REPORT

FOR 3 MONTHS OF THE YEAR 2013

ASTANA, 2013

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I. Explanatory notes to Consolidated Financial Statements as of 31 March 2013

This Report is prepared in relation to the consolidated financial statements of JSC National Atomic Company “Kazatomprom” and its subsidiaries (hereinafter the “Group”) as of March 31, 2013, and is made in compliance with International Financial Reporting Standards (“IFRS”).

1. Revenue

	31.03.2013	31.03.2012
	Th. tenge	Th.tenge
Revenue from sales of uranium products	35 996 297	40 612 432
Revenue from sales of beryllium products	1 699 770	1 950 707
Revenue from sales of tantalum products	2 917 998	1 566 823
Revenue from sales of utilities	10 942 629	8 568 895
Other	7 424 745	6 824 047
	58 981 439	59 522 904

Consolidated revenue from sales of the Group’s products for 3 months of 2013 amounted to 58,981,439 thousand Tenge. The sales pattern was as follows:

- Uranium products – 61.03%
- Beryllium products – 2.88%
- Tantalum products – 4.95%
- Utilities – 18.55%
- Other revenue – 12.59%.

In general, revenue from sales of products for 3 months of 2013 remained at the level of the year 2012.

At the same time, the greatest part of sales is represented by uranium products. Despite the increase in U3O8 sales volume for 3 months of 2013 by 7% compared to the same period in 2012, we see a decrease in revenue from sales of uranium products due to the decrease in the average selling price by 19% because of the situation in the global market.

The increase in revenue from sales of tantalum products is explained by the increased share of products made of own raw materials in total sales, as well as a share of high value added products (powders, rolled products).

The growth of revenue from sales of utilities is due to increase in consumption of utilities by third parties in view of small and medium-sized business development, commissioning of cultural and social facilities, as well as increase in consumption of utilities by citizens in view of increasing volume of housing construction in the settlements of the region and in the city and in view of significant development of small and medium-sized businesses in the region and Aktau city.

Other revenue mainly consists of revenue from services for drilling, transportation and other services.

2. Cost of Sales

	31.03.2013	31.03.2012
	Th. Tenge	Th. Tenge
Materials and supplies	29 694 032	39 277 823
Processing and other services	4 549 981	1 972 840
Wages and salaries	5 959 196	5 427 186
Depreciation and amortization	3 824 553	2 253 747
Taxes other than on income	2 644 210	1 116 331
Maintenance and repair	382 404	263 673
Utilities	359 902	295 072
Transportation expenses	73 238	95 274
Rent expenses	86 408	40 077
Research and development	18 099	18 077
Other	450 811	212 518
	48 042 834	50 972 618

Cost of goods sold for 3 months of 2013 was 48,042,834 thousand Tenge and decreased in absolute figures as against 3 months of 2012 by 6% due to reduction of production costs and decrease in uranium prices purchased from associates and on the western conversion facilities. Cost of goods sold as per 1 unit of product for 3 months 2013 is 19% lower as against the same period of 2012.

3. *Distribution Expenses*

	31.03.2013	31.03.2012
	Th. Tenge	Th.Tenge
Shipping, transportation and storing	428 863	414 387
Wages and salaries	151 009	156 551
Commissions	106 717	30 342
Materials and suppliers	39 116	39 731
Rent	37 809	39 286
Cargo insurance	13 334	12 001
Custom duties	3 407	1 547
Advertising and marketing expenses	10 158	5 958
Taxes other than on income tax	15 605	76
Travel	8 320	8 069
Depreciation and amortization	12 778	11 440
Other	13 916	16 484
	841 032	735 872

Distribution expenses for 3 months of 2013 increased by 14% as against the same period of 2012 and were 841,032 thousand Tenge due to payment of commissions for distribution services.

