

**Report of KazMunaiGas EP JSC**  
**for the 3 months ended March 31, 2008**  
**According to Listing Rules of Kazakhstan Stock Exchange**

This report on the financial results of JSC "KazMunaiGas" Exploration Production for the 3 months ended March 31, 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 8 April 2008 the Government of the Republic of Kazakhstan passed the Decree on additions and amendments to the earlier decree of the government 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 Decree published on 17 April 2008, exported crude oil will be subject to a customs duty, the amount of which would vary depending on provisions of each subsurface use contract and world oil prices. 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	First quarter of 2008	Year-to-date, total
<b>Sold total, including:</b>			
Crude oil	tons	2 148 384	2 148 384
Refined products	tons		
Gas products:			
Liquid gas	tons		
Dry gas	ths.cubic meters		
Drink water	ths.cubic meters		
Other sale			
<b>Sold for export, including:</b>			
Crude oil	tons	1 628 384	1 628 384
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 the Board of directors of KazMunaiGas Exploration Production JSC during the first quarter 2008 were made pursuant to the resolution of the general shareholders meeting (minutes as of 23 January 2008) that was called on shareholders' proposal. In particular, pursuant to the resolution of the general shareholders meeting the authorities of Syrgabekova A.N., then member of the Board of directors, were terminated, while Satubaldina Zh.S. was elected a new member.

In the first quarter of 2008 following changes in the Board's composition occurred:

On 1 February 2008 Aubakirov A.A., member of the Board, seized the employment with the Company.

### 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.

(31.03.2008, ths. tenge)

Type of investments	Opening balance	Debit	Credit	Closing balance
Long-term investment in capital of other legal	102 999 132	12 192 582	11 835 191	103 356 523
Security holdings, total	7 326 668	125 222	6 369 568	1 082 322
including:				
Non-government securities	7 326 668	125 222	6 369 568	1 082 322
Other investment	-	-	-	-
<b>Total investment</b>	<b>110 325 800</b>	<b>12 317 804</b>	<b>18 204 759</b>	<b>104 438 845</b>

#### 2. Accounts receivable.

(31.03.2008, 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:	4 771 452	6 498 509	2 448 134	721 077
«Asia Group Company LTD»LLP	404 612	-	-	404 612
«Astana-Kurylys» LLP	61 024	-	-	61 024
«Burgylau» LLP	1 625 472	3 220 214	1 594 742	-
SBP «KazMunaiGas – Burinie»	1 906 546	2 759 938	853 392	-
«Prekaspiyskiy Mashinostroitelnyy Komplex» LLP	381 126	381 126	-	-
Prepaid expenses	237 483	32 294	50 252	255 441
Other receivables	19 057 179	578 951	-	18 478 228
Allowance for doubtful accounts	-	-	-	-
<b>Total long-term accounts receivable</b>	<b>23 828 631</b>	<b>7 077 460</b>	<b>2 448 134</b>	<b>19 199 305</b>
Trade receivables, incl. major debtors with location	59 162 686	134 911 831	126 962 905	51 213 760
Trade House KazMunaiGaz AG	43 812 930	99 222 483	93 318 278	37 908 725
Esomet SAS	12 906 480	35 584 920	33 644 628	10 966 188
Advances and prepaid expenses, incl. major debtors with location indicated:	6 924 173	15 564 284	13 485 444	4 845 333
Caspian Pipeline Consortium	498 421	2 099 628	2 307 593	706 386
KazTransOil JSC	3 014 263	9 965 900	9 832 743	2 881 106
MAEK KazAtomProm	376 784	1 596 623	1 345 108	125 269
Prepaid expenses	1 068 364	969 668	372 702	471 398
Other receivables	652 350	1 142 762	1 001 604	511 192
Allowance for doubtful accounts	- 1 592 288	48 797	-	- 1 641 085
<b>Total current accounts receivable</b>	<b>65 146 921</b>	<b>151 667 674</b>	<b>141 449 953</b>	<b>54 929 200</b>
<b>Total accounts receivable</b>	<b>88 975 552</b>	<b>158 745 134</b>	<b>143 898 087</b>	<b>74 128 505</b>

### 3. Loans.

(31.03.2008., ths. tenge)

Name of creditor on loan	Loan currency	Average rate, % p.a.	Opening balance	Debit	Credit	Closing balance	Maturity date
Esomet	US\$	4,6	30 774 075	4 473 247	163 585	26 464 413	Sep.2009
Sultanate Oman loan	US\$	4,87	1 102 472	-	3 574	1 106 046	Not defined
ARO	US\$	7,93	964 014	12 518	22 259	973 755	Mar 2008- Dec 2025
Other loans	US\$	16	8 873	-	1 376	10 249	
<b>Total</b>			<b>32 849 434</b>	<b>4 485 765</b>	<b>190 793</b>	<b>28 554 462</b>	

