

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



**REPORT
FOR THE YEAR OF 2010**

ALMATY, 2011

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I. Consolidated Financial Statements as at 31 December 2010

Consolidated statement of comprehensive income
for the year ended 31 December 2010

	2010 ‘000 KZT	2009 ‘000 KZT
Revenue	230,938,870	178,506,818
Cost of sales	(166,958,408)	(112,709,539)
Gross profit	63,980,462	65,797,279
Distribution expense	(2,325,968)	(1,824,124)
Administrative expense	(13,264,911)	(8,984,719)
Financial income	5,306,714	3,111,251
Financial expense	(9,926,646)	(7,834,292)
Foreign exchange gains/(losses)	426,632	(9,653,705)
Share of results of associates	27,372,850	13,503,206
Share of results of jointly controlled entities	9,782,712	3,345,890
Other income	813,294	865,510
Other expense	(8,496,867)	(4,254,120)
Profit before income tax	73,668,272	54,072,176
Income tax expense	(13,729,672)	(12,612,443)
Profit for the year	59,938,600	41,459,733
Other comprehensive income		
Exchange differences arising on translation of foreign operations	172,288	297,874
Other comprehensive income for the year, net of tax	172,288	297,874
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	60,110,888	41,757,607
Profit for the year attributable to:		
Owners of the Company	59,014,067	40,683,975
Non-controlling interests	924,533	775,758
	59,938,600	41,459,733
Total comprehensive income for the year attributable to:		
Owners of the Company	59,186,355	40,981,849
Non-controlling interests	924,533	775,758
	60,110,888	41,757,607
Earnings per share from continuing operations		
Basic and diluted (Tenge)	1,608	1,109

Yashin S.A.
Deputy Chairman of the Board

Bashakova S.S.
Chief Accountant

Consolidated statement of financial position
as at 31 December 2010

	31.12.2010	31.12.2009
	‘000 KZT	‘000 KZT
ASSETS		
Non-current assets		
Property, plant and equipment	85,804,206	79,207,322
Mine development assets	23,182,158	17,455,372
Intangible assets	596,707	191,547
Mineral rights	1,767,044	895,764
Exploration and evaluation assets	5,785,231	3,865,138
Investments in associates	60,919,935	35,745,953
Investments in jointly controlled entities	12,657,452	6,495,472
Other investments	66,045,648	66,045,671
Investment property	800	889,547
Advances paid and other receivables	3,846,483	1,769,348
Deferred tax assets	1,738,329	1,639,226
Term deposits	1,926,622	1,040,154
Loans to related parties	10,751,444	-
Restricted cash	1,668,391	-
Inventories	6,550,761	7,077,867
Total non-current assets	283,241,211	222,318,381
Current assets		
Inventories	55,759,613	52,103,354
Asset held for the benefit of the controlling party	3,428,125	-
Prepaid income tax	1,877,573	3,876,978
Trade receivables	56,066,466	32,225,631
Advances paid and other receivables	28,134,664	22,240,603
Term deposits	77,133,161	22,742,735
Cash and cash equivalents	22,384,108	30,082,948
Restricted cash	-	1,662,066
Loans to related parties	512,000	-
Total current assets	245,295,710	164,934,315
Total assets	528,536,921	387,252,696

Consolidated statement of financial position
as at 31 December 2010 (continued)

