

Account of KazMunaiGas EP JSC
for the 1st quarter of 2007

According to Listing Rules of Kazakhstan Stock Exchange

This report on the financial results of JSC "KazMunaiGas" Exploration Production for the 1st quarter of 2007 has been submitted to the Kazakhstan Stock Exchange under its Listing Rules. The Russian version of this report is considered to prevail over this English translation, which is made solely for the convenience of English speakers.

Section 1. Description of activity for reporting period

1. Short description of the most significant events for the Company and for the industry it operates in, which occurred in the reporting period.

On March 5, 2007 the Company announced an agreement to purchase a 50% share of JV KazGerMunai from National Company KazMunaiGas for cash consideration of 133.3 billion Tenge. The independent non-executive directors unanimously approved the purchase.

On April 12, 2007 at an Extraordinary General Meeting, the Company shareholders approved the resolution of the Board of Directors to acquire a 50% participation share in JV KazGerMunai from National Company KazMunaiGas.

1. Volume of products sold (rendered services):

Volume of products sold (rendered services)	Unit of measure	For the 1 quarter of 2007	For the year-to-date, total
Sold total, including:			
Crude oil	tons	2 333 111	2 333 111
Refined products	tons	-	-
Gas products:			
Liquid gas	tons	37 590	37 590
Dry gas	ths.cubic meters	111 996	111 996
Drink water	ths.cubic meters	871	871
Other sale		-	-
Sold for export, including:			
Crude oil	tons	1 878 568	1 878 568
Refined products	tons	-	-
Other sale		-	-

Section 2. Management and shareholders re-structuring, participation in charter capital of other legal entities.

1. Changes in the composition of executive and supervising bodies for the reporting period.

Subject to resolution of the Board of Directors of KazMunaiGas EP JSC the composition of the Executive Board of the Company has been amended as follows:

on 26 January 2007 the powers of M.Sh. Izbasov were terminated, B.L. Biseken was elected.

2. Information on all major transactions concluded with company shares during the report period, and changes in the composition of the company shareholders holding shares in the amount of five or more per cent of total placed amount.

There were no major transactions concluded with shares during the report period.

3. Information on all transactions of the Company with shares and participatory interests in other legal entities in the amount of five percent or more.

During the report period the Company closed no transactions with shares and participatory interests in other legal entities in the amount of five percent or more.

4. Information on participation for the period of report in associations, industrial, financial groups, holding companies, concerns, consortiums.

For the period of report the Company did not participate in associations, industrial, financial groups, holding companies, concerns, consortiums.

Section 3. Financial information

1. Investments.

(31.03.2007, ths. tenge)

Type of investments	Opening balance	Debit	Credit	Closing balance
Long-term investment in capital of other legal entities	2 884 207	-	94 927	2789280
Security holdings, total	4 979 605	2 595 708	191 142	7 384 171
including:				
Government securities	3 937 621	-	162 290	3 775 331
Non-government securities	1 041 984	2 595 708	28 852	3 608 840
Other investment	-	-	-	-
Total investment	7 863 812	2 595 708	286 069	10 173 451

2. Accounts receivable.

(31.03.2007, ths. tenge)