(31.03.2008., ths. tenge)

Name of creditor on loan	End-of-period loan amount, total	Payable sum				
		2-4 quarters 2008	2009	2010	2011	2012
Esomet	26 464 413	13 438 298	13 026 115	-	-	-
Sultanate Oman	1 106 046	1 106 046	-	-	-	-
ARO	973 754	13 156	18 790	25 012	43 646	873 150
Other loans	10 249	10 249	-	-	-	-
<b>Total</b>	<b>28 554 462</b>	<b>14 567 749</b>	<b>13 044 905</b>	<b>25 012</b>	<b>43 646</b>	<b>873 150</b>

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

(31.03.2008, 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	-	-	-	-
Other debt	-	-	-	-
<b>Total long-term payables</b>	-	-	-	-
Trade payable, incl. major debtors with location indicated:	12 462 444	20 544 903	15 882 844	17 124 503
<i>Lasalle Trustees Limited (ABN AMRO TRANSTIS LIMITED)</i>	462 105	3 104 532	3 338 173	228 464
<i>«MunaiFieldService» LLP</i>	430 475	1 136 319	1 271 166	295 628
<i>«Prekaspiskyi Mashinostroitelniy Komplex» LLP</i>	-	946 128	-	946 128
<i>NC «KazMunaiGas» JSC</i>	2 264 040	2 439 600	2 264 040	2 439 600
<i>«Trade House «KazMunaiGaz» JSC</i>	323 059	10 748 964	11 055 192	16 831
<i>«Burgylau» LLP</i>	-	1 072 068	-	1 072 068
Advances and prepaid expenses, incl. major	-	-	-	-
Other debt	21 609 997	46 810 756	50 360 771	18 059 982
<b>Total current accounts payables</b>	<b>34 072 441</b>	<b>67 355 659</b>	<b>66 243 615</b>	<b>35 184 485</b>
<b>Total accounts payable</b>	<b>34 072 441</b>	<b>67 355 659</b>	<b>66 243 615</b>	<b>35 184 485</b>

## 5. Financial results analysis.

(31.03.2008, ths. tenge)

Profit/Loss Item	1Q2008	1Q2007	Change	Inc/Dec, %
<b>Revenue, total</b>	143 483 284	98 183 632	45 299 652	46%
Incl. local market deliveries:				
Crude oil	9 359 903	7 670 330	1 689 573	22%
Refined products	-	-	-	
Gas products	1 297 649	890 412	407 237	46%
Other sales and services	1 511 661	874 034	637 627	73%
Export:				
Crude oil	131 314 071	88 748 856	42 565 215	48%
Refined products				
Other sales and services				
<b>Finance (expense) income, total</b>	<b>9 730 863</b>	<b>1 637 385</b>	<b>8 093 478</b>	<b>494%</b>
Financial income	10 000 349	7 748 022	2 252 327	29%
Financial expense	-1 103 496	-1 967 990	864 494	-44%
Foreign exchange (losses) gains	834 010	-4 142 647	4 976 657	-120%
<b>Operating expenses, total</b>	<b>49 312 423</b>	<b>49 168 507</b>	<b>143 916</b>	<b>0%</b>
Incl.:				
Transportation	13 345 036	13 775 364	-430 328	-3%
Employee benefits	8 713 916	9 194 061	-480 145	-5%
Depreciation, depletion and amortization	7 736 871	8 512 261	-775 390	-9%
Repairs and maintenance	3 625 871	2 847 004	778 867	27%
Royalties	6 120 970	3 415 723	2 705 247	79%
Materials and supplies	2 895 414	2 707 934	187 480	7%
Other taxes	1 127 586	1 275 114	-147 528	-12%
Social projects	936 813	303 332	633 481	209%
Management fees and commissions	2 103 895	2 029 035	74 860	4%
Energy	2 124 493	1 763 642	360 851	20%
Fines and penalties	390 513	797 423	-406 910	-51%
Environmental fine	-	-	-	
Loss on sale of PPE	232 393	760 549	-528 156	-69%
Changes in inventory	-1 911 969	1 243 695	-3 155 664	-254%
Other (highlight major items)	1 870 620	543 370	1 327 250	244%

## 6. Other relevant information.

- volume of investments in primary production

During first quarter of 2008 investments in fixed assets totaled 8 671 721 thousand tenge, incl.:  
in oil and gas assets – 4 360 127 thousand tenge;  
in other fixed assets – 149 400 thousand tenge;  
in under construction – 4 161 744 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	10.89%
Pre-Caspian machine-building complex LLP	Aktau	Oil field equipment	10.83%
Aktobe plant of oil equipment JSC	Aktobe	Drill rods, oil-well tubing, rods	28.02%

**Deputy General Director  
on Economics and Finance**

**Zh. Bekezhanova**

**Chief Accountant**

**R. Kuzenbayev**