

The following document is intended to assist the understanding and assessment of trends and significant changes in the Company's results and financial condition. This review is based on the consolidated financial statements of the Company and should be read in conjunction with those statements and the accompanying notes. All the financial data and discussions thereof are based on consolidated financial statements prepared in accordance with IFRS.

OVERVIEW

KazMunaiGas Exploration Production Joint Stock Company ("the Company" or "KMG EP") is engaged in the exploration, development, production, processing, export of hydrocarbons and the acquisition of oil and gas assets. The Company's core operations are oil and gas properties located in the Pre-Caspian, Mangistau and Southern Torgai basins. The Company's majority shareholder is JSC National Company KazMunaiGas (NC KMG), the wholly state-owned joint stock company, which represents the state's interests in the Kazakh oil and gas industry. The Company conducts its core production activities at 47 oil and gas fields, including JSC "Ozenmunaigas" ("OMG"), which consists of 2 fields, JSC "Embamunaigas" ("EMG"), which consists of 40 fields and "Kazakh Gas Refinery" LLP which consists of 5 fields. The Company also has a 51% interest in joint venture KS EP Investments BV, 50% in Kazgermunai LLP, CCEL, Ural Group Limited BVI ("UGL") and a 33% interest in its associate PetroKazakhstan Inc.

The Company is carrying out onshore exploration in the areas of Liman, Taisoigan, Karaton-Sarkamys, Uzen-Karamandybas, Novobogatinsk Western, Fedorovskiy block ("UGL"), Karpovskiy Severniy ("Karpovskiy KS EP Investments BV"), Temir, Teresken, Zharkamys Eastern-1 ("KMG EP Exploration assets") and also holds a 35% interest in the license to farm-in into a BG Group operated license in the United Kingdom Central North Sea – a production license which contains the White Bear prospect.

The Company's total oil production in 2012, together with the share of its joint ventures and its associate companies, was approximately 12,191k tonnes or 247kbopd. This includes oil derived from its 50% share in JV Kazgermunai LLP, its 50% share in CCEL and its 33% stake in PetroKazakhstan Inc. OMG and EMG produced 156kbopd with a further 39 kbopd from PetroKazakhstan Inc., 33 kbopd from JV Kazgermunai LLP and 19 kbopd from CCEL.

Operating and Financial Review covers the activities of abovementioned companies.

BUSINESS ENVIRONMENT AND OUTLOOK

Macroeconomic factors affecting the Company's financial performance for the year under review include movements in crude oil prices, domestic inflation, and foreign exchange rates, particularly the Tenge-US dollar rate.

BUSINESS ENVIRONMENT FOR 2012

The average Brent price in 2012 was US\$ 111.70 per barrel, which is almost the same as in the 2011.

Q4 2012	Q3 2012	Q4 2011	Q4 ON Q4 CHANGE		2012	2011	CHANGE
(US\$ /BBL)			%		(US\$ /BBL)		
110.10	109.50	109.36	0.7%	BRENT (DTD)	111.70	111.26	0.4%

Most of the Company's revenues, financial assets and borrowings are denominated in US dollars, while most of the Company's operating expenses are denominated in Tenge. The Company manages currency risk by reducing or increasing the share of financial instruments denominated in US dollars in its portfolio.

Tenge-US dollar exchange rates and domestic inflation, as measured by the consumer price index ("CPI") were as follows:

Q4 2012	Q3 2012	Q4 2011	Q4 ON Q4 CHANGE		2012	2011	CHANGE
150.44	149.68	147.91	1.7%	AVERAGE US\$ VS KZT	149.11	146.62	1.7%
2.1%	1.2%	1.2%	75.0%	CPI	6.0%	7.4%	-18.9%
150.74	149.86	148.40	1.6%	US\$ VS KZT AT BALANCE SHEET DATE	150.74	148.40	1.6%

Source: National Bank of Kazakhstan

The Tenge weakened against the US dollar from average 146.62 KZT/US\$ in 2011 to 149.11 KZT/US\$ in 2012. The inflation rate in 2012 was 6.0% compared to 7.4% in 2011.

OPERATING AND FINANCIAL REVIEW

PRODUCTION ACTIVITY

Production of crude oil from core assets in 2012 was 7,766k tonnes which is 2% lower than in 2011.

Q4 2012	Q3 2012	Q4 2011	Q4 ON Q4 CHANGE		2012	2011	CHANGE
1,251	1,232	1,293	-3%	OMG	4,950	5,082	-3%
720	720	715	1%	EMG	2,816	2,818	0%
1,971	1,952	2,008	-2%	TOTAL PRODUCTION	7,766	7,900	-2%

As previously reported, lower production compared with 2012 reflected an increase in idle wells, lower turnaround time and geological and technical problems which created a backlog in the crude oil production plan. The backlog was exacerbated by the poor quality and late delivery of some underground equipment and spare parts. Other factors included worn out surface and underground well infrastructure, problems preparing sea water and waste water for injection, difficulties with the application of chemicals at oil production facilities and in well plugging. Poor discipline and work organisation also contributed to other difficulties such as downtime caused when underground well repair teams had to await delivery of machinery and equipment. All these factors affected the quality and frequency of repair work to underground wells and equipment and contributed to the increase in idle wells and failure to achieve production targets. But production was also adversely affected by disruptions to the electricity supply during 2012 and adverse weather conditions with temperatures falling below minus 20 degrees centigrade, heavy snowfalls, storms and flooding. Taken together these problems led to a sharp decline in oil production and failure to fill the production plan.

As of January 1, 2013, the Company operated a total of 5,981 production and 1,670 injection wells: 3,698 production and 1,212 injection wells at OMG and 2,283 production and 458 injection wells at EMG. Most of the company's existing oil fields are at a mature stage of development, characterized by high water content and declining oil production. In order to mitigate this natural production decline and achieve its production targets the Company engages in production drilling, work-over and enhanced recovery operations.

In 2012 OMG drilled and put into operation 181 wells (104 oil producing, 77 injection), 9 more wells than in 2011. Oil production generated by new wells was 151k tonnes compared to 186k tonnes in 2011. The workover of 675 wells provided an incremental production of 248k tonnes. At the same time, well operations for hydro-fracturing at OMG declined by 39 to a total of 111 while additional production from hydro-fracturing at 120k tonnes was 103k tonnes less than in 2011.

In 2012 EMG drilled and put into operation 65 wells (59 oil producing, 6 injection), which is around equivalent to 2011. Oil production generated by new wells rose to 86k tonnes compared to 71k tonnes in 2011. The workover of 282 wells provided an incremental production of 90k tonnes. Hydro-fracturing operations took place at 10 wells, similar to 2011. Additional production from hydro-fracturing in 2012 was 25k tonnes, some 9k tonnes more than 2011.