Accounts receivable type	End of period	Debit	Credit	Beginning of year
Long term receivables				
Trade receivables, incl. major debtors with location indicated:				
Advances and prepaid expenses, incl. major debtors with location indicated:	1 861 550	1 288 701	197 281	770 130
<i>Pavlodar heavy engineering plant</i>	-	-	133 797	133 797
<i>KazMunaiGas stationary drilling platform LLP - Drilling</i>	363 802	363 802	-	-
Prepaid expenses	1 181 045	606 968	-	574 077
Other debt	-	-	63 484	63 484
Allowance for doubtful accounts	-	-	-	-
Total long-term receivables	1 861 550	1 288 701	260 765	833 614
Current receivables				
Trade receivables, incl. major debtors with location indicated:	42 873 170	102 950 411	97 350 679	37 273 438
<i>Trade House KazMunaiGaz AG</i>	28 805 025	72 785 823	69 631 715	25 650 917
<i>Esomet SAS</i>	7 359 648	20 021 309	20 378 063	7 716 402
<i>Trade House KazMunaiGaz</i>	4 929 998	7 809 077	2 879 079	
Advances and prepaid expenses, incl. major debtors with location indicated:	7 040 436	12 099 239	10 011 631	4 952 828
<i>Caspian pipeline Consortium</i>	494 796	2 315 242	1 820 446	-
<i>JSC NC KazMunaiGas</i>	806 378	806 378	-	-
<i>JSC KazTransOil</i>	3 010 674	8 152 324	8 652 366	3 510 716
<i>Prepaid expenses</i>	811 317	525 115	287 875	574 077
Other debt	3 678 165	13 180 600	12 880 888	3 378 453
Allowance for doubtful accounts	-3 067 423	227 867	-	-3 295 290
Total long-term receivables	50 524 348	128 458 117	120 243 198	42 309 429
Total receivables	52 385 898	129 746 818	120 503 963	43 143 043

3. Loans.

(31.03.2007., ths. tenge)

Name of creditor on loan	Loan currency	Average rate, % per annum	Opening balance	Debit	Credit	Closing balance	Maturity date
Loan from the World Bank № 4061	US dollar	5,43%	5 550 798	82 498	1 502 436	6 970 736	Aug 2007
Loan from the World Bank № 3744	US dollar	7,43%	169 315	31 707	2 408	140 016	Apr 2007
Esomet	US dollar	5,70%	51 094 760	6 758 795	940 017	45 275 982	Sep 2009
Loan from the Sultanate of Oman	US dollar	4,87%	1 149 807	14 892		1 134 915	not defined
Past costs	US dollar	7,93%	1 038 758	82 240	20 081	976 599	Dec 2009 - Dec 2025
Other long-term loans	US dollar	16,00%	2 616	931	-	1 685	2008
Short-term loans	Tenge	14,29%	661 640	657 683	26 000	29 957	2007
Total			59 667 694	7 628 746	2 490 942	54 529 890	

(31.03.2007, ths. tenge)

Name of creditor on loan	End-of-period loan sum, total	Payable sum					
		2-4 quarter 2007	2008	2009	2010	2011	2012-2013
Loan from the World Bank № 4061	6 970 736	6 970 736	-	-	-	-	-
Loan from the World Bank № 3744	140 016	140 016	-	-	-	-	-
Esomet	45 275 982	13 518 259	18 147 270	13 610 453	-	-	-
Loan from the Sultanate of Oman	1 134 915	1 134 915	-	-	-	-	-
Past costs	976 599	-	43 468	62 257	62 257	62 257	746 360
Other long-term loans	1 685	-	1 685	-	-	-	-
Short-term loans	29 957	29 957	-	-	-	-	-
Total	54 529 890	21 793 883	18 192 423	13 672 710	62 257	62 257	746 360

4. Account payable, concerned with performing core activities.

(31.03.2007, ths. tenge)

Type of account payable	End period	Debit	Credit	Beginning of year
Long-term payable				
Trade payable, incl. major debtors with location indicated:	-	-	-	-
Advances and prepaid expenses, incl. major debtors with location indicated:	-	-	-	-
Other debt	-	-	-	-
Total long-term payables	-	-	-	-
Current payables				

Trade payable, incl. major debtors with location indicated:	13 488 602	32 694 130	25 670 593	20 512 139
<i>ABN AMRO TRANSTIS LIMITED</i>	1 181 403	3 834 936	3 445 909	1 570 430
<i>JSC MunaiFieldService</i>	461 416	1 555 863	1 425 231	592 048
<i>Pre-Caspian machine-building complex</i>	474 999	643 115	418 550	699 564
<i>JSC NC KazMunaiGas</i>	-	2 031 938	-	2 031 938
<i>LLP LTD Khazar Oil</i>	-	843 193	-	843 193
<i>Aktobe Oil Equipment plant</i>	526 750	680 570	1 207 320	-
<i>Trade House KazMunaiGaz</i>	515 757	237 388	753 145	-
Advances and prepaid expenses, incl. major debtors with location indicated:				
Other debt	18 071 853	16 859 390	14 985 653	19 945 590
Total current payables	31 560 455	49 553 520	40 656 246	40 457 729
Total accounts payable	31 560 455	49 553 520	40 656 246	40 457 729

