

**Report of KazMunaiGas EP JSC**  
**for the 9 months ended September 30, 2007**  
**According to Listing Rules of Kazakhstan Stock Exchange**

This report on the financial results of JSC "KazMunaiGas" Exploration Production for the 9 months ended September 30, 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 2 July 2007 the Company began dividend payments on preferred and common shares following the results of 2006.

On 27 July 2007 under the terms of a Subloan Agreement the Company repaid in advance 6.97 billion Tenge to NC KazMunayGas received under the IBRD Loan Agreement #4061, thereby fully discharging its financial obligations under the above loan agreement.

On 1 October 2007 Standard & Poor's assigned to the Company its corporate governance score (CGS) of "CGS-5+" and a long-term "BB+" rating with a stable outlook.

On 8 November 2007 the Company signed an Agreement for the Sale and Purchase of a 50% interest in CITIC Canada Energy Limited from CITIC Group for approximately 930 million US dollars. The acquisition is subject to certain regulatory approvals and is expected to be completed before the end of 2007.

### **1. Volume of products sold (rendered services):**

<b>Volume of products sold (rendered services)</b>	<b>Unit of measure</b>	<b>For the 3 quarter of 2007</b>	<b>For the year-to-date, total</b>
<b>Sold total, including:</b>			
Crude oil	tons	2 414 407	7 123 339
Refined products	tons	-	-
Gas products:			
Liquid gas	tons	3	39 621
Dry gas	ths.cubic meters	6 632	118 628
Drink water	ths.cubic meters	913	2 661
Other sale		-	-
<b>Sold for export, including:</b>			
Crude oil	tons	1 833 360	5 504 273
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.**

There were no changes in the composition of executive and supervising bodies in the reporting period.

### **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.

On 02 July 2007 the Company sold 100% stake in Burgylay LLP via tender process of which SBP “KazMunaiGas-Drilling” LLP is the winner.

On 07 August 2007 the Company finalized liquidation of 100% subsidiary company “Brick Works” LLP.

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

In the reporting period the Company did not participate in associations, industrial, financial groups, holding companies, concerns, consortiums.

## Section 3. Financial information

### 1. Investments.

(30.09.2007, ths. tenge)

Type of investments	Opening balance	Debit	Credit	Closing balance
Long-term investment in capital of other legal entities	2 884 207	130 112 853	2 733 126	130 263 934
Security holdings, total	4 979 605	6 922 135	4 313 721	7 588 019
including:				
Government securities	3 937 621	-	3 937 621	-
Non-government securities	1 041 984	6 922 135	376 100	7 588 019
Other investment	-	-	-	-
<b>Total investment</b>	<b>7 863 812</b>	<b>137 034 988</b>	<b>7 046 847</b>	<b>137 851 953</b>

### 2. Accounts receivable.

(30.09.2007, ths. tenge)

Accounts receivable type	End of period	Debit	Credit	Beginning of year
<b>Long term receivables</b>				
Trade receivables, incl. major debtors with location indicated:	-	-	-	-
Advances and prepaid expenses, incl. major debtors with location indicated:	1 585 721	6 029 610	5 214 019	770 130
<i>Pavlodar heavy engineering plant</i>	-	-	133 797	133 797
<i>«Asia Group Company LTD»</i>	242 767	242 767	-	-
<i>«Astana-Kurylys» LLP</i>	61 024	61 024	-	-
<i>«Dasuy» LLP</i>	253 881	253 881	-	-
<i>«Burgylau» LLP</i>	353 815	353 815	-	-
Prepaid expenses	634 672	476 741	416 146	574 077
Other debt	-	-	63 484	63 484
Allowance for doubtful accounts	-	-	-	-
<b>Total long-term receivables</b>	<b>1 585 721</b>	<b>6 029 610</b>	<b>5 277 503</b>	<b>833 614</b>
<b>Current receivables</b>				
Trade receivables, incl. major debtors with location indicated:	44 765 368	348 647 038	341 155 108	37 273 438
<i>Trade House KazMunaiGaz AG</i>	33 178 035	246 444 572	238 917 454	25 650 917
<i>Esomet SAS</i>	9 234 726	73 202 532	71 684 208	7 716 402
<i>Trade House KazMunaiGaz</i>	203 172	27 265 250	27 062 078	-