Crude oil production in 2013 at core assets is planned to be 8.1 million tonnes, including 5.3 million tonnes at OMG and 2.8 million tonnes at EMG. In order to ensure this production volume in 2013, the Company is planning to drill 182 oil producing wells and 98 injection wells: 115 production and 93 injection wells at OMG and 67 production and 5 injection wells at EMG. The Company also plans to apply at its existing wells hydraulic fracturing, workover, bottomhole zone treatment and bringing inactive production wells back into production or reactivate them.

EXPLORATION ACTIVITY

In 2012 the Company continued exploration works on the following blocks Liman, Taisoigan, Karaton-Sarkamys, Uzen-Karamandybas, Temir, Zharkamys Eastern-1, Fedorovskiy, Karpovskiy Severniy and White Bear area and appraisal works in the S. Nurzhanov, Prorva Western, Novobogatinsk Western and Eastern Makat fields.

EXPLORATION WORKS

On the Liman block in 2012 drilling of wells G-2 and G-5 on the field Novobogat Southeast on productive postsalt Middle Triassic sediments has been completed, drilled depth was 1200 m and 1328 m respectively. On the well G-2 at the second test object using a jet pump obtained a flow with a debit of 2.5 m³/day, the well was put into conservation until the input of field into test operation. Well G-5 is in the stage of testing of productive objects. In addition, on the field Novobogat Southeast continued drilling of well PR-1 for permotriassic subsalt deposits, with a planned depth of 2500 m, as of December 31, 2012 1912 m has been drilled.

In 2013 the Novobogat Southeast (post-salt) field is planned to go into test operation involving degreasing putting exploratory wells into operation and drilling two new wells. These are the G-6 advanced-mining well and the G-7 exploratory well with a

projected depth of 1500 m each, in order to clarify the geological structure and determine production potential. On the field Novobogat Southeast the drilling of well PR-1(subsalt) will be completed, by the results of tests, will be decided on drilling of the second exploration well in the PR-2.

At the Taisoigan block, the drilling of exploratory well U-1 was completed to a depth of 1366 m. Oil inflow (1 m³/day) obtained during testing of third object, testing is underway. To revise geological model of the structure Bazhir, 3D-CMP seismic works have been conducted in the volume of 86 sq. km.

At the block Taisoigan exploration drilling is planned for 2 wells at structures Uaz and Bazhir, with a projected depth of 1250 m (jurassic sediments) and 1400 m (triassic sediments) respectively. Seismic 3D-CMP works for 170 sq. km is planned to be performed on Uaz-Kondybai structure to revise geological model and discover new objects.

At Karaton-Sarkamys block, 160 sq. km 3D-CMP seismic works have been conducted and processed on the structures S. Nurzhanov, Severniy and Bulatai. Magnetotelluric sounding and reprocessing of 1,360 sq. km of 3D-CMP data on Kenaral and Dosmuhambetovskoe structures has been completed.

In 2013, at Karaton-Sarkamys block there has been planned an analysis of geological and geophysical data in order to identify further exploration activities on the block, by the results of which envisaged drilling of 2 exploratory wells with the depth of 3350 and 3000 m, respectively.

On the Uzen-Karamandybas block, an adjacent area to Uzen and Karamandybas, preliminary analysis of earlier exploration work has identified minor perspective structures for oil, but with significant geological risks. In order to determine the future direction of exploration activities in the area, the analysis of geological and geophysical data will be continued.

On Zharkamys Eastern-1 block to assess the hydrocarbon potential of the subsalt sediments completed drilling of exploration well RA-2-T at Tuskum structure, the actual depth was 4502 m. Interpretation of GIS data identified two promising sites in the sediments of the lower Visean Carbon for further examination. This is planned to start in the second quarter of 2013 with a new exploratory well RA-3-T which will drill down to a planned depth of 4500 m to assess the hydrocarbon potential of pre-salt horizons.

In 2012 at Temir block, gravimetric studies have been carried out on 3,500 sq. km.

In 2013, at Temir block, planned works for 3D-CMP seismic survey in the volume of 200 sq. km in order to prepare for exploratory drilling.

At Karpovskiy Severniy block, drilling of exploration well SK-1 with a projected depth of 5600 m on the structure Melovaya has started. As of December 31, 2012 3,727 m has been drilled.

In 2013, at the block Karpovskiy Severniy exploration drilling is planned for 1 well at Orlovskaya area, with a projected depth of 5250 m, drilling of well SK-1 on the structure Melovaya will be continued. Seismic 3D-CMP works for 460 sq. km is planned to be performed to revise geological model and discover new targets at subsalt deposits.

In the reporting period, at Fedorovskiy block at well U-23 of Rozhkovskoye field, from sediments of the Lower Carbon Tournaisian stage when testing the third object, acid treatment resulted in gas and condensate flow to surface with a debit of 120 m³/day and 300 m³/day respectively at 11 mm choke. Also drilling works on well U-26 with a projected depth of 5,200 m have started. As of December 31, 2012 3674 m has been drilled. Reprocessing of 952 sq. km of 3D seismic data at the areas Zhaiyk, Rubezhinskaya, Rozhkovskaya and Chinarevskaya has been completed; interpretation of seismic data is planned in 2013.

In 2013, at Fedorovskiy block it is planned to drill 2 exploratory wells U-11 and U-24 with a projected depth of 4500 m each on Rozhkovskaya area. The drilling of well U-26 will be continued.

At White Bear block, drilling of an exploration well 22/04b-6 in the North Sea has been completed at the depth of 5937 m. The analysis of drilling results and received geological and geophysical data is underway, by the results of which, will be determined the prospects of further exploration.

APPRAISAL WORKS

The works on the reprocessing and interpretation of 3D seismic data, synchronous inversion and litho-fluid models of S. Nurzhanov, Eastern Makat, West Prorva, Novobogat SE and Kenbai fields have been completed.

Drilling of exploration well 701 on the S. Nurzhanov field with a projected depth of 2,000 m has been completed. By the results of drilling 3 objects indicated for testing.

In 2013, at S. Nurzhanov field planned to drill 2 wells 703 and 705 with the projected depth of 2,000 m each.

The drilling of exploration well 401P on the Western Prorva field has been completed. Drilling of the well was completed at a depth of 3,473 m. By the results of final GIS, 4 objects indicated for testing at permotriassic sediments. At testing of the 1st object, well began to pour and then spouting water, oil and gas. Currently works on testing of second object is underway.

