

Report of KazMunaiGas EP JSC
for the 9 months ended September 30, 2009
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, 2009 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 July, 13th, 2009 Company began dividend payments under preferred and common shares of the Company following the results of 2008.

On August, 8th, 2009 Fitch Ratings has confirmed long-term ratings of KMG EP in foreign and national currency at level BBB-, short-term F3.

On September, 23rd, 2009 KMG EP declared about the agreement of the acquisition of 33% stake of PetroKazakhstan Inc. from National company «KazMunaiGas».

2. Volume of products sold (rendered services):

Volume of products sold (rendered services)	Unit of measure	3d quarter of 2009	Year-to-date, total
Sold total, including:			
Crude oil	tons	2 225 497	6 559 455
Refined products	tons	55 900	165 180
Gas products:			
Liquid gas	tons		
Dry gas	ths.cubic meters		
Drink water	ths.cubic meters		
Other sale			
Sold for export, including:			
Crude oil	tons	1 777 634	5 357 695
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.

In the third quarter of 2009 following changes in the Board's and in the Board of Directors composition did not occurred.

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.

On September, 30th, 2009 China Investment Corporation issued the press release about purchasing about 11% of the placed shares KMG EP for a total sum of 939 million US dollars.

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.

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.

(30.09.2009, ths. tenge)

Type of investments	Opening balance	Debit	Credit	Closing balance
Long-term investment in capital of other legal	121 910 766	22 078 013	16 087 558	127 901 221
Security holdings, total	11 207 170	487 893	10 573 293	1 121 770
including:				
Government securities				
Non-government securities	11 207 170	487 893	10 573 293	1 121 770
Other investment				
Total investment	133 117 936	22 565 906	26 660 851	129 022 991

2. Accounts receivable.

(30.09.2009, 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:	2 154 618	3 185 612	1 613 598	582 604
<i>Burgylay LLP</i>	1 195 998	1 452 756	256 758	-
<i>Petropavlovsk heavy machinery JSC</i>	93 619	528 705	435 086	-
<i>International Business Center LLP</i>		164 220	164 220	
<i>Astana Kurylys LLP</i>			61 024	61 024
<i>Eurasia-Construction LLP</i>		545 632	545 632	
<i>Prepaid expenses</i>	239 630	56 647	150 879	333 862
Other receivables	21 811 956	2 949 939	-	18 862
Allowance for doubtful accounts	-	-	-	-
Total long-term accounts receivable	23 966 574	6 135 551	1 613 598	19 444 621
Trade receivables, incl. major debtors with location indicated:	55 499 907	343 311 608	325 452 638	37 640 937
<i>Trade House KazMunaiGaz AG</i>	-	111 499 781	142 302 594	30 802
<i>Trade House KazMunaiGaz NV</i>	36 592 673	115 261 585	78 668 912	-
<i>Esomet SAS</i>	17 229 070	94 182 920	81 539 310	4 585 460
Advances and prepaid expenses, incl. major debtors with location indicated:	22 121 938	88 342 844	72 783 615	6 562 709
<i>Customs office of Astana</i>	15 296 448	17 088 721	1 962 211	169 938
<i>Caspian Pipeline Consortium</i>	846 758	8 774 584	8 782 241	854 415
<i>KazTransOil JSC</i>	3 530 968	28 658 583	28 552 609	3 424 994
<i>MAEK KazAtomProm</i>	465 259	4 795 397	4 773 557	443 419
<i>MREK JSC</i>	139 041	1 181 860	1 168 686	125 867
<i>Prepaid expenses</i>	448 117	2 689 883	2 623 479	381 713
Other receivables	5 435 043	4 985 161	1 017 731	1 467 613

Allowance for doubtful accounts	- 197 841	1 673 156	581 920	-1 289 077
Total current accounts receivable	82 859 047	438 312 769	399 835 904	44 382 182
Total accounts receivable	106 825 621	444 448 320	401 449 502	63 826 803

3. Loans.

(30.09.2009., 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	13 241 867	16 530 692	3 288 825	-	Sep.2009
Sultanate Oman loan	USD	4,87	1 106 779	-	276 582	1 383 361	Not defined
Historical obligations	USD	7,93	6 089 430	521 680	1 993 173	7 560 923	Dec 2009- Dec 2025
Total			20 438 076	17 052 372	5 558 580	8 944 284	