Advances and prepaid expenses, incl. major debtors with location indicated:	5 680 352	35 143 777	34 416 253	4 952 828
<i>Caspian pipeline Consortium</i>	711 606	6 337 227	5 625 621	-
<i>JSC NC KazMunaiGas</i>	-	806 378	806 378	-
<i>JSC KazTransOil</i>	2 731 451	25 285 267	26 064 532	3 510 716
<i>Prepaid expenses</i>	862 889	787 672	498 860	574 077
Other debt	817 168	26 361 200	28 922 485	3 378 453
Allowance for doubtful accounts	-1 813 010	1 077 485	-404 795	-3 295 290
<b>Total long-term receivables</b>	<b>49 449 878</b>	<b>411 229 500</b>	<b>404 089 051</b>	<b>42 309 429</b>
<b>Total receivables</b>	<b>51 035 599</b>	<b>417 259 110</b>	<b>409 366 554</b>	<b>43 143 043</b>

### 3. Loans.

(30.09.2007., 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	5 746 597	248 145	52 346	Aug 2007
Loan from the World Bank № 3744	US dollar	7.43	169 315	174 251	4 936	0	Apr 2007
Esomet	US dollar	5.7	51 094 760	17 337 073	2 157 946	35 915 633	Sep 2009
Loan from the Sultanate of Oman	US dollar	4.87	1 149 807	570 884	0	578 923	not defined
Past costs	US dollar	7.93	1 038 758	118 794	22 604	942 568	Dec 2009 - Dec 2025
Other long-term loans	US dollar	16	2 616	2 616	0	0	2008
Short-term loans	Tenge	14.29	661 640	657 683	18 458	22 415	2007
<b>Total</b>			<b>59 667 694</b>	<b>24 607 898</b>	<b>2 452 089</b>	<b>37 511 885</b>	

(30.09.2007, ths. tenge)

Name of creditor on loan	End-of-period loan sum, total	Payable sum					
		4 quarter 2007	2008	2009	2010	2011	2012
Loan from the World Bank № 4061	52 346	52 346	-	-	-	-	-
Esomet	35 915 633	4 489 454	17 957 816	13 468 363	-	-	-
Loan from the Sultanate of Oman	578 923	578 923	-	-	-	-	-
Past costs	942 568	10 867	43 468	62 257	62 257	62 257	62 257
Other long-term loans	-	-	-	-	-	-	-
Short-term loans	22 415	22 415	-	-	-	-	-
<b>Total</b>	<b>37 511 885</b>	<b>5 154 005</b>	<b>18 001 284</b>	<b>13 530 620</b>	<b>62 257</b>	<b>62 257</b>	<b>62 257</b>

#### 4. Account payable, concerned with performing core activities.

(30.09.2007, ths. tenge)

Type of account payable	End period	Debit	Credit	Beginning of year
<b>Long-term payable</b>				
Trade payable, incl. major debtors with location indicated:	-	-	-	-
Advances and prepaid expenses, incl. major debtors with location indicated:	-	-	-	-
Other debt	-	-	-	-
<b>Total long-term payables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current payables</b>				
Trade payable, incl. major debtors with location indicated:	15 488 381	115 583 936	110 560 178	20 512 139
<i>ABN AMRO TRANSTIS LIMITED</i>	1 232 692	10 068 208	6 558 557	1 570 430
<i>JSC MunaiFieldService</i>	534 097	5 221 325	4 580 138	592 048
<i>Pre-Caspian machine-building complex</i>	176 221	5 045 224	4 521 881	699 564
<i>JSC NC KazMunaiGas</i>	2 443 893	4 548 295	4 960 250	2 031 938
<i>LLP LTD Khazar Oil</i>	-	843 193	-	843 193
<i>Aktobe Oil Equipment plant</i>	476 250	2 129 743	2 605 993	-
<i>Trade House KazMunaiGaz</i>	-	2 028 591	2 028 591	-
<i>Almatyneftehim LLP</i>	718 216	447 224	1 165 440	-
Advances and prepaid expenses, incl. major debtors with location indicated:				
Other debt	17 929 327	68 995 325	66 979 062	19 945 590
<b>Total current payables</b>	<b>33 417 708</b>	<b>184 579 261</b>	<b>177 539 240</b>	<b>40 457 729</b>
<b>Total accounts payable</b>	<b>33 417 708</b>	<b>184 579 261</b>	<b>177 539 240</b>	<b>40 457 729</b>