In 2013, at Western Prorva field planned to drill well 403-P with the projected depth of 3,500 m.

The drilling of exploration well 104 on the field Eastern Makat has been completed. Drilling of the well was completed at a depth of 1,425 m. By the results of final GIS, 3 objects indicated for testing at permotriassic sediments. At testing a first object obtained flowed gas. At testing of the 2nd object obtained gushing oil flow with a debit of of 14.3 m³/day on a 9 mm choke, at testing of third object is obtained oil flow with a debit of of 25.7 m³/day on a 9 mm choke, selected deep and surface samples of reservoir fluid.

OPERATING AND FINANCIAL REVIEW

In 2013, at Eastern Makat field planned to drill well 106 with the projected depth of 1,500 m.

At Novobogatinsk Western field, the drilling of exploratory well G-20 with a projected depth of 2,590 m has been completed. Due to absence of productive reservoirs according to geophysics and borehole core data the well has been abandoned.

In 2013, at the field SW Kamyshtovoe in order to clarify the geological structure and confirmation of selected reservoirs in the area of distribution of C2 reserves, planned to drill an exploration well 2Rec with a depth of 1300 m.

In 2013, at the S. Balgimbayev field planned to drill an exploration well P-1 with a projected depth of 1500 m.

At the field Zhanatalap, in order to transfer oil from the C2 to the industrial category B and C1 in 2013, planned to drill 2 exploration wells, with a projected depth of 730 m each.

In 2013, at Akkuduk and B.Zholamanov fields in order to revise the geological model, planned 3D seismic works for 40 sq. km and 70 sq. km, respectively.

RESULTS OF OPERATIONS

The Company prepares financial statements in Tenge, the amounts shown in US dollars are included solely for the convenience of the information user at the average exchange rate over the respective period for consolidated statement of comprehensive income and consolidated cash flow statement and at the closing rate for consolidated statement of financial position. See "Business Environment and Outlook".

KEY FIGURES

Q4 2012	Q3 2012	Q4 2011	CHANGE %		2012	2011	CHANGE %
<i>(KZT MILLIONS, UNLESS OTHERWISE STATED)</i>				<i>(KZT MILLIONS, UNLESS OTHERWISE STATED)</i>			
192,528	206,099	175,448	10%	REVENUE	797,170	721,194	11%
36,542	33,087	29,619	23%	PRODUCTION EXPENSES	140,362	117,465	19%
18,433	29,708	23,559	-22%	SELLING GENERAL AND ADMINISTRATIVE EXPENSES	93,088	98,520	-6%
55,329	74,570	66,029	-16%	TAXES OTHER THAN ON INCOME	274,171	284,028	-3%
1,047	731	3,356	-69%	EXPLORATION EXPENSES	6,104	5,985	2%
13,977	14,178	12,602	11%	DEPRECIATION, DEPLETION AND AMORTIZATION	53,747	45,494	18%
77,012	(24)	186	41,304%	IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT	77,012	1,653	4 559%
1,381	1,408	646	114%	LOSS ON DISPOSAL OF FIXED ASSETS	3,189	4,044	-21%
(11,193)	52,441	39,451	-128%	PROFIT FROM OPERATIONS	149,497	164,004	-9%
(12,013)	51,371	44,282	-127%	NET INCOME	160,823	208,931	-23%
2,519	2,302	2,004	26%	PRODUCTION EXPENSES (KZT PER BBL) ⁽¹³⁾	2,456	2,020	22%
16,74	15,38	13,55	24%	PRODUCTION EXPENSES (US\$ PER BBL) ⁽¹³⁾	16,47	13,78	20%
31,803	30,329	37,506	-15%	CAPITAL EXPENDITURE ⁽¹⁴⁾	108,114	104,977	3%

(13) Converted at 7.36 barrels per tonne of crude oil.

(14) According to purchases of PPE and intangible assets in consolidated statement of cash flows for the period ending December 31, 2012 (see Company website for a copy)

TRANSPORT ROUTES

The Company delivers its crude oil through three principal routes: export markets via the pipeline owned by Caspian Pipeline Consortium (CPC), the Uzen–Atyrau–Samara pipeline (UAS) owned by KazTransOil JSC (in Kazakhstan) and the domestic market, as outlined in the following table:

Q4 2012	Q3 2012	Q4 2011		2012	2011
EXPORTS SALES VIA UAS					
0.90	1.04	0.86	VOLUME OF CRUDE OIL (IN MILLION TONNES)	3.56	3.52
48%	55%	46%	% TOTAL CRUDE OIL SALES VOLUME	46%	46%
56%	61%	57%	% TOTAL SALES VALUE OF CRUDE OIL	53%	56%
EXPORTS SALES VIA CPC					
0.56	0.57	0.53	VOLUME OF CRUDE OIL (IN MILLION TONNES)	2.52	2.24
30%	30%	28%	% TOTAL CRUDE OIL SALES VOLUME	33%	29%
35%	34%	35%	% TOTAL SALES VALUE OF CRUDE OIL	39%	37%
DOMESTIC SALES					
0.40	0.28	0.49	VOLUME OF CRUDE OIL (IN MILLION TONNES)	1.64	1.90
22%	15%	26%	% TOTAL CRUDE OIL SALES VOLUME	21%	25%
9%	5%	8%	% TOTAL SALES VALUE OF CRUDE OIL	8%	7%

The relative profitability of the two export routes depends on the quality of oil in the pipeline, the prevailing international market prices and the relevant pipeline tariffs.

Specifically, CPC tends to be the more advantageous route owing to the higher quality of crude oil in the CPC pipeline in a higher price oil environment, even after taking into account quality bank payments. It should be noted that the volume of crude oil that can be shipped through the pipelines has to be agreed with the Ministry of Oil and Gas of the Republic of Kazakhstan; the Company's ability to allocate export volume to different pipelines is, therefore, limited.