	31.12.2010 '000 KZT	31.12.2009 '000 KZT
EQUITY AND LIABILITIES		
Equity		
Share capital	36,692,362	36,692,362
Additional paid-in capital	4,806,535	5,330,324
Foreign currency translation reserve	(1,144,499)	(1,316,787)
Retained earnings	226,175,357	194,418,746
Total equity attributable to Owners of the Company	266,529,755	235,124,645
Non-controlling interest	12,889,952	9,109,619
Total equity	279,419,707	244,234,264
Non-current liabilities		
Loans and borrowings	110,612,788	34,974,316
Other financial liabilities	42,100,514	38,592,034
Provisions	6,598,668	4,667,555
Trade payables	587,452	255,706
Advances received and other liabilities	1,691,324	24,419
Preference shares	264,827	264,827
Grants	410,812	353,309
Deferred tax liabilities	2,287,509	1,200,547
Total non-current liabilities	164,553,894	80,332,713
Current liabilities		
Loans and borrowings	11,513,757	26,007,475
Other financial liabilities	2,490,612	-
Provisions	19,000,687	285,906
Trade payables	32,101,356	16,454,593
Advances received and other payables	14,750,464	16,292,961
Accrued liabilities	4,550,772	3,621,286
Grants	155,672	23,498
Total current liabilities	84,563,320	62,685,719
Total liabilities	249,117,214	143,018,432
Total equity and liabilities	528,536,921	387,252,696
Book Value of an Ordinary Share (Tenge)	7,599	6,651

Yashin S.A.
Deputy Chairman of the Board

Bashakova S.S.
Chief Accountant

Consolidated statement of cash flows
for the year ended 31 December 2010

	2010	2009
	‘000 KZT	‘000 KZT
OPERATING ACTIVITIES		
Receipts from customers	229,883,816	185,367,109
Payments to suppliers	(170,670,945)	(118,803,126)
Payments to employees	(24,269,628)	(20,302,940)
Cash flows from operations	34,943,243	46,261,043
Income tax paid	(9,987,639)	(13,388,287)
Interest paid	(4,107,418)	(2,877,385)
Cash flows from operating activities	20,848,186	29,995,371
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	35,122	94,504
Proceed from disposal of other non-current assets	386	771
Proceeds from disposal of investments(net of cash derecognized)	402,330	1,726
Redemption of term deposits	23,010,532	456,892
Interest received	1,518,315	3,085,087
Proceeds from repayment of loans issued	1,705,500	320,000
Withdrawal of assets under trust management	-	20,192,008
Other proceeds	50,465	23,656
Dividends received from associates and other investments	5,690,305	-
Proceeds from grants	206,171	-
Loans to related parties	(12,972,500)	(320,000)
Placement of term deposits	(78,280,457)	(23,349,468)
Acquisition of property, plant and equipment	(9,519,889)	(8,758,945)
Advances paid for property, plant and equipment	(1,026,711)	(67,296)
Acquisition of intangible assets	(373,511)	(56,958)
Acquisition of exploration and evaluation assets	(1,714,696)	(417,143)
Acquisition of mine development assets	(6,586,288)	(4,993,674)
Loans issued to other parties	-	(39,552)
Acquisition of investments in associates	(1,607,708)	(2,777,892)
Other payments	(23,247)	(132,875)
Cash flows used in investing activities	(79,485,881)	(16,739,159)
FINANCING ACTIVITIES		
Proceeds from issuance of bonds	72,389,917	-
Proceeds from contribution to capital by non-controlling interest	2,076,970	-
Proceeds from borrowings	17,144,271	30,195,058
Repayment of borrowing	(28,412,297)	(51,155,904)
Transaction cost	(398,528)	-
Payment of finance lease liabilities	(88,759)	(116,951)
Purchase of assets held for the benefit of the controlling party	(3,121,321)	-
Dividends paid	(8,425,392)	(1,260)
Cash flows from/(used in) financing activities	51,164,861	(21,079,057)
Net decrease in cash and cash equivalents	(7,472,834)	(7,822,845)
Cash and cash equivalents at the beginning of the year	30,082,948	34,160,628
Effect of exchange rate fluctuations on cash and cash equivalents	(226,006)	3,745,165
Cash and cash equivalents at end of year	22,384,108	30,082,948

