Zhaikmunai LP

Condensed Consolidated Interim Financial Information (Unaudited)

For the six months ended June 30, 2008

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Report on Review of Interim Condensed Consolidated Financial Statements

To Board of Directors and Shareholders of Zhaikmunai LP:

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Zhaikmunai LP and its subsidiaries (jointly "the Group") as at 30 June 2008 and the related condensed consolidated interim statements of income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

August 28, 2008

INTERIM CONSOLIDATED BALANCE SHEET

In thousands of US dollars

	Notes	June 30, 2008 (unaudited)	December 31, 2007 (audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	**3**	371,547	289,533
Advances for equipment and construction works		91,395	70,475
		462,942	**360,008**
Current Assets			
Inventories		4,296	2,496
Trade receivables		16,317	9,530
Prepayments and other current assets		16,249	14,973
Cash and cash equivalents		87,808	7,344
		124,670	**34,343**
TOTAL ASSETS		**587,612**	**394,351**
EQUITY AND LIABILITIES			
Partnership capital and Reserves			
Partnership capital		91,822	–
Retained earnings and translation reserve		85,464	68,240
		177,286	**68,240**
Non-Current Liabilities			
Long term borrowings	**4**	324,336	203,982
Abandonment and site restoration liabilities		1,920	1,299
Due to Government of Kazakhstan		6,301	6,317
Deferred tax liability		35,375	26,191
		367,932	**237,789**
Current Liabilities			
Trade payables		30,071	35,768
Current portion of long term borrowings	**4**	1,073	45,521
Current portion of Due to Government of Kazakhstan		1,278	–
Income taxes payable	**8**	547	2,062
Other current liabilities		9,425	4,971
		42,394	**88,322**
TOTAL EQUITY AND LIABILITIES		**587,612**	**394,351**

The notes on pages 5 through 13 are an integral part of the condensed interim consolidated financial information.

Chief Executive Officer of the General Partner of Zhaikmunai LP — *Kai-Uwe Kessel*

Chief Financial Officer of the General Partner of Zhaikmunai LP — *Jan-Ru Muller*

INTERIM CONSOLIDATED STATEMENT OF INCOME

In thousands of US dollars

	Notes	Six months ended June 30 2008 (unaudited)	2007 (unaudited)
Sales of crude oil		76,939	39,913
Cost of sales	**5**	(23,160)	(13,343)
Gross profit		**53,779**	**26,570**
General and administrative expenses	**6**	(8,383)	(5,111)
Selling and oil transportation expenses		(6,450)	(2,899)
Finance costs	**7**	(7,348)	(2,187)
Foreign exchange (loss)/gain		(780)	4,049
Other income		(216)	–
Profit before Income Tax		**30,602**	**20,422**
Income tax expense	**8**	(13,035)	(5,979)
Net Income		**17,567**	**14,443**

The notes on pages 5 through 13 are an integral part of the condensed interim consolidated financial information.

Chief Executive Officer of the General Partner of Zhaikmunai LP

Kai-Uwe Kessel

Chief Financial Officer of the General Partner of Zhaikmunai LP

Jan-Ru Muller

INTERIM CONSOLIDATED CASH FLOW STATEMENT

In thousands of US dollars

	Notes	Six months ended June 30 2008 (unaudited)	2007 (unaudited)
Cash flow from operating activities:			
Profit before income tax		**30,602**	**20,422**
Adjustments for:			
Depreciation and amortization		4,514	2,358
Interest expense on borrowings	**7**	5,731	2,361
Unwinding of discount on amounts due to Government of Kazakhstan		488	487
Unrealized foreign exchange gain		792	(3,668)
Revision of contractual obligation to Government		–	(700)
Operating profit before working capital changes		**42,127**	**21,260**
Changes in working capital:			
(Increase)/decrease in inventories		(1,813)	902
(Increase)/decrease in trade receivables		(6,835)	2,716
Increase in prepayments and other current assets		(1,373)	(9,047)
(Decrease)/increase in trade payables		(13,280)	705
Increase/(decrease) in other current liabilities		4,573	468
(Decrease)/increase in provisions		(1,237)	45
Cash generated from operations		**22,162**	**17,049**
Income tax paid		(3,184)	(377)
Net cash flows from operating activities		**18,978**	**16,672**
Cash flow from investing activities:			
Purchases of property, plant and equipment		(90,842)	(55,103)
Net cash used in investing activities		**(90,842)**	**(55,103)**
Cash flow from financing activities:			
Repayment of borrowings		(245,872)	(4,493)
Interest paid		(17,859)	(6,544)
Proceeds from borrowings		324,381	53,645
Proceedings from issue of Global Depositary Receipts		91,822	–
Net cash provided by financing activities		**152,472**	**42,608**
Effects of exchange rate changes on cash and cash equivalents		(145)	137
Net increase in cash and cash equivalents		80,608	4,177
Cash and cash equivalents at the beginning of period		**7,344**	2,806
Cash and cash equivalents at the end of period		**87,807**	**7,120**