4. *Administrative Expenses*

	31.03.2013	31.03.2012
	Th. Tenge	Th.Tenge
Wages and salaries	2 484 576	2 708 727
Taxes other than income tax	496 644	341 666
Depreciation	247 778	215 718
Consulting, auditing and information services	205 589	449 903
Research expenses	30 181	70 157
Maintenance and repair	60 483	59 171
Travel	107 190	99 361
Rent	242 980	204 877
Training expenses	55 305	68 073
Materials and suppliers	92 804	128 077
Bank charges	39 737	56 398
Communication	67 911	16 292
Stationery	29 082	24 182
Utilities	53 727	54 091
Corporate events	21 189	12 551
Entertainment expenses	8 799	6 773
Insurance	23 405	17 430
Security	47 470	15 780
Other	658 755	346 735
	4 973 605	4 895 962

The amount of administrative expenses was 4,973,605 thousand Tenge and did not change significantly as against the same period of 2012.

5. *Financial Income and Expenses*

	31.03.2013	31.03.2012
	Th. Tenge	Th. Tenge
<i>Financial income</i>		
Dividend income	1 267 509	699 290
Interest income on term deposits and deposits on demand, current accounts and loans	447 442	534 453
Other financial income	14 709	304
	1 729 660	1 234 047

Financial income for 3 months of 2013 increased compared to 3 months of 2012 by 40% and amounted to 1,729,660 thousand Tenge. The structure of financial income mainly consists of dividend income in the amount of 1,267,509 thousand Tenge and interest income on term deposits and deposits on demand, current accounts and loans in the amount of 447,442 thousand Tenge.

	31.03.2013	31.03.2012
	Th. Tenge	Th. Tenge
<i>Financial expenses</i>		
Interest expenses on loans and borrowings	1 331 558	1 577 981
Unwinding of discount on other financial liabilities	33 977	1 284 073
Unwinding of discount on provisions	190 968	170 696
Loss on sales of foreign currency	32 119	42 818
Exchange loss	86 843	
Other financial expenses	61 301	78 192
	1 736 766	3 153 760

The amount of financial expenses for the reporting period was 1,736,766 thousand Tenge, and the major part thereof was comprised by interest expenses of 1,331,558 thousand Tenge.

6. *Other Expenses*

	31.03.2013	31.03.2012
	Th. Tenge	Th. Tenge
Sponsorship and charity	54 781	108 142
Nonrefundable VAT	12 125	-2 574
Social sphere expenses	290 462	114 303
Loss on disposal and impairment of non-current assets	1 138	44 881
Loss on suspension of production	80 392	148 728
Other	351 940	123 368
	790 838	536 848

For 3 months of 2013 other expenses increased by 47% compared to the same period of 2012. Other expenses were mostly affected by the social sphere expenses in the amount of 290,462 thousand Tenge.

7. *Earnings per Share (EPS) from Continued Activities*

Basic and diluted EPS:

	31.03.2013	31.03.2012
	Tenge	Tenge
Basic and diluted EPS (Tenge)	312,14	148,57

The Group has no issued dilutive potential ordinary shares.

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	<u>31.03.2013</u> <u>Tenge</u>	<u>31.03.2012</u> <u>Tenge</u>
Profit for the year attributable to shareholders of the parent company	11 453 314	5 451 395
Earnings used in the calculation of total basic and diluted earnings per share	11 453 314	5 451 395
	<u>31.03.2013</u> <u>Tenge</u>	<u>31.03.2012</u> <u>Tenge</u>
Weighted average number of ordinary shares for calculation of basic and diluted earnings per share	36 692 361	36 692 361

8. Fixed assets

	<u>31.03.2013</u> <u>Th. Tenge</u>	<u>31.12.2012</u> <u>Th. Tenge</u>
Land	262 296	262 910
Buildings and constructions	48 801 179	48 738 840
Machinery and Equipment	34 974 358	34 927 655
Vehicles	7 219 610	7 418 638
Other	1 874 342	1 946 730
	93 131 785	93 294 773

In the structure of fixed assets, buildings and constructions constitute about 52%, machinery and equipment make about 38%.