Yashin S.A.
Deputy Chairman of the Board

Bashakova S.S.
Chief Accountant

Consolidated statement of changes in equity
for the year ended 31 December 2010

'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 2009	36,692,362	(1,614,661)	153,742,508	5,573,807	194,394,016	8,372,715	202,766,731
Profit for the year	-	-	40,683,975	-	40,683,975	775,758	41,459,733
Foreign currency translation gain	-	297,874	-	-	297,874	-	297,874
Total comprehensive income for the year	-	297,874	40,683,975	-	40,981,849	775,758	41,757,607
Dividends declared	-	-	(7,737)	-	(7,737)	-	(7,737)
Change in non-controlling interest	-	-	-	-	-	(38,854)	(38,854)
Change in equity of associates	-	-	-	(243,483)	(243,483)	-	(243,483)
Balance at 31 December 2009	36,692,362	(1,316,787)	194,418,746	5,330,324	235,124,645	9,109,619	244,234,264
Profit for the year	-	-	59,014,067	-	59,014,067	924,533	59,938,600
Foreign currency translation gain	-	172,288	-	-	172,288	-	172,288
Total comprehensive income for the year	-	172,288	59,014,067	-	59,186,355	924,533	60,110,888
Dividends declared	-	-	(8,364,906)	-	(8,364,906)	-	(8,364,906)
Other distributions	-	-	(18,892,550)	-	(18,892,550)	-	(18,892,550)
Change in of non-controlling interest	-	-	-	(360,400)	(360,400)	2,855,800	2,495,400
Change in equity of associates	-	-	-	(163,389)	(163,389)	-	(163,389)
Balance at 31 December 2010	36,692,362	(1,144,499)	226,175,357	4,806,535	266,529,755	12,889,952	279,419,707

Yashin S.A.
Deputy Chairman of the Board

Bashakova S.S.
Chief Accountant

II. Explanatory notes to Consolidated Financial Statements as at 31 December 2010

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 December 31, 2010, and is made in compliance with International Financial Reporting Standards (“IFRS”).

1. Revenue

	2010	2009
	Th.Tenge	Th.Tenge
Revenue from sales of uranium products	171,564,873	116,643,356
Revenue from sales of beryllium products	5,300,798	2,951,628
Revenue from sales of tantalum products	4,676,462	4,811,288
Revenue from sales of utilities	26,284,167	24,717,000
Other	23,112,570	29,383,546
	230,938,870	178,506,818

In 2010 consolidated revenue from sales of the Group’s products increased by 29 % as against 2009 and amounted to 230,938,870 thousand Tenge. This increase is mainly caused by the growth of Uranium products sales, however the average sales price in 2010 was formed at a lower level in comparison with 2009.

The sales pattern in 2010 was distributed as follows:

- Uranium products– 74,3%
- Beryllium products– 2,3%
- Tantalum products – 2,0%
- Utilities – 11,4%
- Other revenue– 10,0%.

2. Cost of Sales

	2010	2009
	Th. Tenge	Th. Tenge
Materials and supplies	103,245,715	72,677,910
Processing and other services	19,845,049	7,952,290
Wages and salaries	15,366,100	10,846,994
Depreciation and amortization	10,060,514	6,277,075
Taxes other than on income	8,827,503	5,217,999
Maintenance and repair	5,010,243	4,567,376
Utilities	2,002,180	1,630,933
Transportation expenses	647,364	493,705
Rent expenses	412,677	337,654
Research and development	139,779	75,472
Other	1,401,284	2,632,131
	166,958,408	112,709,539

Cost of goods sold in 2010 was 166,958,408 thousand Tenge and increased by 48% as against 2009, which was explained by either sales growth, or increase of cost of goods sold as per 1 unit of product. The share of cost of sales in the total revenue was 72 % in 2010 versus 63 % in 2009.

3. *Distribution Expenses*

	2010	2009
	Th. Tenge	Th.Tenge
Shipping, transportation and storing	1,006,542	642,279
Wages and salaries	409,569	363,239
Commissions	268,628	238,286
Materials and suppliers	196,782	174,240
Rent	80,413	62,105
Cargo insurance	50,349	43,697
Custom duties	48,497	36,062
Advertising and marketing expenses	47,339	42,025
Taxes other than on income tax	39,338	34,685
Travel	28,919	22,867
Depreciation and amortization	24,117	54,749
Other	125,475	109,890
	2,325,968	1,824,124

In 2010 distribution expenses increased by almost 28% as against 2009, mainly due to a significant increase in expenses for shipping, transportation and storage that are associated with a growth of sales and use of new transportation routes.