#### 5. Financial results analysis.

ths. tenge

Article of income / Expenses	9 months 2006	9 months 2007	Deviation	Increase / Decrease, %
<b>Revenue, total</b>	<b>313 724 848</b>	<b>338 838 358</b>	<b>25 113 510</b>	<b>8.00</b>
Incl. Domestic:				
Crude oil	29 305 780	27 118 981	-2 186 799	-7.46
Refined products	6 166 875		-6 166 875	-100.00
Gas products	2 733 209	3 352 501	619 292	22.66
Other sales and services	3 660 834	3 876 233	215 399	5.88
Export:				
Crude oil	271 858 150	304 490 643	32 632 493	12.00
Refined products				
Other sales and services				
<b>Finance (expense) income, total</b>	<b>4 135 019</b>	<b>8 765 285</b>	<b>12 900 304</b>	<b>-311.98</b>
Financial income	5 986 730	20 914 253	14 927 523	249.34
Financial expense	-6 082 407	-4 660 391	1 422 016	-23.38
Foreign exchange (losses) gains	-4 039 342	-7 488 577	-3 449 235	85.39
<b>Operating expenses, total</b>	<b>135 250 932</b>	<b>152 252 593</b>	<b>17 001 661</b>	<b>12.57</b>
Incl.:				
Transportation	33 673 858	36 872 580	3 198 722	9.50
Employee benefits	25 539 595	28 323 751	2 784 156	10.90
Depreciation, depletion and amortization	23 236 618	25 593 385	2 356 767	10.14
Repairs and maintenance	13 130 120	14 243 238	1 113 118	8.48

Royalties	11 783 140	12 261 164	478 024	4.06
Materials and supplies	10 199 565	9 607 506	-592 059	-5.80
Other taxes	5 507 847	3 837 866	-1 669 981	-30.32
Social projects	4 574 624	2 494 036	-2 080 588	-45.48
Management fees and commissions	5 733 957	6 024 199	290 242	5.06
Energy	4 997 522	5 674 582	677 060	13.55
Fines and penalties	201 463	2 665 115	2 463 652	1 222.88
Environmental fine	-11 427 958		11 427 958	-100.00
Other	8 100 581	4 665 171	3 445 410	-42.53

## 6. Other relevant information.

- volume of investment in primary production

for the 9 months ended 30 September, 2007 investment in fixed assets made 26 536 553 thousand tenge, incl.:

in oil and gas assets – 148 505 thousand tenge;

in other fixed assets – 445 398 thousand tenge;

in under construction – 25 942 650 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 facilities and has not reduced any operational facilities.

- changes in the range of output products

for the accounting period there has 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
Leman-Kazakhstan LLP	Almaty	tubular goods	7.66%
Almatyneftekhim LLP	Almaty	chemicals	10.11%
Kaskor-Mashzavod JSC	Aktau	rocking engineering tools and spare parts	5.65%
Pre-Caspian machine-building complex LLP	Aktau	oil field equipment	9.92%
Aktobe plant of oil equipment JSC	Aktobe	oil-well tubing, rods	19.80%

**Deputy General Director  
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**Zh. Bekezhanova**

**Chief Accountant**

**R. Kuzenbayev**