9. Investments Accounted by Equity Method

	<u>31.03.2013</u> <u>Th. Tenge</u>	<u>31.12.2012</u> <u>Th. Tenge</u>
Associated entities	79 303 865	80 611 978
Jointly controlled entities	15 231 146	20 147 386
	94 535 011	100 759 364

Decrease in investments accounted by equity method is due to payment of dividends in the reporting period.

10. Financial Assets

	<u>31.03.2013</u> <u>Th. Tenge</u>	<u>31.12.2012</u> <u>Th. Tenge</u>
Long-term		
Long-term deposits	2 695 274	3 756 382
Loans to related parties	13 546 769	13 277 619
	16 242 043	17 034 001

Long-term deposits include cash that are placed in the second-tier banks for more than 12 months. As at March 31, 2013 long-term deposits were 2,695,274 thousand Tenge.

Loans to related parties include long-term loans granted to Kyzylkum LLP and Baiken-U LLP. The total amount of loans given as of March 31, 2013 was 13,546,769 thousand Tenge. The loans were collateralized by property of the borrowers.

	31.03.2013	31.12.2012
	Th. Tenge	Th. Tenge
<i>Short-term</i>		
Loans to related parties	20 000	20 000
Other short-term financial investments (cash assets on 3-12 months deposits):	2 639 983	2 159 890
	2 659 983	2 179 890

Other short-term financial investments include fixed-term deposits placed in the second-tier banks for 3 - 12 months period.

	31.03.2013	31.12.2012
	Th. Tenge	Th. Tenge
<i>Cash and Cash Equivalents</i>		
Bank accounts	53 628 068	37 046 886
Demand deposits (up to 3 month deposits)	18 906 696	831 662
Cash in transit	4 577 652	25 149
Cash on hand	93 231	120 566
Special bank accounts	18 051	14 642
	77 223 698	38 038 905

The structure of cash and cash equivalents includes balances on the bank accounts, deposits with up to 3 month period, cash in transit, cash on hand and balances on the special bank accounts.

11. Inventories

	31.03.2013	31.12.2012
	Th. Tenge	Th. Tenge
Raw and other materials	13 420 959	15 064 491
Finished products	35 699 050	31 919 382
Goods	1 644 487	1 157 498
Work-in-process	11 343 372	12 238 290
	62 107 868	60 379 661

Increase in inventories for 3 months 2013, developed due to the unsold finished products, which will be sold by the end of 2013.

12. Intangible assets

	31.03.2013	31.12.2012
	Th. Tenge	Th. Tenge
Licenses and patents	22 638	25 060
Software	523 749	552 347
Goodwill	10 110 256	10 110 256
Other	1 314 332	1 339 310
	11 970 975	12 026 973

Significant part of intangible assets includes goodwill which has been allocated for the following cash-generating units: uranium production and quartz production within implementation of KAZ PV strategic investment project.

13. Trade and Other Receivables

	<u>31.03.2013</u> Th. Tenge	<u>31.12.2012</u> Th. Tenge
<i>Long-term</i>		
Trade receivables	-	-
Other receivables	3 373 428	3 780 032
Taxes	4 498 844	4 498 844
	<u>7 872 272</u>	<u>8 278 876</u>
<i>Short-term</i>		
Trade receivables	24 833 197	80 549 261
Other receivables	82 552	81 282
Taxes	23 989 259	25 785 272
	<u>48 905 008</u>	<u>106 415 815</u>
	<u>56 777 280</u>	<u>114 694 691</u>

Trade and other receivables of the Group decreased twice and were 56,777,280 thousand Tenge as of March 31, 2013. Decrease in trade and other receivables for 3 months 2013 compared to the end of the year 2012 is due to payments for the products shipped at the end of the year 2012.