The notes on pages 5 through 13 are an integral part of the condensed interim consolidated financial information.

Chief Executive Officer of the General Partner of Zhaikmunai LP — *Kai-Uwe Kessel*

Chief Financial Officer of the General Partner of Zhaikmunai LP — *Jan-Ru Muller*

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

In thousands of US dollars

	Partnership capital	Retained earnings	Translation reserve	Total
As of December 31, 2006 (audited)	–	**26,488**	**1,704**	**28,192**
Translation difference (unaudited)	–	–	–	–
Profit for the period (unaudited)	–	14,443	1,179	15,622
As of June 30, 2007 (unaudited)		**40,931**	**2,883**	**43,814**
As of December 31, 2007 (audited)	–	**64,261**	**3,979**	**68,240**
Translation difference (unaudited)	–	–	(343)	(343)
Issue of Global Depositary Receipts	91,822	–	–	91,822
Profit for the period (unaudited)	–	17,567	–	17,567
As of June 30, 2008 (unaudited)	**91,822**	**81,828**	**3,636**	**177,286**

The notes on pages 5 through 13 are an integral part of the condensed interim consolidated financial information.

Chief Executive Officer of the General Partner of Zhaikmunai LP

Kai-Uwe Kessel

Chief Financial Officer of the General Partner of Zhaikmunai LP

Jan-Ru Muller

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL

Zhaikmunai LP is a Limited Partnership formed on 29 August 2007 pursuant to the Partnership Act 1909 of the Isle of Man. The Partnership is registered in the Isle of Man with registered number 259P.

The consolidated financial information includes the results of the operations of Zhaikmunai L.P. ("the Zhaikmunai LP" or "the Group") and its wholly owned subsidiaries Claydon Industrial Limited (BVI) ("Claydon") and Jubilata Investments Limited (BVI) ("Jubilata"), who in turn own 100 percent of Zhaikmunai LLP ("the Partnership"). The Zhaikmunai LP and its subsidiaries are hereinafter referred to as "the Group". The Group's operations are primarily conducted through its oil and gas producing entity Zhaikmunai LLP located in Kazakhstan. The Group is ultimately indirectly controlled, through Thyler Holdings Limited, by Frank Monstrey. The General Partner of the Zhaikmunai LP is Zhaikmunai Group Limited, which is responsible for the management of the Group.

On March 28, 2008 the Group listed 10,000,000 Global Depository Receipts ('GDRs') at US$10 per GDR, representing 9.09% of the participating rights of the Group, on the London Stock Exchange ('LSE').

The Zhaikmunai LP is an Isle of Man limited partnership that was formed and registered under the Partnership Act 1909 (the ''Partnership Act'') on 29 August 2007.. The ownership interests in the Zhaikmunai LP consist of Common Units, which represent a fractional entitlement in respect of all of the limited partner interests in the Zhaikmunai LP and the General Partner. At any general meeting every holder of Common Units shall have one vote for each Common Unit of which he or she is the holder. Under the Partnership Agreement, distributions to limited partners will be made either as determined by the General Partner in its sole discretion or following the approval of a majority of limited partners. Any distributions to the Zhaikmunai LP's limited partners will be made on a pro rata basis according to their respective partnership interests in the Zhaikmunai LP and will be paid only to the record holders of Common Units.

The Group was formed through a reorganization of entities under common control on March 28, 2008 to enable the listing of GDRs on the LSE. This consolidated financial information has been prepared using the pooling of interest method and, as such, the financial information has been presented as if the transfers of the Group interests in Claydon and Jubilata had occurred from the beginning of the earliest period presented.

