

# **REPORT**

**on reconciliation of data related to taxes and other obligatory payments to the budget, submitted by the extractive companies and Ministry of Finance of the Republic of Kazakhstan (Authorized body) for 2007 within the frameworks of the national program «Extractive Industries Transparency Initiative implementation in the Republic of Kazakhstan»**

**This work is performed by «UHY Sapa-Consulting» LLP in compliance with agreement № 32 dated 23 October 2009 concluded with the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan.**

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**Approved** \_\_\_\_\_  
**General Director T.E. Nurgaziyev**  
(state license MΦ2 №0000034 dated 15.05.2008)

**Report  
of International audit company UHY «SAPA-CONSULTING» LLP**

We have performed the reconciliation of reports on taxes and other obligatory payments to the budget, submitted by the Extractive companies per the EITI requirements and data provided by the Ministry of Finance of the Republic of Kazakhstan (hereinafter referred to as the “Authorized body”) for 2007. This reconciliation was prepared based on the Memorandum of Understanding (hereinafter referred to as the “MOU”) on implementation of the «Extractive industries Transparency Initiative in the Republic of Kazakhstan» (hereinafter referred to as the EITI) dated 5 October 2005, signed by the deputies of Parliament of the Republic of Kazakhstan, companies operating in extractive industries of the Republic of Kazakhstan, non-government organizations and Ministry of Energy and Mineral Resources of the Republic of Kazakhstan, and based on agreement № 32 dated 23.10.09 concluded with the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan. The Ministry of Energy and Mineral Resources has since been replaced by the Ministry of Oil & Gas (hereinafter referred to as the MOG).

This reconciliation was performed in compliance with the International Auditing Standards (IAS), applicable to related services (ISARS 4400 «Agreements on agreed procedures in relation to financial information») for procedures on confirming information per the Technical Specifications of services purchased, and accordingly included examination, analysis of data and its reconciliation with primary documents, treasury data, taxpayers' bank account information, reports of the Authorized body as well as other procedures that we found necessary under the circumstances.

Information for reconciliation included Reports submitted by Companies - MOU signatories, and Reports of the Tax Committee MF RoK, as well as their supporting information.

Companies perform their tax obligations related to payment of taxes and other obligatory payments to the budget in compliance with the Code «On taxes and other obligatory payments to the budget» and Subsoil Use contracts executed with the Government.

CEOs, or company representatives with delegated relevant powers and authorities as well as heads of finance and economics departments with signature authority shall bear responsibility for the quality and validity of Taxpayer's information. The Head of the Authorized body shall be responsible for the quality and validity of the data provided by the Authorized body.

The Reconciliation is based upon a comparison of the amounts paid by the MOU signatory companies operating in the oil/gas and mining sectors of the Republic of Kazakhstan and the amount of receipts to the budget from MOU signatory companies operating in the oil/gas and mining sectors of the Republic of Kazakhstan for the year ending 31 December 2007.

Our objective was to confirm the reliability of the submitted information; in case of discrepancies between the data of the Authorized body and the Company — to examine these discrepancies in order to discover the root cause of each one, eliminate them and elaborate recommendations to prevent such discrepancies in the future.

The following procedures were performed in the course of the reports reconciliation:

1. Consultations were carried out with companies operating in oil/gas and mining sectors of the Republic of Kazakhstan in relation to filling out the EITI reporting templates as the approved Instructions for filling out the reporting Forms.

2. On behalf of the Authorized body the reports and supporting information were submitted by: Tax Committee of the Authorized body, the Customs Committee MF RoK (hereinafter referred to as the Customs Committee), and the Treasury Committee MF RoK (hereinafter referred to as the Treasury).

The Authorized body provided the Companies' data obtained from territorial tax authorities related to payment of taxes and other obligatory payments to the budget under the competence of tax authorities that were reconciled with the data from Treasury.

The Customs Committee provided the data related to customs payments and taxes obtained from territorial customs authorities that were reconciled with the data from Treasury.

Treasury provided information on taxes and other obligatory payments to the budget paid by Companies in foreign currency in compliance with subsoil use contracts executed with the RoK Government.

3. In accordance with the Terms of Reference we have carried out:

- organizational work with the Kazakhstan EITI Secretariat to obtain reports from the Companies (contact details, obtaining Company consents, TRN updates, names and affiliates of branch offices of legal entities);

- receipt of Reports from the Companies;

- reconciliation with the Authorized body by the list of Companies in relation to the consent obtained;

- work with Companies on reports (reconciliation, clarification of data, corrections of mistakes in following the the Instructions);

- reconciliation of Companies' reports with the Authorized body;

- in cases of discrepancies we sent requests by e-mail to Companies to provide supporting documentation (bank statements, payment orders, company account, etc.) and in case of full clarification of the discrepancies the Companies resubmitted corrected data with relevant clarifications;

- compilation of consolidated Report on all companies;

- reconciliation of consolidated Report with consolidated report of the Authorized body.