REVENUE

The following table shows sales volumes and realized prices:

Q4 2012	Q3 2012	Q4 2011	CHANGE		2012	2011	CHANGE	
(KZT MILLIONS, UNLESS OTHERWISE STATED)				%	(KZT MILLIONS, UNLESS OTHERWISE STATED)			
EXPORT SALES OF CRUDE OIL								
UAS PIPELINE								
105,461	123,431	97,677	8%	NET SALES	417,831	395,583	6%	
899	1,042	863	4%	VOLUME (IN THOUSAND TONNES)	3,555	3,521	1%	
117,369	118,415	113,216	4%	AVERAGE PRICE (KZT/TONNE)	117,517	112,344	5%	
107,91	109,43	105,87	2%	AVERAGE PRICE (US\$/BBL) ⁽¹⁵⁾	109,01	105,98	3%	
CPC PIPELINE								
66,850	68,368	60,743	10%	NET SALES	302,431	260,012	16%	
556	571	530	5%	VOLUME (IN THOUSAND TONNES)	2,523	2,237	13%	
120,309	119,783	114,590	5%	AVERAGE PRICE (KZT/TONNE)	119,889	116,239	3%	
110.61	110.69	107.15	3%	AVERAGE PRICE (US\$/BBL) ⁽¹⁵⁾	111.21	109.65	1%	
172,311	191,799	158,420	9%	TOTAL SALES OF CRUDE OIL-EXPORTED	720,262	655,595	10%	
DOMESTIC SALES OF CRUDE OIL								
16,077	10,839	13,707	17%	NET DOMESTIC SALES OF CRUDE OIL	62,668	52,882	19%	
401	279	489	-18%	VOLUME (IN THOUSAND TONNES)	1,637	1,898	-14%	
40,111	38,874	28,013	43%	AVERAGE PRICE (KZT/TONNE)	38,278	27,858	37%	
36.87	35.93	26.44	39%	AVERAGE PRICE (US\$/BBL) ⁽¹⁵⁾	35.51	26.28	35%	
TOTAL SALES								
188,388	202,638	172,127	9%	TOTAL NET SALES OF CRUDE OIL	782,930	708,477	11%	
1,855	1,892	1,882	-1%	TOTAL VOLUME (IN THOUSAND TONNES)	7,715	7,656	1%	
101,556	107,107	91,452	11%	AVERAGE PRICE (KZT/TONNE)	101,478	92,535	10%	
93.37	98.98	86.31	8%	AVERAGE PRICE (US\$/BBL) ⁽¹⁵⁾	94.13	87.29	8%	
4,140	3,463	3,320	25%	OTHER SALES	14,240	12,717	12%	
192,528	206,099	175,448	10%	TOTAL REVENUE	797,170	721,194	11%	

(15) Average sales price under financial statement (realized price), converted at 7.23 barrels per tonne of crude oil.

EXPORT – UAS PIPELINE

Sales of crude oil exported via the UAS pipeline in 2012 increased by 6% to KZT418 billion due to an increase of the average realized price by 5% to KZT117,517 per tonne and increase in exported crude oil volumes via UAS by 1%.

OPERATING AND FINANCIAL REVIEW

EXPORT – CPC PIPELINE

In 2012 sales of exported crude oil via the CPC pipeline increased by 16% to KZT302 billion in comparisons with 2011. This is due to a 3% increase in the average realized price to KZT119,889 per tonne and a 13% increase in volume exported via the CPC. The growth of crude oil sales on this route is due to reallocation of volumes of crude oil from the domestic market to export. Moreover, in January 2012 additional sales were realized from 2 tanker loads of 127k tonnes. These should have been shipped in December 2011, but were not shipped then due to adverse weather conditions.

DOMESTIC MARKET – SALES OF CRUDE OIL

Domestic sales of crude oil in 2012 increased by 19% to KZT63 billion, compared to 2011, due to a 37% increase in the average sales price and was partially offset by decrease in sales volume by 14% or 261k tonnes.

In February 2012, the Company agreed a revised schedule of prices for domestic sales of crude oil, including a price of KZT43,500 per tonne with effect from 1 July 2012. Subsequently, those prices were reduced and the price received by the Company for domestic sales of crude oil from 20 July to 30 September has been KZT38,000 per tonne and from 1 October to 31 December KZT40,000. In accordance with the terms of the Company's charter, the price reduction, as a related party transaction, should have been approved by the Independent Non-Executive Directors of the Company but no such approval has been given to the reduced price in 2012.

The following table shows the Company's realized sales prices (netback analysis) adjusted for crude oil transportation and other expenses:

Q4 2012	Q3 2012	Q4 2011	CHANGE		2012	2011 ⁽¹⁶⁾	CHANGE
(US\$/BBL)		%			(US\$/BBL)		%
UAS							
110.10	109.50	109.36	1%	BENCHMARK END-MARKET QUOTE ⁽¹⁷⁾	111.70	111.26	0.4%
107.92	109.40	105.83	2%	SALES PRICE	108.80	106.06	3%
0.10	0.02	0.04	130%	PREMIUM OF BBL DIFFERENCE	0.14	-0.08	-279%
108.02	109.42	105.87	2%	REALIZED PRICE	108.94	105.98	3%
(23.99)	(22.69)	(22.86)	5%	RENT TAX	(23.79)	(23.73)	0.3%
(6.12)	(5.35)	(5.73)	7%	EXPORT CUSTOMS DUTY	(5.62)	(4.98)	13%
(8.94)	(7.31)	(7.91)	13%	TRANSPORTATION	(7.91)	(7.76)	2%
-	-	(0.07)	-100%	SALES COMMISSIONS	(0.02)	(0.07)	-69%
68.97	74.06	69.30	-0.5%	NETBACK PRICE	71.60	69.44	3%
CPC							
110.10	109.50	109.36	1%	BENCHMARK END-MARKET QUOTE ⁽¹⁷⁾	111.70	111.26	0.4%
109.44	108.68	108.70	1%	SALES PRICE	109.83	109.98	-0.1%
(7.73)	(6.67)	(10.83)	-29%	QUALITY BANK	(7.41)	(8.88)	-17%
8.55	8.65	9.28	-8%	PREMIUM OF BBL DIFFERENCE	8.76	9.32	-6%
110.26	110.66	107.15	3%	REALIZED PRICE	111.18	110.42	1%
(20.39)	(23.08)	(23.13)	-12%	RENT TAX	(23.23)	(24.07)	-3%
(4.66)	(4.72)	(4.80)	-3%	EXPORT CUSTOMS DUTY	(4.91)	(5.13)	-4%
(6.36)	(7.54)	(7.00)	-9%	TRANSPORTATION	(6.96)	(6.97)	-0.2%
-	-	(0.07)	-100%	SALES COMMISSIONS	(0.02)	(0.07)	-69%
78.85	75.31	72.15	9%	NETBACK PRICE	76.06	74.18	3%
DOMESTIC							
36.87	35.89	26.19	41%	SALES PRICE	35.51	26.28	35%
(0.87)	(0.83)	(1.45)	-40%	TRANSPORTATION	(1.03)	(1.38)	-25%
36.00	35.05	24.74	46%	NETBACK PRICE	34.47	24.90	38%
64.80	68.86	58.52	11%	AVERAGE NETBACK PRICE	65.18	59.78	9%

(16) The information for 2011 has been adjusted in accordance with the changes made in the method of calculation in 2012

(17) The Brent (DTD) quoted price is used as benchmark.