4. *Administrative Expenses*

	2010	2009
	Th.Tenge	Th.Tenge
Wages and salaries	7,425,520	6,614,293
Taxes other than income tax	1,657,931	1,003,186
Depreciation	524,566	491,494
Consulting, auditing and information services	480,364	408,605
Research expenses	361,677	244,475
Maintenance and repair	328,544	387,287
Travel	317,050	224,760
Rent	274,946	306,936
Training expenses	267,043	219,850
Materials and suppliers	254,435	241,123
Bonus pay accrual/(reversal)	216,447	(2,125,965)
Bank charges	141,637	165,348
Communication	109,258	110,721
Stationary	88,330	78,780
Utilities	83,128	77,745
Corporate events	73,255	96,706
Entertainment expenses	65,563	55,132
Insurance	40,049	24,926
Security	34,621	27,152
Other	520,547	332,165
	13,264,911	8,984,719

The amount of administrative expenses was 13,264,911 thousand Tenge and it increased as against 2009 by almost 48%. These expenses were mainly affected by rise in wages and salaries and tax payments, which included: property tax, transport tax, land tax and other taxes.

5. *Financial Income and Expenses*

	2010 г.	2009 г.
	Th.Tenge	Th.Tenge
<i>Financial income</i>		
Dividend income	3,551,893	-
Interest income on term deposits and deposits on demand, and current accounts	1,750,887	2,830,326
Other financial income	3,934	22,182
Interest income on investment portfolio	-	258,743
	5,306,714	3,111,251
<i>Financial expense</i>		
Interest expense on loans and borrowings	4,794,115	2,868,721
Unwinding of discount on other financial liabilities	4,388,107	3,783,706
Unwinding of discount on provisions	353,171	330,218
Loss on sales of foreign currency	57,577	149,214
Preference share dividend expense	53,610	52,965
Bank expenses	-	276,208
Commission on investment portfolio management	-	4,291
Other financial expense	280,066	368,969
	9,926,646	7,834,292
Net financial expense recognized in the consolidated statement of comprehensive income	4,619,932	4,723,041

In 2010 financial income increased by 70% relative to 2009 and amounted to 5,306,714 thousand Tenge, a significant part thereof was referred to dividend income in the amount of 3,551,893 thousand Tenge.

The amount of financing expenses for the reporting period was 9,926,646 thousand Tenge, and almost half thereof was comprised by interest expenses 4,794,115 thousand Tenge, increased due to growth of financial liabilities, including the placement of Eurobonds.

6. *Other Expenses*

	2010	2009
	Th.Tenge	Th.Tenge
Sponsorship and charity	2,619,205	1,234,125
Unrecoverable value added tax ("VAT")	2,438,747	301,483
Social sphere expenses	1,215,648	1,421,856
Loss on disposal and impairment of non-current assets	739,007	247,791
Transfer pricing provision	467,569	95,346
Loss on suspension of production	244,254	414,611
Other	772,437	538,908
	8,496,867	4,254,120

In 2010 the rise in other expenses was caused by almost double increase in sponsorship and charity costs as against 2009, as well as the significant increase in unrecoverable Value Added Tax, related to sale activities of the products, purchased and sold outside the Republic of Kazakhstan.

7. Earnings per Share (EPS) from Continued Activities

Basic and diluted EPS:

	<u>2010</u> Tenge	<u>2009</u> Tenge
Basic and diluted EPS:	1,608	1,109

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>2010</u> Th.Tenge	<u>2009</u> Th.Tenge
Profit for the year attributable to owners of the Group	59,014,067	40,683,975
Earnings used in the calculation of basic and diluted earnings per share	<u>59,014,067</u>	<u>40,683,975</u>
	<u>2010</u> Th.Tenge	<u>2009</u> Th.Tenge
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	36,692,361	36,692,361

8. Property, plant and equipment

	<u>31.12.2010</u> Th.Tenge	<u>31.12.2009</u> Th.Tenge
Land	116,148	93,951
Buildings	43,347,515	41,132,505
Plant and Equipment	28,552,087	26,313,464
Vehicles	4,658,851	4,005,863
Other	1,873,715	1,927,088
Construction in Progress	7,255,890	5,734,451
	<u>85,804,206</u>	<u>79,207,322</u>

9. Investments Accounted by Equity Method

	<u>31.12.2010</u> Th.Tenge	<u>31.12.2009</u> Th.Tenge
Associated entities	60,919,935	35,745,953
Jointly controlled entities	12,657,452	6,495,472
	<u>73,577,387</u>	<u>42,241,425</u>

The growth of investments accounted by equity method, is due to the fact that since 2009 new mining enterprises has commenced production operations and are gaining a net profit.

10. Loans to Related Parties

	31.12.2010	31.12.2009
	Th.Tenge	Th.Tenge
Non-current		
Kyzylkum LLP	4,528,464	
Baikenu LLP	6,222,980	
	10,751,444	
Current		
KRKAS JSC	12,000	
JV Akbastau JSC	500,000	
	512,000	

In 2010 KRKAS JSC and JV Akbastau JSC received current loans as financial aid with maturity in 2011. The loan to JV Akbastau JSC was collateralized by legal claim on future cash inflows. The total amount of loans as of December 31, 2010 was 512,000 thousand Tenge.

In September and December 2010, for the purpose of providing financial aid, Kyzylkum LLP and Baiken-U LLP received long-term loans on terms of security, serviceability and refundability, with maturity period of 9 and 7 years respectively. The total amount of loans given as of December 31, 2010 was 10,751,444 thousand Tenge. The loans were collateralized by property of the borrowers.

11. Inventories

	31.12.2010	31.12.2009
	Th.Tenge	Th.Tenge
Current		
Finished goods and goods for resale	35,503,588	34,038,251
Work-in-process	11,814,558	11,058,524
Raw materials	4,863,724	4,234,302
Spare parts	959,748	757,720
Fuel	737,816	666,662
Materials in process	477,162	519,687
Other materials	1,666,703	1,136,964
	56,023,299	52,412,110
Provision for obsolete inventories	(263,686)	(308,756)
Current	55,759,613	52,103,354
Non-current	6,550,761	7,077,867
	62,310,374	59,181,221

Non-current inventories include stocks of enriched uranium, which have been held by the Group since inception and are intended for use upon commissioning of new uranium pellets production workshops.

12. Trade and Other Receivables

	<u>31.12.2010</u> <u>Th.Tenge</u>	<u>31.12.2009</u> <u>Th.Tenge</u>
Trade accounts receivable	49,568,442	28,635,328
Trade accounts receivable from related parties (Note 43)	<u>7,061,456</u>	<u>4,139,947</u>
	56,629,898	32,775,275
Provision for doubtful debts	<u>(563,432)</u>	<u>(549,644)</u>
	<u>56,066,466</u>	<u>32,225,631</u>

Trade and other receivables of the Group at the end of 2010 was 56,066,466 thousand Tenge. All receivables are current and fully liquid.

13. Term Deposits

	<u>31.12.2010</u> <u>Th.tenge</u>	<u>31.12.2009</u> <u>Th.Tenge</u>
<i>Non-current</i>		
	<u>1,926,622</u>	<u>1,040,154</u>
<i>Current</i>	<u>77,133,161</u>	<u>22,742,735</u>

Non-current portion of deposits includes cash assets that are, in accordance with the terms of Subsoil Use Agreements, the Group invests in long-term bank deposits to finance future site restoration activities. As at 31 December 2010 the amount of restricted cash held in such deposits was KZT 1,919,967 thousand (2009: KZT 1,026,587 thousand).

Current portion includes fixed-term deposits placed in the second-tier banks for 3 - 12 month period.

High level of liquidity at the end of the reporting period was due to the receipt of funds resulted from issue of Eurobonds in May 2010 in the amount of 500 million USD, which are distributed on deposit in second-tier banks. These funds are supposed to be used for investment projects in 2011.

14. Cash and Cash Equivalentents

	<u>31.12.2010</u> <u>Th.Tenge</u>	<u>31.12.2009</u> <u>Th.Tenge</u>
Bank accounts	15,859,764	25,412,410
Demand deposits (deposits with up to 3 month period)	6,480,975	4,608,518
Petty cash (cash on hand)	<u>43,369</u>	<u>62,020</u>
	<u>22,384,108</u>	<u>30,082,948</u>

The structure of cash and cash equivalentents include balances on the bank accounts, deposits with up to 3 month period and cash on hand.

15. Loans and Borrowings

	31.12.2010 Th.Tenge	31.12.2009 Th.Tenge
Non current liabilities		
Secured bank loans	33,366,186	30,555,118
Non secured non bank loans	4,598,035	4,313,036
Finance lease obligations	34,336	85,912
Unsecured notes	-	20,250
Bonds	72,614,231	-
	110,612,788	34,974,316
Current liabilities		
Secured bank loans	9,645,566	25,465,276
Non secured non bank loans	1,286,535	476,623
Finance lease obligations	41,648	65,576
Unsecured notes	18,306	-
Bond interest payable	521,702	-
	11,513,757	26,007,475

Consolidated loan debt at the end of 2010 was 122,126,545 thousand Tenge. A significant increase in comparison with the beginning of the year was explained by the following factors:

On 20 May 2010 NAC Kazatomprom JSC issued 500 million USD aggregate principal amount of unsecured 6.25% bonds due 2015. Interest on the Bonds is accrued from May 20, 2010 at a rate of 6.25% per annum of the outstanding principal amount and is payable semi-annually in arrears on 20 November and 20 May of each year, commencing on 20 November 2010. The Bonds were issued in accordance with the rules of Reg S/144A, in denominations of 100,000 USD or integral multiples of 1,000 USD in excess thereof.

Besides, the Group's companies attracted the following long-term loans:

- Mining Company LLP attracted a loan in the amount of 30.0 million USD from Natixis Bank (France)
- Semizbay-U LLP attracted a loan in the amount of 30.0 million USD from Industrial and Commercial Bank of China,
- Appak LLP attracted a loan in the amount of 15.0 million USD from the JBIC Bank (Japan) and 6.4 million USD from Citibank (Japan), as well as non-bank borrowings in the amount of 11.6 million USD from the participants - Sumitomo Corporation and Kansai Electric Power Inc.
- MAEK Kazatomprom LLP attracted 4.8 million USD loan from Natixis Bank (France)

Loan Debt Repayment Schedule

	31.12.2010 Th.Tenge	Amount to be repaid					
		2011	2012	2013	2014	2015	2016-2024
Secured bank loans	43,011,752	9,645,566	15,397,009	11,141,062	5,998,990	829,125	0
Non secured non-bank loans	5,884,570	1,286,535	3,273,863	1,133,914	0	0	190,258
Finance lease obligations	75,984	41,648	27,780	6,556	0	0	0
Unsecured notes	18,306	18,306	0	0	0	0	0
Bonds	73,135,933	521,702	0	0	0	72,614,231	0
TOTAL	122,126,545	11,513,757	18,698,652	12,281,532	5,998,990	73,443,356	190,258

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

16. Trade Payables

	<u>31.12.2010</u> <u>Th.Tenge</u>	<u>31.12.2009</u> <u>Th.Tenge</u>
<i>Non-current</i>		
Trade accounts payable	<u>587,452</u>	<u>255,706</u>
<i>Current</i>		
Accounts payable to related parties	24,752,290	7,934,809
Trade accounts payable	<u>7,349,066</u>	<u>8,519,784</u>
	<u>32,101,356</u>	<u>16,454,593</u>
	<u>32,688,808</u>	<u>16,710,299</u>

Trade payables mainly include the balance from purchased inventories and services and current expenses. The average credit term is 60 days. All kinds of trade payables have been inventoried and have been confirmed by Reconciliation Reports.

17. 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 the end of 2010 is 7,599 Tenge.

	<u>31.12.2010</u> <u>Th.Tenge</u>	<u>31.12.2009</u> <u>Th.Tenge</u>
Assets, total	528,536,921	387,252,696
Intangibles assets	596,707	191,547
Liabilities, total	<u>249,117,214</u>	<u>143,018,432</u>
<i>Net assets for ordinary shares</i>	<u>278,823,000</u>	<u>244,042,717</u>
The number of ordinary shares for a share book value calculation	<u>36,692,361</u>	<u>36,692,361</u>
An ordinary share book value (Tenge)	<u>7,599</u>	<u>6,651</u>

III. Other Significant Information related to NAC Kazatomprom JSC Activity for the year of 2010.

1. The Most Important Events for NAC Kazatomprom JSC taken place in 2010:

March 17-18 –NAC Kazatomprom JSC attended the I International Mining Forum *Minex Central Asia 2010*. Within the frame of the forum the separate session “Uranium Industry of Kazakhstan – Outlooks and Capabilities for International Cooperation Development”, devoted to nuclear industry development in Kazakhstan was held.

March 17 – Under the auspices of *Minex Central Asia 2010* Forum the Agreement for Strategic Partnership between Kazatomprom and SOLVAY (Belgium) was signed. According to the Agreement the parties agreed to commence feasibility evaluation of construction of Peroxide Plant to meet needs of the uranium industry in Kazakhstan.

March 24 – NAC Kazatomprom JSC and Japanese Company Sumitomo Corporation signed a constituent document related to establishment of Summit Atom Rare Earth Company (SARECO) Joint Venture in the field of rare and rare earth metals (RM and REM).

April 22 – NAC Kazatomprom JSC signed a Memorandum of Understanding on cooperation in the Nuclear Industry with KoreaResourcesCorporation (KORES) and KoreaElectricPowerCorporation (KEPCO) Companies. Also, NAC Kazatomprom JSC and KORES signed a Memorandum of Understanding on cooperation for joint research, exploration and mining. The main purpose of this Memorandum is the cooperation through joint exploration, mining and production activities for mining projects in Kazakhstan.

May 14 –NAC Kazatomprom JSC distributed its inaugural Eurobonds worth 500 million USD for 5 years with a coupon rate of 6.25%.

June 03 – NAC Kazatomprom JSC and Toshiba Corporation of Japan signed an Agreement on joint venture establishment for research, exploration, mining, production and sales of rare metals and rare-earth metals products and materials.

June 05 –The commissioning of the main industrial complex of Inkai Kazakh-Canadian Joint Venture, which develops Inkai uranium deposit in Suzak Region of South Kazakhstan Oblast.

July 14 – In Almaty UMP JSC, a subsidiary of NAC Kazatomprom JSC, and Japanese company Nuclear Fuel Industries Ltd. (NFI) signed a document, specifying the conditions for agreement implementation in production of nuclear fuel components for the Japanese market.

October 28 - During the formal visit of Kazakhstan President Nursultan Nazarbayev to France the Chief Executive Officer of AREVA Anne Lauvergeon and the Chairman of the Board of NAC Kazatomprom JSC Vladimir Shkolnik signed an Agreement on establishment of a Joint Venture for production of fuel assemblies at the Ulba Metallurgical Plant (East Kazakhstan).

October 28 - During the formal visit of Kazakhstan President Nursultan Nazarbayev to the French Republic, NAC Kazatomprom JSC and European partners signed a number of documents on cooperation.

October 28 - During the formal visit of Kazakhstan President Nursultan Nazarbayev to the Kingdom of Belgium on October 25-26, 2010 the Chairman of the Board of NAC Kazatomprom

JSC Vladimir Shkolnik had a number of meetings with leading European partners and representatives of scientific community, to discuss cooperation and implementation of joint projects in Uranium Industry and other associated directions of Uranium Mining Complex, as well as development and deepening of scientific and engineering interaction.

November 12 – NAC Kazatomprom JSC's Representatives visited the Ural Electrochemical Plant. During the visit the Chairman of the Board of Kazatomprom Vladimir Shkolnik visited UECP production sites and met with the Deputy Director of the Nuclear Power Complex Administration of Rosatom State Corporation.

December 13 – NAC Kazatomprom JSC was the first National Company in Kazakhstan, which adopted an electronic method of procurement. On December 13, 2010 Trade and Transport Company LLP, included to the Kazatomprom Uranium Mining Holding Company, held electronic trading for the amount of 163,646 252.76 Tenge for the purpose purchasing materials and equipment to ensure the needs of the Uranium Mining Industry enterprises. The trading was held in a specialized electronic section of ETS (Eurasian Trading System) Commodity Exchange, being a member of the Regional Financial Centre of Almaty (RFCA).

December 29 – NAC Kazatomprom JSC, its subsidiary MAEK-Kazatomprom and Natixis Bank signed two Agreements on attracting loans totaled to 32 million USD for a period of 11.5 years (including 2-year contribution holiday). The loan was granted under the guaranteed coverage of the French Governmental Export Credit Agency COFACE and would be used for delivery of two Horizontally Film Type Desalination Plants (GTPI - 2 and 3).

2. *Commissioning of the New and Reduction of Old Production Facilities*

JV Inkai LLP. On February 18, 2010 the facilities of industrial complex and geotechnological field within the *Inkai ISL-1 Mine at Inkai Deposit* Project were put into operation by the Act of State Acceptance Committee. Before commissioning of the plant rich eluate had been processed at production facilities of RU-6 LLP and shipped in the form of yellow cake to reprocessing facilities. At the moment productive solutions are processed to yellow cake by Inkai's own facilities. The design capacity of JV Inkai LLP field and refinery is 2000 t of Uranium per year.

Karatau. On May 24, 2010 the facilities within the *Phase 1 of Expansion of Pilot Production Mining of Uranium by ISL Method at Budenovskoye Deposit, Site 2* Project, including refinery facility for manufacturing of yellow cake by peroxide technology with its separation for baking, with the capacity of 2000 t of Uranium per year in the form of U₃O₈ were put into operation by the Act of State Acceptance Committee.

JV KATCO LLP. On June 26, 2010 the facilities within the *1st Stage of Construction (TKDS-FT)* Project to increase production capacity at Tortkuduk Site 2 up to 1700 t of Uranium per year in the form of rich eluate were put into operation by the Act of State Acceptance Committee.

Betpak Dala LLP. During the reporting period two calciners were installed and put into operation in yellow cake production facility to produce 2000 t of U₃O₈.

Karatau LLP – On December 01, 2010 the facilities with production capacity 3200 t of U₃O₈ per year were put into operation.

3. *New Contracts for Subsoil Use in 2010:*

- The Contract for Uranium Exploration and Mining in the Northern part of "Tsentralny" Site at Mynkuduk Deposit in South Kazakhstan Oblast (NAC Kazatomprom JSC as an operator);
- The Contract for Uranium Exploration and Mining in the Northern part of Site # 3 "Tsentralny" at Moinkum Deposit in South Kazakhstan Oblast (NAC Kazatomprom JSC as an operator);
- The Contract for Exploration of Uranium at Zhalpak Deposit in South Kazakhstan Oblast (NAC Kazatomprom JSC as an operator).

Deputy Chairman of the Board

S.A. Yashin

Chief Accountant

S.S. Bashakova