4. We have compiled and specified the final list of Companies included in the reconciliation and reasons according to which some Companies — MOU signatories were not included in the list.

5. We have recalculated foreign currency to tenge for companies with foreign equity who submitted 2007 EITI reports in USD, and reconciled it with the data from the Authorized body.

As a result of the work performed (collection, consolidation, reconciliation and analysis of reports), we assume that our reconciliation is sufficient to express our opinion.

To members of the National Stakeholders Council on implementation of Extractive Industries Transparency Initiative in the Republic of Kazakhstan:

## **Brief description of the work performed**

The list of 123 companies operating in the oil/gas and mining sectors that have signed the Memorandum of Understanding on implementation of the national program for «Extractive Industries Transparency Initiative in the Republic of Kazakhstan» is reflected in Appendix №1.

As a result of joint work with the Companies, MOG and the Authorized body we have updated the list of Companies that were requested to submit their Consent for Information and Report Transfer for the purposes of reconciliation, their TRN, contact details.

Appendix №2 contains the list of 107 companies operating in oil/gas and mining sectors that signed the Memorandum of Understanding on implementation of national program for «Extractive Industries Transparency Initiative in the Republic of Kazakhstan» covered by this reconciliation.

Thus, in the course of clarification we have identified 11 Companies that transferred their right for subsoil use to other companies, as well as companies whose subsoil use contracts were terminated per MOG data. (Appendix №3) and two companies, whose data were not included in the 2007 EITI report due to the fact that these companies signed the EITI Memorandum of Understanding in 2008-2009 (Appendix №4).

In the course of reconciliation one company (Appendix №5) submitted its report, but did not provide the Consent for Transfer of Information to Third Parties.

In the course of reconciliation, discrepancies between reports provided by Companies and data provided by the Authorized body were identified:

- when filling out the Reporting Form some companies had not taken into consideration paid tax fines and penalties whereas in compliance with the Instructions such fines and penalties should be included in Report. After an explanation Companies resubmitted their corrected Reporting Forms.

Reconciliation report of the «2007 Reporting on taxes and other obligatory payments to the budget» performed within the frameworks of the national program «Extractive Industries Transparency Initiative implementation in the Republic of Kazakhstan»

- When filling out the Reporting Form some companies had not taken into consideration the return of excess amounts paid, offset of excess amounts of one type of tax with another.
- Two companies submitted Reporting Forms that did not take into consideration affiliate tax payment (in the case of the presence of such affiliates).
- Some companies have provided data on customs payments not taking into consideration acts of reconciliation with Customs.

We have performed procedures to clarify the discrepancies and identify root causes that were eliminated in the process of reconciliation.

Reconciliation results are presented below:

## **Section I - Taxes**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Companies	<b>1 070 547 216</b>
Reported by the Authorized body	1 070 547 216

**Discrepancy** -

Including reconciliation result showing individual taxes:

### **1. Corporate income tax, BCC 101101-101107**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Companies	<b>985 029 099</b>
Reported by the Authorized body	985 029 099

**Discrepancy** -

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Corporate income tax».

In compliance with their production sharing agreement two operating companies made payments of «Corporate income tax» to the budget on behalf of contracting companies. We included these paid tax amounts into the Report.

### **2. Individual income tax, BCC 101201-101202**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Companies	<b>23 791 725</b>
Reported by the Authorized body	23 791 725

**Discrepancy** -

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Individual income tax».

In compliance with the production sharing agreement two operating companies made payments of «Individual income tax» to the budget on behalf of contracting companies. We included these paid tax amounts into the Report.

### **3. Social tax, BCC 103101**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Company	<b>42 589 156</b>
Reported by the Authorized body	42 589 156

**Discrepancy** -

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Social tax».

In compliance with the production sharing agreement two operating companies made payments of «Social tax» to the budget on behalf of contracting companies. We included these paid tax amounts into the Report.

### **4. Property tax, BCC 104101**

Reconciliation report of the «2007 Reporting on taxes and other obligatory payments to the budget» performed within the frameworks of the national program «Extractive Industries Transparency Initiative implementation in the Republic of Kazakhstan»

<i>Thousands tenge</i>	<b>2007</b>
Reported by Company	<b>16 437 364</b>
Reported by the Authorized body	16 437 364

**Discrepancy** -

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Property tax».