The difference between the benchmark quote and the realized price of sales mainly comprises freight expenses and averaging effects. Averaging effects usually appear because of the difference between the average mean of the quoted price on the sale date and the average published price over the whole period. This difference may be significant on account of the high volatility of oil prices.

PRODUCTION EXPENSES

The following table presents a breakdown of the Company's production expenses (in KZT millions):

Q4 2012	Q3 2012	Q4 2011	CHANGE %		2012	2011	CHANGE %
22,687	20,517	16,515	37%	EMPLOYEE BENEFITS	82,959	65,323	27%
4,102	3,097	6,099	-33%	MATERIALS AND SUPPLIES	14,176	14,691	-4%
3,589	3,314	2,932	22%	ENERGY	12,884	10,564	22%
7,361	5,251	5,173	42%	REPAIRS AND MAINTENANCE	18,162	20,087	-10%
1,581	1,514	1,133	39%	TRANSPORTATION SERVICE	5,758	4,519	27%
143	-	257	-44%	PROCESSING EXPENSES	393	1,041	-62%
(4,738)	(2,178)	(3,831)	24%	CHANGE IN CRUDE OIL BALANCE	(984)	(3,919)	-75%
1,817	1,572	1,341	35%	OTHER	7,014	5,159	36%
36,542	33,087	29,619	23%		140,362	117,466	19%

Production expenses in 2012 increased by 19% or KZT22.9 billion compared to 2011. This is primarily due to increased expenses for employee benefits, energy and transportation while repairs and maintenance and processing expenses have decreased.

Employee benefits expenses for 2012 increased by 27% compared to 2011 mainly due to an indexation of basic tariffs for production personnel by 9% starting from January 2012 according to the collective agreement, but also due to creation of two new service companies (UBR and UTTIOS).

Energy expenses increased by 22% in 2012 mainly due to the increase in tariffs for electricity consumption.

Transportation expenses increased by 27% mainly due to increase in volumes of work (moto-hours) and tariffs for transportation at subsidiaries.

Processing expenses have decreased by 62% due to the reduction of supplies to the Atyrau refinery. This was due to congestion of the plant associated with the adoption of the act "State regulation of production and turnover of certain types of oil products".

Repairs and maintenance expenses in 2012 declined by 10% compared to 2011, mainly due to the reduced number of repair operations from 1066 to 957 well/operation and hydraulic fracturing from 160 to 121 well/operation according to the production program and due to adverse weather conditions at the beginning of the year.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The following table presents a breakdown of the Company's selling, general and administrative expenses (in KZT millions):

Q4 2012	Q3 2012	Q4 2011	CHANGE %		2012	2011	CHANGE %
13,443	13,838	12,370	9%	TRANSPORTATION EXPENSES	53,122	49,578	7%
1,481	4,469	3,922	-62%	EMPLOYEE BENEFITS	13,936	13,768	1%
(236)	6,751	1,007	-123%	SPONSORSHIP	6,778	4,970	36%
93	2,565	427	-78%	FINES AND PENALTIES	8,302	12,738	-35%
713	263	756	-6%	CONSULTING AND AUDIT SERVICES	1,382	1,669	-17%
1,004	486	2,184	-54%	MANAGEMENT FEES AND COMMISSIONS	4,169	8,752	-52%
585	303	327	79%	REPAIRS AND MAINTENANCE	1,339	840	59%
1,350	1,033	2,566	-47%	OTHER	4,060	6,205	-35%
18,433	29,708	23,559	-22%		93,088	98,520	-6%

Selling, general and administrative expenses decreased in 2012 by 6% or KZT5.4 billion compared to 2011. This is primarily due to decrease in fines and penalties, management fees and commissions and was partially offset by increased expenses for transportation and sponsorship.

The decrease in fines and penalties is due to accrual of fines for export customs duty of the amount of KZT2.3 billion in 2011 and an environmental fine related to gas flaring at Prova group of fields that totaled KZT2.9 billion in 2011. Main part of fines and penalties for 2012 is explained by accruals of fines and penalties due to results of Complex Tax Audit.

The decrease in management fee and commissions is mainly due to a change in the fee structure of the services agreement with NC KMG.

The growth in transportation expenses is explained by a 13% increase in volumes shipped via the CPC export route. The growth of crude oil sales on this route is related to the increased share of exports in total sales from 75% to 78%. In addition, in January 2012 sales were realized from 2 tankers of a volume of 127k tonnes, which were to be shipped in December 2011, but were not shipped due to adverse weather conditions.

OPERATING AND FINANCIAL REVIEW

Sponsorship expenses in 2012 increased mainly due to the financing of resettlement of Baychonas and Eskene inhabitants in Atyrau region. For further details please refer to section: Social projects.

TAXES OTHER THAN ON INCOME

The following table presents a breakdown of the Company's taxes other than on income (in KZT millions):

Q4 2012	Q3 2012	Q4 2011	CHANGE %		2012	2011	CHANGE %
36,33	41,091	35,331	4%	RENT TAX	159,822	149,771	7%
7,240	22,928	20,450	-65%	MINERAL EXTRACTION TAX	70,792	78,680	-10%
9,382	9,208	8,240	14%	EXPORT CUSTOMS DUTY	36,429	46,979	-22%
1,210	1,073	939	29%	PROPERTY TAX	4,373	3,454	27%
764	270	1,069	-29%	OTHER TAXES	2,755	5,143	-46%
55,329	74,570	66,029	-16%		274,171	284,028	-3%

Taxes other than on income expenses in 2012 decreased by 3% or KZT9.9 billion compared to 2011. This is primarily due to the decreased expenses for export customs duty, mineral extraction tax and other taxes and was partially offset by increase in rent tax.

The decrease in MET is mainly explained by the decrease in rates, due to OMG and EMG having become stand-alone Joint Stock Companies in 2012.

MET rates depends on the annual production of crude oil, respectively, for 2011, when the volume of production at the Uzen was specified for the entire year, the rate of MET was equal to 13%. In 2012, MET of Uzen has been accrued separately for the first and second half of the year (in the first half of the taxpayer – KMG EP, the second – JSC OMG), respectively, as a result of the separation of production for 2 half years MET rate decreased from 13% to 10%.

The decrease in export customs duties is explained by the recognition in 2011 of KZT15.2 billion of principal for export customs duty in accordance with the decision of the Supreme Court of RK.

