

Report of KazMunaiGas EP JSC
for the 6 months ended June 30, 2008
According to Listing Rules of Kazakhstan Stock Exchange

This report on the financial results of JSC "KazMunaiGas" Exploration Production for the 6 months ended June 30, 2008 was filed with Kazakhstan Stock Exchange in accordance with Listing Rules. The Russian version of this report is considered to prevail over this English translation, which is prepared solely for the convenience of readers.

Section 1. Description of activity for reporting period

1. Summary of significant events for the Company and for the industry it operates in, that occurred in the reporting period.

On August, 29th, 2008 the Government of the Republic Kazakhstan has made changes in Decree dated 15 October 2005 #1036 "On levying customs duties on oil products shipped out of the customs area of the Republic of Kazakhstan". According to the brought changes which have been published on September, 11th, 2008, the customs duties on exported crude oil, the amount of which would vary depending on provisions of each subsurface use contract and world oil prices, is increased more than twice, than it has been provided by the previous amendments to the legislation. The Decree takes effect upon 30 calendar days from the date of first official publishing.

2. Volume of products sold (rendered services):

Volume of products sold (rendered services)	Unit of measure	Second quarter of 2008	Year-to-date, total
Sold total, including:			
Crude oil	tons	2 376 147	4 524 531
Refined products	tons		
Gas products:			
Liquid gas	tons		
Dry gas	ths.cubic meters		
Drink water	ths.cubic meters		
Other sale			
Sold for export, including:			
Crude oil	tons	1 759 612	3 387 996
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.

Changes in structure of Board of Directors and Management Board's composition of joint-stock company «KazMunaiGaz» Exploration Production» in 2nd quarter 2008 did not occur.

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 with shares during in the period under review.

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.

In the period under review the Company did not enter any deals involving trades in share stocks or shares in legal entities for the amount exceeding 5 percent.

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

In the period under review the Company did not enter any new associations, industrial, financial groups, holding companies, concerns or consortiums.

Section 3. Financial information

1. Investments.

(30.06.2008, ths. tenge)

Type of investments	Opening balance	Debit	Credit	Closing balance
Long-term investment in capital of other legal	102 999 132	27 832 322	9 188 342	121 643 112
Security holdings, total	7 326 668	61 059	6 388 972	998 755
including:				
Government securities	-	-	-	-
Non-government securities	7 326 668	61 059	6 388 972	998 755
Other investment	-	-	-	-
Total investment	110 325 800	27 893 381	15 577 314	122 641 867

2. Accounts receivable.

(30.06.2008, ths. tenge)

Type of accounts receivable	End period	Debit	Credit	Beginning of year
Trade receivables, incl. major debtors with location indicated:				
Advances and prepaid expenses, incl. major debtors with location indicated:	6 985 623	16 321 105	10 056 559	721 077
«International Business Center» LLP	2 881 155	2 881 155	-	-
«Asia Group Company LTD»LLP	404 612	-	-	404 612
«Astana-Kurylys» LLP	61 024	-	-	61 024
«Burgylau» LLP	1 728 764	7 707 990	5 979 226	-
SBP «KazMunaiGas – Burinie»	1 009 687	4 877 387	3 867 700	-
«Pre-Caspian machine-building complex» LLP	275 353	414 777	139 424	-
Prepaid expenses	224 879	32 294	62 856	255 441
Other receivables	19 682 647	1 204 419	-	18 478 228
Allowance for doubtful accounts	-	-	-	-
Total long-term accounts receivable	26 668 270	17 525 524	10 056 559	19 199 305
Trade receivables, incl. major debtors with location	86 723 149	361 618 129	326 108 740	51 213 760
Trade House KazMunaiGaz AG	64 229 496	233 073 040	206 752 269	37 908 725
Esomet SAS	16 221 150	79 640 658	74 385 696	10 966 188
Advances and prepaid expenses, incl. major debtors with location indicated:	8 016 386	51 408 365	48 237 312	4 845 333
Caspian Pipeline Consortium	741 300	4 833 521	4 798 607	706 386
KazTransOil JSC	3 503 668	19 772 298	19 149 736	2 881 106
MAEK KazAtomProm	369 665	2 876 781	2 632 385	125 269
Prepaid expenses	154 224	969 668	1 286 842	471 398
Other receivables	700 152	23 871 317	23 682 357	511 192
Allowance for doubtful accounts	-1 428 038	267 352	54 305	-1 641 085
Total current accounts receivable	94 011 649	437 165 163	398 082 714	54 929 200
Total accounts receivable	120 679 919	454 690 687	408 139 273	74 128 505

3. Loans.

(30.06.2008., ths. tenge)

Name of creditor on loan	Loan currency	Average rate, % p.a.	Opening balance	Debit	Credit	Closing balance	Maturity date
Esomet	USD	4,3	30 774 075	9 979 149	1 269 635	22 064 561	Sep.2009
Sultanate Oman loan	USD	4,87	1 102 472	-	4 124	1 106 596	Not defined
Historical obligations	USD	7,93	964 014	25 208	41 015	979 821	July 2008- Dec 2025
Other loans	KZT	16	8 873	8 484	-	389	
Total			32 849 434	10 012 841	1 314 774	24 151 367	

(30.06.2008., ths. tenge)

Name of creditor on loan	End-of-period loan amount, total	Payable sum				
		3-4 quarters 2008	2009	2010	2011	2012
Esomet	22 064 561	8 826 050	13 238 511	-	-	-
Sultanate Oman	1 106 596	1 106 596	-	-	-	-
Historical obligations	979 821	18 344	38 921	25 024	43 667	853 865
Other loans	389	389	-	-	-	-
Total	24 151 367	9 951 379	13 277 432	25 024	43 667	853 865

4. Accounts payable incurred in the regular course of business.

(30.06.2008, 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	-	-	-	-
Other debt	-	-	-	-
Total long-term payables	-	-	-	-
Trade payable, incl. major debtors with location indicated:	21 599 648	53 059 004	57 950 429	16 708 223
<i>Lasalle Trustees Limited (ABN AMRO TRANSTIS LIMITED)</i>	<i>1 097 793</i>	<i>7 110 607</i>	<i>7 979 936</i>	<i>228 464</i>
<i>« MunaiFieldService» LLP</i>	<i>542 808</i>	<i>2 535 792</i>	<i>2 782 972</i>	<i>295 628</i>
<i>« Pre-Caspian machine-building complex» LLP</i>	<i>523 216</i>	<i>3 447 473</i>	<i>3 024 561</i>	<i>946 128</i>
<i>NC «KazMunaiGas» JSC</i>	<i>3 135 595</i>	<i>2 439 600</i>	<i>3 135 595</i>	<i>2 439 600</i>
<i>«Trade House «KazMunaiGaz» JSC</i>	<i>542 919</i>	<i>23 389 478</i>	<i>23 915 566</i>	<i>16 831</i>
<i>Customs office of Astana</i>	<i>7 801 191</i>	-	<i>7 801 191</i>	-
Dividends to payment	42 112 982	24 723 435	66 420 137	416 280
Advances and prepaid expenses, incl. major	-	-	-	-
Other debt	19 833 138	49 153 216	50 926 372	18 059 982
Total current accounts payables	83 545 768	126 935 655	175 296 938	35 184 485
Total accounts payable	83 545 768	126 935 655	175 296 938	35 184 485

5. Financial results analysis.

(30.06.2008, ths. tenge)

Profit/Loss Item	6 months 2008	6 months 2007	Change	Inc/Dec, %
Revenue, total	209 938 935	337 031 637	127 092 702	61%
Incl. local market deliveries:				
Crude oil	17 425 625	20 237 469	2 811 844	16%
Refined products	-	-	-	
Gas products	2 036 425	2 898 446	862 021	42%
Other sales and services	1 783 168	3 856 992	2 073 824	116%
Export:				
Crude oil	188 693 717	310 038 730	121 345 013	64%
Refined products				
Other sales and services				
Finance (expense) income, total	4 720 285	19 682 345	14 962 060	317%
Financial income	13 156 788	20 452 017	7 295 229	55%
Financial expense	- 2 811 804	-1 732 044	1 079 760	-38%
Foreign exchange (losses) gains	-5 624 699	962 372	6 587 071	-117%
Operating expenses, total	99 899 138	121 777 194	21 878 056	22%
Incl.:				
Transportation	25 084 855	25 754 744	669 889	3%
Employee benefits	18 735 556	17 964 080	-771 476	-4%
Depreciation, depletion and amortization	16 697 457	16 196 667	-500 790	-3%
Repairs and maintenance	3 625 871	2 847 004	778 867	27%
The export customs duties	-	15 802 878	15 802 878	100%
Royalties	7 289 760	13 960 349	6 670 589	92%
Services and repair services	7 564 374	9 231 626	1 667 252	22%
Materials and supplies	6 215 554	6 732 637	517 083	8%
Other taxes	2 617 087	2 095 078	-522 009	-20%
Social projects	1 649 996	1 294 422	-355 574	-22%
Management fees and commissions	4 044 623	4 212 971	168 348	4%
Energy	3 996 698	4 661 620	664 922	17%
Fines and penalties	2 164 459	1 420 407	-744 052	-34%
Environmental fine	-	-	-	
Loss on sale of PPE	1 148 522	264 298	-884 224	-77%
Changes in inventory	887 281	-2 110 287	-2 997 568	-338%
Other (highlight major items)	1 802 916	4 295 704	2 492 788	138%

6. Other relevant information.

- volume of investments in primary production

During the 6 months of 2008 investments in fixed assets totaled 13 408 468 thousand tenge, incl.:

in oil and gas assets – 144 950 thousand tenge;

in other fixed assets – 306 118 thousand tenge;

in under construction – 12 957 400 thousand tenge.

- Bringing into service new production facilities or termination of existing ones (mechanical shops, organization departments, other)

In the period under review the Company did not bring into service any new production facilities and did not terminate any existing facilities.

- Changes in the output assortment

In the period under review there weren't any changes in the output assortment.

- Establishment of branches and/or representative offices of the issuer with total headcount and location to be indicated

In the period under review the Company did not established any branches and/or representative offices.

- Implementation of new technologies

In the period under review no new technologies were implemented by the Company.

- Expansion or contraction of issuer's markets

In the period under review no meaningful changes in the structure of markets were recorded.

- Composition of major vendors and/or issuers customers Suppliers enjoying more than five per cent of all deliveries of materials:

Supplier	Location	Description	Share
Almatyneftekhim LLP	Almaty	Chemicals	10.50%
Pre-Caspian machine-building complex LLP	Aktau	Oil field equipment	10.45%
Aktobe plant of oil equipment JSC	Aktobe	Drill rods, oil-well tubing, rods	27.03%

**Deputy General Director
on Economics and Finance**

Zh. Bekezhanova

Chief Accountant

R. Kuzenbayev