#### **5. Land tax, BCC 104301-104308**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Company	<b>1 470 552</b>
Reported by the Authorized body	1 470 552

**Discrepancy** -

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Land tax».

#### **6. Vehicle tax, BCC 104401**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Company	<b>173 536</b>
Reported by the Authorized body	173 536

**Discrepancy** -

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Vehicle tax».

#### **7. Excises, BCC 105201-105211, 105216, 105218-105221, 105224, 105229, 105236-105237, 105290-105297**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Company	<b>444 282</b>
Reported by the Authorized body	444 282

**Discrepancy** -

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Excises».

#### **8. Rent tax, BCC 105307 and 105327**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Company	<b>611 502</b>
Reported by the Authorized body	611 502

**Discrepancy** -

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Rent tax».

Hence on section 1 «Taxes» we reconciled and confirmed the data provided by the Companies and Authorized body in their Reports, payment documents and taxpayers' bank accounts.

### **Section II – Special subsoil use payments**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Company	<b>305 897 250</b>

Reconciliation report of the «2007 Reporting on taxes and other obligatory payments to the budget» performed within the frameworks of the national program «Extractive Industries Transparency Initiative implementation in the Republic of Kazakhstan»

Reported by the Authorized body	305 897 250
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<b>Discrepancy</b>	-
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Including reconciliation result showing individual subsoil use payments:

#### 9. Excess profit tax, BCC 105302 и 105322

<i>Thousands tenge</i>	<b>2007</b>
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Reported by Company	<b>89 809 764</b>
Reported by the Authorized body	89 809 764

<b>Discrepancy</b>	-
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There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Excess profit tax».

#### 10. Bonuses, BCC 105305-105325

<i>Thousands tenge</i>	<b>2007</b>
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Reported by Company	<b>4 714 456</b>
Reported by the Authorized body	4 714 456

<b>Discrepancy</b>	-
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There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Bonuses».

#### 11. Royalty, BCC 105306-105326

<i>Thousands tenge</i>	<b>2007</b>
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Reported by Company	<b>166 876 185</b>
Reported by the Authorized body	166 876 185

<b>Discrepancy</b>	-
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There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Royalty».

#### 12. Share of the Republic of Kazakhstan in production sharing, BCC 105308-105328

<i>Thousands tenge</i>	<b>2007</b>
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Reported by Company	<b>44 496 825</b>
Reported by the Authorized body	44 496 825

<b>Discrepancy</b>	-
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There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Share of the republic of Kazakhstan in production sharing».

In compliance with the production sharing agreements two operating companies made payments of the «Share of the Republic of Kazakhstan in production sharing» to the budget on behalf of contracting companies. We included these paid tax amounts into the Report.

#### 13. Supplementary payment of subsoil user operating under PSA, BCC 105312-105329

<i>Thousands tenge</i>	<b>2007</b>
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Reported by Company	<b>20</b>
Reported by the Authorized body	20

<b>Discrepancy</b>	-
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There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Supplementary payment of subsoil user operating under PSA».

Reconciliation report of the «2007 Reporting on taxes and other obligatory payments to the budget» performed within the frameworks of the national program «Extractive Industries Transparency Initiative implementation in the Republic of Kazakhstan»

Hence, on «Special subsoil use payments» we reconciled and confirmed the data provided by the Companies and Authorized body in their Reports, payment documents and taxpayers' bank accounts.

### **Section III – Other obligatory payments**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Company	<b>63 737 472</b>
Reported by the Authorized body	63 737 472

#### **Discrepancy**

Including reconciliation result showing other obligatory payments:

#### **14. Water resource charge, BCC 105303**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Company	<b>149 706</b>
Reported by the Authorized body	149 706

#### **Discrepancy**

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Water resource charge».

In compliance with the production sharing agreements two operating companies made payments of the «Water resource charge» to the budget on behalf of contracting companies. We included these paid tax amounts into the Report.

#### **15. Forest use charge, BCC 105304**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Company	<b>38</b>
Reported by the Authorized body	38

#### **Discrepancy**

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Forest use charge».

#### **16. RF spectrum use charge, BCC 103309**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Company	<b>33 299</b>
Reported by the Authorized body	33 299

#### **Discrepancy**

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «RF spectrum use charge».

In compliance with the production sharing agreements two operating companies made payments of the «RF spectrum use charge» to the budget on behalf of contracting companies. We included these paid tax amounts into the Report.

#### **17. Land rental charge, BCC 105315**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Company	<b>2 036 452</b>
Reported by the Authorized body	2 036 452

#### **Discrepancy**



Reconciliation report of the «2007 Reporting on taxes and other obligatory payments to the budget» performed within the frameworks of the national program «Extractive Industries Transparency Initiative implementation in the Republic of Kazakhstan»

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Land rental charge».