Other taxes decreased due to the fact that in 2011, a significant amount of VAT previously referred to offset for the acquisition of assets has been adjusted when contributing these assets to the share capital of subsidiaries. Contribution to share capital is not taxable turnover and in accordance with the Tax Code of RK is subject to adjustment. Appropriate changes were reflected in 2011. Other taxes in 2012 decreased also due to a decrease in fees for environmental pollution.

Rent tax expense is higher in 2012 compared to 2011 due to higher volumes of exported oil.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Management of the Company has carried out a formal assessment of the recoverable amount of OMG due to the presence of impairment indicators. The result of this assessment indicated that the carrying value of OMG exceeded the estimated recoverable amount by KZT75 billion, resulting in impairment charge during 2012. The impairment charge in OMG has resulted from slower than expected production rehabilitation and increased capital and operating expenditures and transportation costs.

Management believes that the resulting impairment charge on OMG assets could be reversed in future periods if actual production over the next years exceeds expectations used in this impairment assessment or if there are indicators of sustainable increases in market prices for crude oil.

SHARE OF INCOME IN ASSOCIATE AND JOINT VENTURES

	2012	2011	CHANGE	CHANGE %
	(KZT MILLIONS, UNLESS OTHERWISE STATED)			
SHARE OF INCOME FROM PETROKAZAKHSTAN INC.	33,724	45,675	(11,951)	-26%
SHARE OF INCOME FROM JV KAZGERMUNAI LLP	33,333	38,373	(5,040)	-13%
SHARE OF INCOME FROM UGL, RVG-SERVICE, KS EP INVESTMENTS BV	385	228	157	69%
SHARE OF INCOME IN ASSOCIATE AND JOINT VENTURES	67,442	84,276	(16,834)	-20%

The Company's income from its share in associate and joint ventures in 2012 decreased to KZT67.4 billion compared with KZT84.3 billion in 2011. The share of income from PetroKazakhstan Inc. was KZT33.7 billion and JV Kazgermunai LLP was KZT33.3 billion. The shortfall was mainly due to reallocation of volumes of crude oil from export sales to the domestic market, due to a drop in import of volumes from Russia.

For further details please refer to section: Overview of Associate and Joint Ventures Operations.

INCOME TAX EXPENSE

Q4 2012	Q3 2012	Q4 2011	CHANGE %		2012	2011	CHANGE %
<i>(KZT MILLIONS, UNLESS OTHERWISE STATED)</i>					<i>(KZT MILLIONS, UNLESS OTHERWISE STATED)</i>		
6,302	80,611	60,830	-90%	PROFIT BEFORE TAX	253,749	272,592	-7%
1,890	58,486	46,318	-96%	PROFIT BEFORE TAX (NET OF JV'S AND ASSOCIATES RESULTS)	186,307	188,316	-1%
18,315	29,241	16,548	11%	INCOME TAX	92,926	63,661	46%
291%	36%	27%	968%	EFFECTIVE TAX RATE	37%	23%	57%
969%	50%	36%	2613%	EFFECTIVE TAX RATE (NET OF JV'S AND ASSOCIATES RESULTS)	50%	34%	48%

The main reasons for income tax expense and effective tax rate increase in 2012 compared with 2011 is taxable income from capital gain on the disposal of newly formed joint stock companies OMG and EMG and also increase in revenues due to higher exported crude oil volumes. The increase in income tax in connection with the disposal of assets to OMG and EMG was KZT 13.8 billion. In this case, the assets are accounted for OMG and EMG for tax purposes at market value, which has the effect of reducing the CIT due to increased amortization of the tax base in the current and future periods. Increase of income tax due to higher exported crude oil volumes amounted to KZT 15 billion.

Moreover, effective income tax rate increased due to the EPT for contracts of OMG in the amount of KZT 7.3 billion and EMG in the amount of KZT 7.9 billion due to a significant increase in revenues, while expenses increased less significantly.

In 2011, Uzen contract did not incur EPT. In 2012, the taxable income increased by 20% and the deductible expenses by 5%, resulting in Uzen contract incurring EPT.

At the same time, impairment of OMG assets has affected to decrease of income tax, which resulted in the increase of deferred income tax in the amount of KZT 17.6 billion.

PROFIT FOR THE PERIOD

As a result of the factors mentioned above, in 2012 the Company's profit for the period decreased by 23% to KZT 160.8 billion compared with 2011.

OVERVIEW OF ASSOCIATE'S AND JVS OPERATIONS

PetroKazakhstan Inc.

PetroKazakhstan Inc.'s key financial and operational indicators are shown below:

Q4 2012	Q3 2012	Q4 2011	CHANGE		2012	2011	CHANGE
947,013	1,064,216	968,916	-2%	REVENUE, US\$ THOUSANDS	3,992,017	4,964,794	-20%
(635,222)	(623,825)	(579,255)	10%	OPERATING EXPENSES, US\$ THOUSANDS	(2,309,104)	(3,076,029)	-25%
(5,388)	(6,602)	(6,948)	-22%	FINANCE COST, US\$ THOUSANDS	(24,587)	(17,934)	37%
(265,326)	(129,984)	(194,284)	37%	INCOME TAX EXPENSE, US\$ THOUSANDS	(766,836)	(686,394)	12%
41,077	303,805	188,429	-78%	NET INCOME, US\$ THOUSANDS	891,490	1,184,437	-25%
(50,610)	(114,206)	(153,629)	-67%	CAPITAL EXPENDITURE, US\$ THOUSANDS	(312,268)	(373,230)	-16%
1,352	1,407	1,458	-7%	CRUDE OIL PRODUCTION, TH. TONNES	5,589	5,912	-5%
1,292	1,545	1,534	-16%	CRUDE OIL AND OIL PRODUCTS SALES, TH. TONNES	5,599	7,154	-22%
466	524	300	55%	EXPORT VIA KCP (PKKR 100%)	1,663	2,325	-28%
40	37	-	100%	EXPORT VIA KCP (KOLZHAN 100%)	141	-	100%
340	274	211	61%	EXPORT VIA KCP (KMG 100%)	1,012	1,008	0%
58	113	89	-35%	EXPORT AKTAU (KMG 50%)	266	390	-32%
45	49	44	4%	EXPORT UZBEKISTAN (TP 50%)	182	226	-19%
134	127	114	18%	EXPORT VIA KCP (TP 50%)	502	633	-21%
209	423	776	-73%	DOMESTIC SALES – THOUSAND TONNES	1,833	2,573	-29%

Crude oil production of PetroKazakhstan Inc. in 2012 was 5,589k tonnes (33% share of Company is 1,844k tonnes), 5% less than in 2011. The decline in production is due to natural decline of mature fields and high watering.