The Partnership was established in 1997 for the purpose of exploration and development of Chinarevskoye oil and gas condensate field in the Western Kazakhstan Region. The Partnership carries out its activities in accordance with the Contract for Additional Exploration, Production and Production-Sharing of Crude Hydrocarbons in the Chinarevskoye oil and gas condensate field (the "Contract") dated October 31, 1997 in accordance with the license MG No. 253D (the "License") for the exploration and production of hydrocarbons in Chinarevskoye oil and gas condensate field between the State Committee of Investments of the Republic of Kazakhstan and the Partnership.

The registered address of the Zhaikmunai L.P. is: Clinch House, Lord Street, Douglas, Isle of Man IM991R2.

This interim condensed consolidated financial information was authorized for issue by issue by Kai-Uwe Kessel, Chief Executive Officer of the General Partner of Zhaikmunai LP and by Jan-Ru Muller, Chief Financial Officer of the General Partner of Zhaikmunai LP on August 28, 2008.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2008 has been prepared in accordance with IAS 34 and should be read in conjunction with the Group's combined annual financial information for the year ended December 31, 2007. The Group's combined annual financial information was prepared on the same basis as the consolidated financial information for the six months ended June 30, 2008 except that, as discussed above, as a result of the common control transaction, equity now consists of Zhaikmunai LP's partnership capital as described above.

The functional currency of individual entities within the Group is determined as the currency of the primary economic environment in which it operates. Transactions in currencies other than the functional currency are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange gains and losses on settlement of foreign currency transactions translated at the rate prevailing at the date of the transactions, or the translation of monetary assets and liabilities at period end exchange rates, are taken to the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The functional currency of the Partnership is the Kazakhstan Tenge as its operating activities are conducted in Kazakhstan. The functional currency of the remainder of the Group is the US Dollar. On consolidation, income statements of subsidiaries are translated into US Dollars, at average rates of exchange. Balance sheet items are translated into US dollars at period end exchange rates. Exchange differences on the retranslation are taken to a separate component of equity.

Currency exchange rates established by the Kazakhstan Stock Exchange ("KASE") at the respective balance sheet dates were used to translate the assets and liabilities, and the weighted average of currency exchange rates of the KASE for six months of 2007 and 2008 were used to translate the income and expenses for the six months ended June 30, 2007 and 2008, respectively. The following Tenge / US Dollar closing rates and weighted average rates were used during the preparation of the financial information:

	2008	2007
Weighted average rate for the six months ended June 30,	120,51	123,14
Rate at the balance sheet date	120,75	120,3

This condensed interim financial information has been prepared on an historical cost basis except for financial instruments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

2. BASIS OF PREPARATION (continued)

Accounting Policies

The accounting policies applied in preparation of this interim condensed consolidated financial information are consistent with those applied in preparation of the Group's combined annual financial information for the year ended December 31, 2007.

New accounting developments

The following IFRS and IFRIC interpretations are not yet in effect as at June 30, 2008:

- IFRS 3 Business Combinations – amendment
- IFRS 8 Operating Segments
- IAS 27 Consolidated and Separate Financial Statements – amendment
- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions
- IFRIC 12 Service Concession Arrangements
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction

The Partnership expects that the adoption of the pronouncements listed above have or will have no material impact on the Group's results of operations and financial position.

3. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2008, the Group had net additions of property, plant and equipment of US dollars 87,799 thousand. These additions included capitalised interest of US dollars 9,878 thousand and abandonment and site restoration assets of US dollars 569 thousand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

4. BORROWINGS

In thousands of US dollars	June 30, 2008 (unaudited)		December 31, 2007 (audited)	
	Current	Non-current	Current	Non-current
Credit line due to Bank Turan Alem	–	–	38,793	203,982
Loan due to Blavin Holdings Limited	–	–	6,728	–
BNP Paribas facility	1,073	324,336	–	–
	1,073	**324,336**	**45,521**	**203,982**

BNP Paribas facility

The Partnership has entered into a 550 million US Dollar senior secured facility agreement with BNP Paribas as mandated lead arranger maturing no later than 31 December 2014. The BNP Paribas Facility comprises three tranches of US Dollars 200 million, US Dollars 200 million and US Dollars150 million. The Group has incurred fees related to the arrangement of the BNP Paribas facility of 20 million US Dollars. These fees are included within the total of the 324,336 thousand US Dollars drawn down as at June 30, 2008.

The rate of interest payable on outstanding amounts under each tranche will be LIBOR plus, under tranche 1, a margin of 3%, under tranche 2, a margin of 4% and under tranche 3, a margin of 5%.

The total amount outstanding is repayable in accordance with a repayment schedule, reducing the total commitments to US$450 million on December 31, 2010 and reducing to zero by December 31, 2014. In addition, the BNP Paribas Facility is mandatorily prepayable to the extent of the proceeds of any material disposals, debt offerings and a cash sweep of 50% of the Partnership collected revenue (in excess of US$25 million). The Partnership is also entitled to voluntarily prepay the amounts outstanding. The Partnership is required to give customary representations and warranties, repeated periodically, and maintain certain covenants.

Pursuant to the terms of the BNP Paribas facility the Partnership has entered, at nil cost, into a hedging contract covering oil export sales commencing March 2008 through till December 2013:

Year	Quantity Barrels ('bbls') per month	Brent put price US Dollars per bbl	Brent call price US Dollars per bbl
2008	96,769	70	123
2009	107,639	70	123
2010	99,461	70	–
2011	96,956	70	–
2012	60,493	70	–
2013	48,384	70	–

Gains and losses on the hedge contract, which does not qualify for hedge accounting, are taken directly to the profit and loss.

The Partnership is additionally required to maintain and fund a debt service reserve account with a balance equal to at least 5% of the amount outstanding under the BNP Paribas Facility. Lastly, the Partnership is required to maintain annual oil and gas off-take contracts (gas to be commenced in 2010) with off-takers required to purchase 80% of total production and 100% of production available for export. The Partnership's obligations under the BNP Paribas Facility are secured by various forms of security, including, (i) a pledge over 100% of the participatory interests in the Partnership; (ii) pledges over its bank accounts; (iii) the assignment of rights under the off-take contracts; (iv) assignment of all guarantees or performance bonds issued in connection with the contract with KSS for the Gas Treatment Facility; and (v) assignment of the benefit of the Partnership's relevant existing and future insurance policies.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

5. COST OF SALES

In thousands of US dollars	Six months ended June 30, 2008 (unaudited)	2007 (unaudited)
Depreciation and amortization	4,161	2,358
Well workover costs	4,006	1,785
Repair, maintenance and other services	3,128	2,039
Materials and supplies	2,587	954
Royalties	2,400	1,642
Payroll and related taxes	1,677	1,221
Rent and operation of oil separation units	1,479	795
Environmental levies	1,117	443
Management fees	972	1,069
Other transportation services	751	434
Government profit share	710	400
Other	172	203
	23,160	**13,343**

6. GENERAL AND ADMINISTRATIVE EXPENSES

In thousands of US dollars	Six months ended June 30, 2008 (unaudited)	2007 (unaudited)
Professional services	**2,547**	332
Payroll and related taxes	**1,099**	918
Training	**1,313**	845
Management fees	**925**	1,461
Equity option plan *(Note 8)*	**871**	–
Other	**410**	246
Bank charges	**264**	608
Sponsorship	**192**	153
Insurance fees	**177**	36
Communication	**166**	125
Business trip	**127**	60
Lease payments	**122**	86
Social program	**100**	125
Materials and supplies	**70**	116
	8,383	**5,111**

7. FINANCE COSTS

In thousands of US dollars	Six months ended June 30, 2008 (unaudited)	2007 (unaudited)
Interest income	(244)	(2)
Interest expense on borrowings	5,731	2,361
Losses on hedge contract (Note 4)	1,321	–
Unwinding of discount on Due to Government	488	481
Revision of contractual obligation to Government	–	(700)
Unwinding of discount on Abandonment and Site Restoration Liability	52	45
	7,348	**2,187**

8. EQUITY-BASED TRANSACTIONS

Employees (including senior executives and executive directors) of members of the Group receive remuneration in the form of equity-based payment transactions, whereby employees render services as consideration for share appreciation rights, which can only be settled in cash ('cash-settled transactions').

The cost of cash-settled equity-based employee compensation is measured initially at fair value at the grant date using a binomial model, further details of which are given in Note 8. This fair value is expensed over the period until vesting with the recognition of a corresponding liability. The liability is remeasured at each balance sheet date up to and including the settlement date with changes in fair value recognised in profit or loss.

The expense recognised for employee services received during the year is shown in the following table:

In thousands of US dollars	*6m 2008 (unaudited)*	*6m 2007 (unaudited)*
Expense arising from cash-settled share-based payment transactions	871	–

The equity-based payment plan is described below. There have been no cancellations or modifications to any of the plans during 2008.

On March 27, 2008, 2,250,000 equity appreciation rights (SARs) were granted to senior employees and executive directors of members of the Group, which can only be settled in cash. These will vest over a five year period from the date of grant, so that one fifth of granted SARs vests on each of the five anniversaries from the date of grant date. The contractual life of the SARs is ten years. The fair value of the SARs is measured at the grant date using a binomial option pricing model taking into account the terms and conditions upon which the instruments were granted. SARs are exercisable at any time after vesting till the end of the contractual life and give its holder a right to a difference between the market value of the Group's SDRs at the date of exercise and the IPO value of SDR's, which is 10 US Dollars. The services received and a liability to pay for those services are recognised over the expected vesting period. Until the liability is settled it is remeasured at each reporting date with changes in fair value recognised in profit or loss as part of the employee benefit expenses arising from cash-settled share-based payment transactions.

The carrying amount of the liability relating to the SARs at 30 June 2008 is US Dollar 871 (2007: nil). No SARs had vested at 30 June 2008 (2007: Nil).

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, equity options during the year:

	June 30, 2008 (unaudited)		**December 31, 2007**	
	No.	WAEP, US Dollar	No.	WAEP, US Dollar
Outstanding at the beginning of period	–	–	–	–
Granted	2,250,000	10	–	–
Exercised	–	–	–	–
Outstanding at the end of period	**2,250,000**	**10**	–	–
Exercisable at the end of period	–	–	–	–

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

9. EQUITY-BASED TRANSACTIONS (continued)

The following table lists the inputs to the models used for the plan for the six months ended 30 June 2008:

Dividend yield (%)	0
Expected volatility (%)	20
Risk -free interest rate (%)	4.04
Expected life (years)	6.6
Option turnover (%)	10

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

9. INCOME TAX EXPENSE

The income tax expense consisted of the following:

In thousands of US dollars	Six months ended June 30, 2008 (unaudited)	2007 (unaudited)
Income tax expenses comprise:		
- current income tax expense	5 094	2,439
- deferred income tax expense	7 941	3,540
Total income tax expense	**13,035**	**5,979**

10. RELATED PARTY TRANSACTIONS

For the purpose of this interim condensed consolidated financial information related parties transactions include mainly balances and transactions between the Group and the participants and/or their subsidiaries or associated companies.

Balances with related parties at the balance sheet dates and transactions with related parties for the respective periods follow.

In thousands of US dollars	June 30, 2008 (unaudited)	December 31, 2007 (audited)
Trade receivables and advances		
Frans van der Schoot N.V.	–	1,500

The balance represents advances paid for future services.

In thousands of US dollars	June 30, 2008 (unaudited)	December 31, 2007 (audited)
Trade payables		
Amersham Oil LLP	104	81
Probel Capital Management N.V.	159	190
Total	**263**	**271**

In thousands of US dollars	Six months ended June 30, 2008 (unaudited)	2007 (unaudited)
Management fees and consulting services		
Probel Capital Management N.V.	1,219	1,069
Frans van der Schoot B.V.	4,408	899
Amersham Oil LLP	644	622
Total	**6,271**	**2,590**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

10. RELATED PARTY TRANSACTIONS (continued)

Management fees are payable in accordance with the Technical Assistance Agreement ("TAA") signed between the Partnership, Amersham Oil LLP, Probel Capital Management N.V. and Frans van der Schoot B.V and relate to the rendering of geological, geophysical, drilling, scientific, technical and other consultancy services.

All related parties are companies indirectly controlled, through Thyler Holdings Limited, by Frank Monstrey.

11. COMMITMENTS AND CONTINGENCIES

Capital Commitments

As of June 30, 2008 the Group had contractual capital commitments of US Dollars 278,647 thousand (December 31, 2007: US Dollars 186,148 thousand).

Operating leases

The Group entered into a lease agreement for the main administrative office in Uralsk in October 2006 for a period of 20 years for US Dollar 12 thousand per month.

There have been no changes to the the Group's contingent liablities as disclosed in the Group's combined annual financial information for the year ended December 31, 2007.