5. Financial results analysis.

ths. tenge				
Article of income / Expenses	1 quarter 2006	1 quarter 2007	Deviation	Increase / Decrease, %
Revenue, total	100 508 776	98 183 632	-2 325 144	-2%
Incl. Domestic:				
Crude oil	6 668 051	7 670 330	1 002 279	15%
Refined products	2 821 725		-2 821 725	-100%
Gas products	793 897	890 412	96 515	12%
Other sales and services	734 224	874 034	139 810	19%
Export:				
Crude oil	89 490 879	88 748 856	-742 023	-0,1%
Refined products	-	-	-	-
Other sales and services	-	-	-	-
Finance (expense) income, total	-1 943 433	1 637 385	3 580 818	-184%
Financial income	1 889 112	7 748 022	5 858 910	310%
Financial expense	-1994774	-1967990	26 784	-1%
Foreign exchange (losses) gains	-1 837 771	-4 142 647	-2 304 876	125%
Operating expenses, total	39 139 921	49 168 507	10 272 219	26%
Incl.:				
Transportation	12 393 693	13 775 364	1 381 671	11%
Employee benefits	8 611 776	9 194 061	582 285	7%
Depreciation, depletion and amortization	7 913 091	8 512 261	599 170	8%
Repairs and maintenance	3 440 166	2 847 004	-593 162	-17%
Royalties	3 733 902	3 415 723	-318 179	-8%
Materials and supplies	1 827 461	2 707 934	880 473	48%
Other taxes	1 725 521	1 275 114	-206 776	-14%
Social projects	2 758 839	303 332	-2 455 507	-89%
Management fees and commissions	1 894 384	2 029 035	134 651	7%
Energy	1 501 765	1 763 642	261 877	17%
Fines and penalties	182 948	797 423	614 475	336%
Environmental fine	-11 427 958	-	11 427 958	-100%
Other	4 584 333	2 547 614	-2 036 717	-44%

6. Other relevant information.

- volume of investment in primary production

for the 1st quarter 2007 investment in fixed assets made 9 002 735 thousand tenge, incl.:

to oil and gas assets – 2 843 138 thousand tenge;

to other fixed assets – 2 623 518 thousand tenge;

to under construction – 3 536 079 thousand tenge.

- bringing into service new production capacities or reduction of operational ones (shops, organization departments, other)

for the accounting period the Company has not brought into service new production capacities and has not reduced operational ones.

- changes in the range of output products

for the accounting period there have not been any changes in the range of output products

- establishment of branches and/or representative offices of emitter with total headcount and location indicated

for the accounting period the Company has not established any branches and/or representative offices

- implementation of new technologies

for the accounting period no new technologies have been implemented by the Company

- development or contraction of emitter's production distribution market

for the accounting period there have been no development or contraction made by the Company

- composition of major suppliers and/or emitter's consumer

Suppliers having more than five per cent of all deliveries of commodities and materials:

#	Supplier	Location	Description	Share
1	Almatyneftekhim LLP	Almaty	chemicals	9.85%
2	Leman-Kazakhstan LLP	Almaty	tubular goods	7.70%
3	Aktobe plant of oil equipment JSC	Aktobe	oil-well tubing, rods, electrical screw pumps, deep-well pumps	20.81%
4	Petropavlovsky zavod tyazhologo mashinostroyeniya (Petropavl Heavy Engineering Factory) JSC	г.Петропавловск	special equipment, lifts, heat-exchange equipment, nut wrenches, mobile drilling units	8.24%
5	Pre-Caspian machine-building complex LLP	Aktau	Rod rotors, pumps, furnaces, current workover rig instrument, UzenEnergoNeft facility	10.80%

Chief Financial Officer

Zh. Bekezhanova

Chief Accountant

R. Kuzenbayev