Revenues declined by 20% in 2012 compared to 2011, primarily due to a decrease in crude oil sales volumes. This was due to lower imports of oil purchased to fulfill the PetroKazakhstan's obligations to supply the domestic market. Imports made under the replacement contract dropped from 1301k tonnes in 2011 to 211k tonnes in 2012.

Decrease of operating expenses by 25% is mainly explained by a decrease of expenses for purchase of imported oil from Russia.

OPERATING AND FINANCIAL REVIEW

Capital expenses in 2012 were KZT46.6 billion (US\$ 312.3 million).

During 2012 the Company received dividends from PetroKazakhstan Inc. in the amount of KZT49,8 million (US\$ 332 million), while in 2011 dividends were equal to KZT53.2 billion (US\$ 361 million).

For 2012 the Company recognized share income from its investment in PetroKazakhstan Inc. (33% share) of KZT33.7 billion (US\$ 226 million), which is KZT12 billion (US\$ 80 million) less than in 2011.

JV KAZGERMUNAI LLP

JV Kazgermunai LLP's (Kazgermunai) key financial and operational indicators are shown below:

Q4 2012	Q3 2012	Q4 2011	CHANGE		2012	2011	CHANGE
640,181	634,402	561,863	14 %	REVENUE, US\$ THOUSANDS	2,310,222	2,354,240	-2 %
(369,387)	(351,990)	(313,820)	18 %	OPERATING EXPENSES, US\$ THOUSANDS	(1,220,733)	(1,343,142)	-9 %
63	(535)	(3,175)	-102 %	FINANCE COST, US\$ THOUSANDS	(6,959)	(6,967)	0 %
(157,188)	(108,827)	(106,377)	48 %	INCOME TAX EXPENSE, US\$ THOUSANDS	(469,832)	(375,268)	25 %
113,669	173,050	138,491	-18 %	NET INCOME, US\$ THOUSANDS	612,698	628,862	-3 %
(27,926)	(22,198)	(43,140)	-35 %	CAPITAL EXPENDITURE, US\$ THOUSANDS	(61,769)	(73,723)	-16 %
820	748	783	5 %	CRUDE OIL PRODUCTION, TH. TONNES	3,124	3,000	4 %
796	838	802	-1 %	CRUDE OIL AND OIL SALES, TH. TONNES	3,075	3,017	2 %
116	226	179	-35 %	EXPORT VIA AKTAU	532	780	-32 %
681	547	422	61 %	EXPORT VIA KAZAKH-CHINESE PIPELINE	2,025	2,016	0 %
-	65	202	100 %	DOMESTIC MARKET	518	222	133 %

Kazgermunai oil production in 2012 was 3,124k tonnes (50% share of Company is 1,562k tonnes), 4% more than in 2011.

Capital expenditures for the period were KZT9.2 billion (US\$61.8 million), which is 12% less than in 2011.

The increase of crude oil sales to the domestic market in 2012 compared with 2011 is due to a decrease in imports of oil from Russia to replace supplies of Kazgermunai to the domestic market. Consequently, supply of the domestic market in 2012 mainly carried out by own resources of Kazgermunai.

Company received dividends from Kazgermunai in the amount of KZT67.2 billion (US\$ 450 million), while in 2011 dividends were equal to KZT36.6 billion (US\$ 250 million).

The Company's share in income from the joint venture included in the consolidated financial statements of the Company for 2012 is KZT33.3 billion (US\$ 223.5 million), which is KZT5 billion (US\$ 38.2 million) less than in 2011.

CCEL

CCEL's key financial and operational indicators are shown below:

Q4 2012	Q3 2012	Q4 2011	CHANGE		2012	2011	CHANGE
341,320	356,492	303,432	12%	REVENUE, US\$ THOUSANDS	1,466,282	1,367,173	7%
(247,744)	(267,871)	(246,770)	0%	OPERATING EXPENSES, US\$ THOUSANDS	(1,104,090)	(1,025,163)	8%
(4,580)	(4,957)	(2,986)	53%	FINANCE COST, US\$ THOUSANDS	(19,396)	(6,698)	190%
(18,070)	(22,454)	(48,811)	-63%	INCOME TAX EXPENSE, US\$ THOUSANDS	(87,029)	(121,128)	-28%
70,927	61,210	4,866	1358%	NET INCOME, US\$ THOUSANDS	255,767	214,184	19%
(17,089)	(13,507)	(28,025)	-39%	CAPITAL EXPENDITURE, US\$ THOUSANDS	(56,670)	(102,464)	-45%
511	522	510	0%	CRUDE OIL PRODUCTION, TH. TONNES	2,037	1,981	3%
480	507	446	8%	CRUDE OIL AND OIL SALES, TH. TONNES	2,054	1,957	5%
207	263	217	-5%	EXPORT VIA NOVOROSSIYSK	1,168	1,195	-2%
215	182	177	21%	EXPORT VIA PRIMORSK	649	552	18%
-	-	-	-	EXPORT VIA GDANSK	-	24	-100%
58	64	51	14%	DOMESTIC MARKET	237	187	27%

Crude oil production of CCEL in 2012 was 2,037k tonnes (50% share of Company is 1018.5k tonnes), 3% more than in 2011.

The increase in operating expenses by 8% compared to 2011 mainly due to the increase in energy expenses due to increase of tariffs, increase in labor costs as a result of salary indexation by 7% in 2012, growth of tariffs and volumes of underground repair of wells.

Increase in finance costs in 2012 related to the increase in expenses related to the amortization of discount due to the growing number of liquidated wells and increase in the cost of liquidation, as well as increased expenses on compensation due to changes in the average rate of Libor from 0.4% to 0.7%. In addition, in 2012, gain dropped on forex compared to 2011 from KZT0.7 billion (US\$ 4.8 million) to KZT0.2 billion (US\$ 1.5 million).

In 2012 capital expenditures were KZT8.4 billion (US\$ 56.7 million), which is 45% less than in 2011.

The Company has no obligation to pay amounts to CITIC unless it receives an equivalent amount from CCEL. Accordingly, the Company recognizes in its statement of financial position only the right to receive dividends from CCEL in the Guaranteed Amount on an annual basis until 2020, plus the right to retain any dividends in excess of the total Maximum Guaranteed Amount.

As of December 31, 2012 the Company has KZT18.2 billion (US\$ 121 million) as a receivable from CCEL, a jointly controlled entity with CITIC Group. The Company has accrued KZT2.73 billion (US\$ 18.3 million) of interest income in 2012 related to the US\$ 26.87 million annual priority return from CCEL.