(30.09.2009., ths. tenge)

Name of creditor on loan	End-of-period loan amount, total	Payable sum				
		2009	2010	2011	2012	2013
Esomet						
Sultanate Oman	1 383 361	1 383 361				
Historical obligations	7 560 923	117 658	495 744	556 992	602 492	5 788 037
Other loans						
Total	8 944 284	1 501 019	495 744	556 992	602 492	5 788 037

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

(30.09.2009, 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:	12 754 653	123 111 574	116 505 240	19 360 987
<i>Bank of America Trustees Limited</i>	241 448	11 693 320	10 326 329	1 608 439
<i>«MunaiFieldService» LLP</i>	929 016	3 785 668	2 682 848	2 031 836
<i>«Pre-Caspian machine-building complex» LLP</i>	455 336	3 940 553	3 773 283	622 606
<i>NC «KazMunaiGas» JSC</i>	1 009 802	4 630 262	4 508 044	1 132 020
<i>Burgylay LLP</i>	-	5 792 400	4 729 931	1 062 469
<i>Kazmunaigas burenie LLP</i>	245 039	7 557 628	6 916 405	886 262
Dividends to payment	795 439	47 782 617	47 965 099	612 957
Advances and prepaid expenses, incl. major	-	-	-	-

Other debt	47 809 866	138 643 036	174 046 611	12 406 291
Total current accounts payables	61 359 958	309 537 227	338 516 950	32 380 235
Total accounts payable	61 359 958	309 537 227	338 516 950	32 380 235

5. Financial results analysis.

(30.09.2009, ths. tenge)

Profit/Loss Item	9 months 2008	9 months 2009	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	31 849 005	34 901 161	3 052 156	10%
Financial expense	- 2 290 984	- 1 766 373	524 611	- 23%
The non-realised loss from operations of hedging of oil		- 786 258		
Foreign exchange (losses) gains	- 2 109 955	99 895 981	102 005 936	- 4835%
Operating expenses, total	197 144 890	240 492 520	43 347 630	22%
Incl.:				
Transportation	39 145 817	39 933 712	787 895	2%
Employee benefits	28 636 253	37 919 475	9 283 222	32%
Depreciation, depletion and amortization	-	39 601 981	39 601 981	100%
Repairs and maintenance	-	37 693 222	37 693 222	100%
The export customs duties	25 179 596	23 055 517	- 2 124 079	-8%
Royalties	15 133 459	15 825 553	692 094	5%
Services and repair services	6 378 851	7 545 773	1 166 922	18%
Materials and supplies	9 461 965	7 311 049	- 2 150 916	-23%
Other taxes	6 324 520	4 838 661	- 1 485 859	-23%
Social projects	2 001 871	12 571 724	10 569 853	528%
Management fees and commissions	3 603 280	3 113 203	- 490 077	-14%
Energy	2 749 888	1 701 975	- 1 047 913	-38%
Fines and penalties	349 767	1 389 803	1 040 036	297%
Environmental fine	21 096 836	-	- 21 096 836	-100%
Loss on sale of PPE	30 967 696	-	- 30 967 696	-100%
Changes in inventory	- 1 630 843	140 177	1 771 020	-109%
Other (highlight major items)	7 745 934	7 850 695	104 761	1%

6. Other relevant information.

- volume of investments in primary production

During the 9 months of 2009 investments in fixed assets totaled 25, 508,604 thousand tenge, incl.:

in oil and gas assets – 340,629 thousand tenge;

in other fixed assets – 1,111,543 thousand tenge;

in under construction – 24,056,432 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	10.78%
Pre-Caspian machine-building complex LLP	Aktau	Oil field equipment	8.86%
Petropavlovsk heavy machinery JSC	Petropavlovsk	Drill rods, oil-well tubing, rods	6.86%
KSP Steel LLP	Pavlodar	NCT pipes	24.38%

**Acting Deputy General Director
on Economics and Finance**

S. Drader

Chief Accountant

R. Kuzenbayev