14. Loans and Borrowings

Name of Lender	Loan Currency	31.12.2012 Th.Tenge	31.03.2013 Th.Tenge	Maturity Date
Citibank Kazakhstan JSC (IHT)	KZT	-	151 218	22/05/2013
Citibank Kazakhstan JSC (MC)	USD		8 072 365	31/05/2013
Amsterdam Trade Bank (Semizbai)	USD		3 775 333	08/04/2013
Kazinvestbank JSC (Semizbai)	USD	1 062 903	-	
The Bank of Tokyo-Mitsubishi UFJ, LTD (Astana Solar)	USD	10 442 876	10 009 390	30/03/2024
Mizuho Corporate Bank Ltd. (NAC)	USD	3 109 707	2 828 943	30/09/2015
Natixis (MC)	USD	736 388	293 008	30/04/2013
Natixis (MAEK) 1	USD	629 237	639 252	31/07/2014
Natixis (MAEK) 2	USD	2 896 739	3 064 889	30/06/2022
JSC SB "Sberbank" (MAEK)	KZT	-	507 132	08/07/2013
Citibank, Japan (Appak)	USD	644 113	180 733	27/06/2013
JBIC (Appak)	USD	8 574 403	8 590 036	27/12/2014
JSC SB "Bank of China in Kazakhstan"(Semizbai)	USD	452 396	-	
Industrial and Commercial Bank of China (Semizbai)	USD	3 019 208	3 034 015	30/12/2013
Non-banking borrowings		1 503 942	668 094	
<i>Kazhema Katco-Demeu JV (Kazatomprom-Demeu)</i>	KZT	226 598	231 628	01/08/2024
<i>Kansai Electric Power Inc. (Appak)</i>	USD	332 497	93 742	27/06/2013
<i>Sumitomo Corporation (Appak)</i>	USD	841 723	239 596	27/06/2013
<i>Purolite Company AG (MC)</i>	USD	6 754	6 758	30/09/2014
<i>Purolite International (MC)</i>	KZT	18 163	18 163	30/09/2014
<i>SMCC LLP (Kyzyltu)</i>	KZT	78 207	78 207	01/04/2013
Other financial liabilities		75 279 920	76 549 480	
<i>including Eurobonds (NAC)</i>	USD	75 273 591	76 547 982	20/05/2015
<i>Financial lease liabilities</i>	KZT	6 329	1 498	30/04/2013
TOTAL		108 351 832	118 363 888	

Consolidated loan debt as of March 31, 2013 was 118,363,888 thousand Tenge. The increase compared to the beginning of the year is due to the fact that, along with the repayment of the current portion of loans the Group's entities attracted the following loans:

- "Mining Company" LLP in the amount of 23.4 million U.S. dollars and 60.2 million U.S. dollars from "Citibank Kazakhstan" JSC
- "Semizbay-U" LLP in the amount of 25.0 million U.S. dollars from Amsterdam Trade Bank and 7.0 million U.S. dollars from the "Kazinvestbank" JSC.
- "MAEK-Kazatomprom" LLP in the amount of 500 million Tenge from JSC SB "Sberbank".

Loan Debt Repayment Schedule

Name of Lender	31.03.2013 Th.Tenge	The Amount to be Repaid					
		2013	2014	2015	2016	2017	2018- 2024
Citibank Kazakhstan JSC (IHT)	151 218	151 218					
Citibank Kazakhstan JSC (MC)	8 072 365	8 072 365					
Amsterdam Trade Bank (Semizbai)	3 775 333	3 775 333					
The Bank of Tokyo-Mitsubishi UFJ, LTD (Astana Solar)	10 009 390	532 865	1 054 958	1 138 879	1 138 879	1 138 879	5 004 930
Mizuho Corporate Bank Ltd. (NAC)	2 828 943	849 168	1 131 300	848 475			
Natixis (MC)	293 008	293 008					
Natixis (MAEK) 1	639 252	435 043	204 209				
Natixis (MAEK) 2	3 064 889	311 086	394 838	394 838	394 838	394 838	1 174 451
JSC SB "Sberbank" (MAEK)	507 132	507 132					
Citibank, Japan (Appak)	180 733	180 733					
JBIC (Appak)	8 590 036	3 849 511	4 740 525				
Industrial and Commercial Bank of China (Semizbai)	3 034 015	3 034 015					
Non-banking borrowings	668 094	411 545	24 921	-	-	-	231 628
<i>Kazhema Katco-Demeu JV (Kazatomprom-Demeu)</i>	<i>231 628</i>			-	-	-	<i>231 628</i>
<i>Kansai Electric Power Inc. (Appak)</i>	<i>93 742</i>	<i>93 742</i>					
<i>Sumitomo Corporation (Appak)</i>	<i>239 596</i>	<i>239 596</i>					
<i>Purolite Company AG (MC)</i>	<i>6 758</i>		<i>6 758</i>				
<i>Purolite International (MC)</i>	<i>18 163</i>		<i>18 163</i>				
<i>SMCC LLP (Kyzyltu)</i>	<i>78 207</i>	<i>78 207</i>				-	-
Other financial liabilities	76 549 480	1 707 302	-	74 842 178	-	-	-
<i>including Eurobonds (NAC)</i>	<i>76 547 982</i>	<i>1 705 804</i>		<i>74 842 178</i>			
<i>Financial lease liabilities</i>	<i>1 498</i>	<i>1 498</i>					
TOTAL	118 363 888	24 110 324	7 550 751	77 224 370	1 533 717	1 533 717	6 411 009

The largest amount to be repaid is planned for 2015, when Company's Eurobonds in the amount of 500 million USD will become due.

15. Trade and Other Payables

	31.03.2013 Th. Tenge	31.12.2012 Th. Tenge
<i>Long-term</i>		
Trade payables	2 817 285	2 815 395
Other payables	1 679 621	1 679 295
	<u>4 496 906</u>	<u>4 494 690</u>
<i>Short-term</i>		
Trade payables	23 489 885	49 567 880
Other payables	572 754	565 655
Taxes	4 990 376	6 461 254
	<u>29 053 015</u>	<u>56 594 789</u>
	<u>33 549 921</u>	<u>61 089 479</u>

Trade and other payables as of March 31, 2013 reduced twice and were 33,549,921 thousand Tenge. Reduction of short-term payables for 3 months 2013 compared to the end of the year 2012 is mainly due repayment of payables to mining entities for the uranium products purchased in late 2012.

16. The Book Value of an Ordinary Share

In accordance with the calculation methodology for a share book value as set out in Annex 6 of the Listing Rules of Kazakhstan Stock Exchange JSC, the book value of a Kazatomprom JSC's ordinary share as of March 31, 2013 is 10, 280 Tenge.

	31.03.2013 Th. Tenge	31.12.2012 Th. Tenge
Assets, total	651 630 190	657 134 372
Intangibles assets	11 970 975	12 026 973
Liabilities, total	262 475 571	279 778 141
<i>Net assets for ordinary shares</i>	<u>377 183 644</u>	<u>365 329 258</u>
The number of ordinary shares for a share book value calculation	36 692 361	36 692 361
An ordinary share book value (Tenge)	<u>10 280</u>	<u>9 957</u>

II. Other Significant Information related to NAC Kazatomprom JSC Activity for 3 months of the year of 2013

1. Commissioning of the New and Reduction of the Old Production Capacities

JV Inkai LLP put into operation the area for storage of finished products at Inkai-1 site.

2. Changes in Subsoil Use Agreements made within 3 months of the year of 2013:

Karatau LLP made the Addendum to the existing Contract for Exploration and Mining of Uranium related to the geological block allotment.

Deputy Chairman of the Board

Aidar A. Arifkhanov

Chief Accountant

Zurakhan G. Kaliyeva