SOCIAL PROJECTS

	2012	2011	CHANGE %
	<i>(KZT MILLIONS, UNLESS OTHERWISE STATED)</i>		
EMPLOYMENT PROJECT (UBR AND UTTIOS)			
UBR	6,495	-	100%
UTTIOS	4,433	-	100%
	10,928	-	100%
SPONSORSHIP			
SPONSORSHIP AND CHARITY	1,378	4,970	-72%
RESETTLEMENT OF BAYCHUNAS AND ESKENE INHABITANS	5,400	-	100%
	6,778	4,970	36%
OBLIGATION FROM EXPLORATION AND PRODUCTION LICENSES			
SOCIAL PROGRAMS FUND	1,162	1,389	-16%
TRAINING COSTS	2,018	857	136%
	3,180	2,246	42%
IMPAIRMENT OF SOCIAL OBJECTS	1,593	1,465	9%
TOTAL	22,479	8,681	159%

OPERATING AND FINANCIAL REVIEW

Social responsibility is one of the priorities in the activities of KMG EP. Since its establishment, the Company has allocated significant funds for the construction of sports centers, summer camps, reconstruction of schools and hospitals, repairing roads in the Atyrau and Mangistau regions.

In 2012 two service companies – UBR and UTTIOS were created to ensure the employment of around 2000 people in the Mangistau region. The Company has incurred KZT10.9 billion of operating expenses at UBR and UTTIOS, including KZT 9.5 billion (UBR: KZT5.3 billion, UTTIOS: KZT4.2 billion) as an employee benefit expense and KZT1.4 billion (UBR: KZT1.1 billion, UTTIOS: KZT0.3 billion) for materials, supplies and other expenses. In addition, the Company has invested KZT14.2 billion for construction of rotational camps, production facilities and purchase of special transport and other equipment, to support the operations at UBR and UTTIOS.

In 2012 the Company has spent KZT6.8 billion for sponsorship and charity, which is KZT1.8 billion more than in 2011. The main part of the expenses (KZT5.4 billion) was used to finance resettlement of Baychonas and Eskene inhabitants of villages at mature fields in Atyrau region to Atyrau city. In addition, KZT1.4 billion was used to finance social funds, support of the war veterans, organizing sport events and some local community events.

Obligations from exploration and production licenses are arising from contracts for subsoil use and include the social programs fund and the commitment to train personnel. In 2012, social expenses of the Company in the execution of contractual obligations amounted to KZT2.3 billion, including the training of specialists in the amount of KZT1.1 billion and social programs in the amount of KZT1.2 billion.

Impairment of social objects is mainly related to construction of sports centers, summer camps and other social objects in the regions of the Company's activity.

LIQUIDITY AND CAPITAL RESOURCES

SUMMARY OF CASH FLOWS

The Company's liquidity requirements arise principally from the need to finance its existing operations (working capital) the need to finance investment (capital expenditure) and to realize its growth targets via acquisitions. The management believes that the Company has adequate liquidity to meet its obligations and pursue investment opportunities.

Q4 2012	Q3 2012	Q4 2011		2012	2011	CHANGE %
<i>(KZT MILLIONS, UNLESS OTHERWISE STATED)</i>						
59,800	4,355	38,233	NET CASH GENERATED FROM OPERATING ACTIVITIES	154,879	148,210	4%
33,630	78,334	31,678	NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	(52,131)	34,326	-252%
(11,166)	(123,954)	(5,773)	NET CASH (USED IN) FROM FINANCING ACTIVITIES	(154,555)	(74,934)	106%

In 2012 net cash generated from operating activities was KZT154.8 billion and increased by KZT6.7 billion compared to 2011. The change is mainly due to increase of profitability during 2012 in comparison with 2011 due to increase in average sales price for domestic market and reallocation of domestic sales volumes to export, which was partially offset by increase in payments and advances for taxes (CIT, EPT, MET).

Net cash outflow from investing activities amounted to KZT52.1 billion in 2012. The increase in outflow is mainly due to opening of new HTM deposits in the amount of KZT142.1 billion. This change was partially offset by increase in dividends received from joint ventures and associates by KZT24.4 billion. Also the change was affected by acquisition of share in joint venture UGL in 2011 for KZT23.9 billion, while in 2012 a similar acquisition have not been made.

Net cash outflows from financing activities in 2012 were KZT154.6 billion. This was mainly associated with the full repayment of remaining principal and accrued interest of the KMG PKI Finance notes in the amount KZT80 billion and KZT3 billion respectively, repurchase of treasury shares for KZT36.2 billion and also by payment of dividends to shareholders for 2011 in the amount of KZT34 billion.

BORROWINGS

The table below shows the Company's net cash:

	AS AT DECEMBER 31, 2012	AS AT SEPTEMBER 30, 2012	AS AT DECEMBER 31, 2011	DECEMBER TO DECEMBER CHANGE
	<i>(KZT THOUSANDS, UNLESS OTHERWISE STATED)</i>			%
CURRENT PORTION	2,462	2,497	54,931	-96%
NON-CURRENT PORTION	4,848	4,999	33,034	-85%
TOTAL BORROWINGS	7,310	7,496	87,965	-92%
CASH AND CASH EQUIVALENTS	154,705	72,438	206,512	-25%
OTHER CURRENT FINANCIAL ASSETS	550,556	556,970	321,890	71%
NON-CURRENT FINANCIAL ASSETS	1,085	1,068	188,803	-99%
TOTAL FINANCIAL ASSETS	706,346	630,476	717,205	-2%
US\$-DENOMINATED CASH AND FINANCIAL ASSETS, %	78%	81%	72%	8%
NET CASH	699,036	622,980	629,240	11%

As of December 31, 2012 total borrowings were KZT7.3 billion. On July 5, 2012 the Company fully repaid remaining principal and accrued interest of the KMG PKI Finance notes in the amount KZT80 billion and KZT3 billion respectively.

FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology including, but not limited to, the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "target", "will", or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They include, but are not limited to, statements regarding the Company's intentions, beliefs and statements of current expectations concerning, amongst other things, the Company's results of operations, financial condition, liquidity, prospects, growth, potential acquisitions, strategies and as to the industries in which the Company operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur. Forward-looking statements are not guarantees of future performance and the actual results of the Company's operations, financial condition and liquidity and the development of the country and the industries in which the Company operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this document. The Company does not intend, and does not assume any obligation, to update or revise any forward-looking statements or industry information set out in this document, whether as a result of new information, future events or otherwise. The Company does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved.