

**JSC “National Company
“KazMunayGas”**

Consolidated financial statements

*For the year ended December 31, 2013
with Independent Auditors' Report*

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«Эрнст энд Янг» ЖШС
Әл-Фараби д-лы, 77/7
«Есентай Тауэр» ғимараты
Алматы қ., 050060
Қазақстан Республикасы
Тел.: +7 727 258 5960
Факс: +7 727 258 5961
www.ey.com

ТОО «Эрнст энд Янг»
пр. Аль-Фараби, 77/7
здание «Есентай Тауэр»
г. Алматы, 050060
Республика Казахстан
Тел.: +7 727 258 5960
Факс: +7 727 258 5961

Ernst & Young LLP
Al-Farabi ave., 77/7
Esentai Tower
Almaty, 050060
Republic of Kazakhstan
Tel.: +7 727 258 5960
Fax: +7 727 258 5961

Independent auditors' report

To the Shareholder and Management of "National Company "KazMunayGas" JSC

We have audited the accompanying consolidated financial statements of "National Company "KazMunayGas" JSC and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management of the Group is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of "National Company "KazMunayGas" JSC and its subsidiaries as at December 31, 2013, and their consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP



Bakhtiyor Eshonkulov
Auditor/audit partner



Auditor qualification certificate
No. МФ-0000099 dated August 27, 2012

March 14, 2014



Evgeny Zhemaletdinov
General director
Ernst & Young LLP



State audit license for audit activities on the
territory of the Republic of Kazakhstan: series
МФЮ-2 No. 0000003 issued by the Ministry of
finance of the Republic of Kazakhstan
on July 15, 2005

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>In thousands of tenge</i>	Note	As at December 31	
		2013	2012
ASSETS			
Non-current assets			
Property, plant and equipment	7	3,739,035,749	3,423,256,395
Exploration and evaluation assets	8	221,699,938	185,284,168
Investment property	9	28,243,320	–
Intangible assets	10	200,442,883	201,207,926
Long-term bank deposits	11	81,935,736	2,487,515
Investments in joint ventures and associates	12	998,490,176	894,097,039
Deferred income tax assets	31	29,688,534	34,167,348
VAT receivable		18,921,820	8,641,358
Advances for non-current assets		84,500,167	117,846,042
Bonds receivable from the Parent Company	32	36,922,676	36,725,575
Note receivable from a shareholder of a joint venture	13	13,222,376	14,326,455
Note receivable from associate	32	22,411,853	20,721,926
Loans due from related parties		22,558,713	16,637,532
Other non-current assets		28,237,430	30,347,102
		5,526,311,371	4,985,746,381
Current assets			
Inventories	14	204,342,042	203,281,273
VAT receivable		151,553,582	123,223,688
Income taxes prepaid	31	52,345,584	42,555,972
Trade accounts receivable	15	284,447,047	219,286,785
Short-term financial assets	16	814,592,127	659,577,808
Bonds receivable from the Parent Company	32	4,440,000	4,440,000
Note receivable from a shareholder of a joint venture	13	3,969,193	3,895,304
Dividends receivable from associate	12	19,262,694	34,820,940
Other current assets	15	74,084,738	130,586,188
Cash and cash equivalents	17	407,326,766	415,085,451
		2,016,363,773	1,836,753,409
Assets classified as held for sale		15,510,696	11,221,633
		2,031,874,469	1,847,975,042
TOTAL ASSETS		7,558,185,840	6,833,721,423

The accounting policies and explanatory notes on pages 10 through 82 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

<i>In thousands of tenge</i>	Note	As at December 31	
		2013	2012
EQUITY AND LIABILITIES			
Equity			
Share capital	18	546,485,470	527,760,531
Additional paid-in capital	18	19,645,866	19,062,712
Other equity		2,185,813	2,180,382
Currency translation reserve	18	269,950,758	222,112,349
Retained earnings		2,611,367,993	2,241,272,475
Attributable to equity holder of the Parent Company		3,449,635,900	3,012,388,449
Non-controlling interest	18	586,555,014	581,147,319
Total equity		4,036,190,914	3,593,535,768
Non-current liabilities			
Borrowings	19	2,005,432,081	1,593,704,304
Payable for the acquisition of additional interest in North Caspian Project	20	214,885,792	226,366,710
Provisions	21	114,584,815	115,117,818
Deferred income tax liabilities	31	157,991,090	154,546,429
Other non-current liabilities		13,850,020	26,174,856
		2,506,743,798	2,115,910,117
Current liabilities			
Borrowings	19	301,710,769	469,943,861
Provisions	21	72,006,106	34,598,962
Income taxes payable	31	55,365,055	48,103,198
Trade accounts payable	22	246,359,108	227,115,792
Payable for the acquisition of additional interest in North Caspian Project	20	107,443,991	113,183,280
Other taxes payable	23	109,643,397	109,435,007
Derivatives		441,058	372,026
Other current liabilities	22	119,197,681	117,740,857
		1,012,167,165	1,120,492,983
Liabilities directly associated with the assets classified as held for sale		3,083,963	3,782,555
Total liabilities		3,521,994,926	3,240,185,655
TOTAL EQUITY AND LIABILITIES		7,558,185,840	6,833,721,423

Managing director for economics and finance

Chief accountant



Kassymbek A.M.

Valentinova N.S.

The accounting policies and explanatory notes on pages 10 through 82 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>In thousands of tenge</i>	Note	For the years ended December 31	
		2013	2012
Revenue	24	3,252,719,115	2,960,418,491
Cost of sales	25	(2,354,108,926)	(2,090,818,113)
Gross profit		898,610,189	869,600,378
General and administrative expenses	26	(162,733,410)	(163,051,472)
Transportation and selling expenses	27	(332,165,967)	(360,696,826)
Impairment of property, plant and equipment and intangible assets, other than goodwill	7, 10	(62,482,577)	(82,389,739)
Loss on disposal of property, plant and equipment, intangible assets and investment property, net		(4,940,947)	(3,825,536)
Income from sale of interest in subsidiaries	6	–	9,642,396
Other operating income		30,747,927	27,527,008
Other operating expenses		(17,288,289)	(16,846,397)
Operating profit		349,746,926	279,959,812
Net foreign exchange loss		(22,202,042)	(18,005,652)
Finance income	28	42,388,429	29,024,440
Finance costs	29	(171,743,877)	(169,183,806)
Impairment of investments in joint ventures	12	–	(2,955,515)
Share in profit of joint ventures and associates, net	30	483,517,390	471,086,475
Profit before income tax		681,706,826	589,925,754
Income tax expenses	31	(193,395,929)	(177,130,700)
Profit for the year from continuing operations		488,310,897	412,795,054
Discontinued operations			
Profit after income tax for the year from discontinued operations		331,290	628,105
Net profit for the year		488,642,187	413,423,159

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

<i>In thousands of tenge</i>	Note	For the years ended December 31	
		2013	2012
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		49,338,488	34,834,228
Other comprehensive income to be reclassified to profit or loss in subsequent periods		49,338,488	34,834,228
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement of actuarial losses on defined benefit plans		(3,066,496)	–
Tax effect		421,186	–
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		(2,645,310)	–
Other comprehensive income for the year		46,693,178	34,834,228
Total comprehensive income for the year, net of tax		535,335,365	448,257,387
Net profit for the year attributable to:			
Equity holder of the Parent Company		440,955,063	369,420,373
Non-controlling interest		47,687,124	44,002,786
		488,642,187	413,423,159
Total comprehensive income for the year attributable to:			
Equity holder of the Parent Company		486,251,522	402,959,622
Non-controlling interest		49,083,843	45,297,765
		535,335,365	448,257,387

Managing director for economics and finance



Kassymbek A.M.

Chief accountant

Valentinova N.S.

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