In compliance with the production sharing agreements two operating companies made payments of the «Land rental charge» to the budget on behalf of contracting companies. We included these paid tax amounts into the Report.

#### **18. Environment pollution charge, BCC 105316**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Company	<b>58 646 635</b>
Reported by the Authorized body	58 646 635

#### **Discrepancy** -

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Environment pollution charge».

In compliance with the production sharing agreements two operating companies made payments of the «Environment pollution charge» to the budget on behalf of contracting companies. We included these paid tax amounts into the Report.

#### **19. Other fees and payments to the budget, total, BCC 105301, 105310-105311, 105313-105314, 105402-105406, 105410, 105412-105423, 108102-108103, 108105-108106, 108113, 108115-108116**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Company	<b>2 871 333</b>
Reported by the Authorized body	2 871 333

#### **Discrepancy** -

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Other fees and payments to the budget».

In compliance with the production sharing agreements two operating companies made payments of «Other fees and payments to the budget» on behalf of contracting companies. We included these paid tax amounts into the Report.

Therefore, on section «Other fees and payments to the budget» we reconciled and confirmed the data provided by the Companies and Authorized body in their Reports, payment documents and taxpayers' bank accounts.

### **Section IV – Customs payments**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Company	<b>64 685 793</b>
Reported by the Authorized body	64 685 793

#### **Discrepancy** -

Including reconciliation result showing individual customs payments:

#### **20. Customs fees, BCC 106101-106105**

<i>Thousands tenge</i>	<b>2007</b>
Reported by Company	<b>18 456 562</b>
Reported by the Authorized body	18 456 562

#### **Discrepancy** -

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Customs fees».

In compliance with the production sharing agreements two operating companies made payments of «Customs fees» to the budget on behalf of contracting companies. We included these paid tax amounts into the Report.

#### **21. Other taxes on international trade and operations, BCC 106201-106204**

<i>Thousands tenge</i>	<b>2007</b>
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Reconciliation report of the «2007 Reporting on taxes and other obligatory payments to the budget» performed within the frameworks of the national program «Extractive Industries Transparency Initiative implementation in the Republic of Kazakhstan»

Reported by Company	5 157 942
Reported by the Authorized body	5 157 942

**Discrepancy** -

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Other taxes on international trade and operations».

In compliance with the production sharing agreements two operating companies made payments of «Other taxes on international trade and operations» to the budget on behalf of contracting companies. We included these paid tax amounts into the Report.

## 22. Excise on goods imported into RoK, BCC 105270

*Thousands tenge* 2007

Reported by Company	2 755
Reported by the Authorized body	2 755

**Discrepancy** -

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Excise on goods imported into RoK».

## 23. Value added tax on goods imported into RoK, except for VAT on goods produced and imported from Russian Federation, BCC 105102

*Thousands tenge* 2007

Reported by Company	28 664 164
Reported by the Authorized body	28 664 164

**Discrepancy** -

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Value added tax».

In compliance with the production sharing agreements two operating companies made payments of the «Value added tax» to the budget on behalf of contracting companies. We included these paid tax amounts into the Report.

## 24. Value added tax on goods produced and imported from Russian Federation, BCC 105105

*Thousands tenge* 2007

Reported by Company	12 404 370
Reported by the Authorized body	12 404 370

**Discrepancy** -

There are no discrepancies between the data reported by the Companies and Authorized body in relation to the «Value added tax».

In compliance with the Production sharing agreements two operating companies made payments of the «Value added tax» to the budget on behalf of contracting companies. We included these paid tax amounts into the Report

Therefore, on «Customs payments» we reconciled and confirmed the data provided by the companies and Customs Committee provided in their Reports, payment documents and taxpayers' bank accounts.

## Foreign currency payments (US dollars)

	2007 <i>Thousands USD</i>	2007 <i>Thousands tenge</i>
Reported by Company	4 242 944	520 311 362
Reported by the Authorized body	4 242 944	520 311 362
<b>Discrepancy</b>	-	-

Reconciliation report of the «2007 Reporting on taxes and other obligatory payments to the budget» performed within the frameworks of the national program «Extractive Industries Transparency Initiative implementation in the Republic of Kazakhstan»

Including reconciliation result showing individual taxes paid in foreign currency:

**1. Corporate income tax, BCC 101102-101107**

	2007 <i>Thousands USD</i>	2007 <i>Thousands tenge</i>
Reported by Company	2 986 738	364 752 121
Reported by the Authorized body	2 986 738	364 752 121
<b>Discrepancy</b>	-	-

**2. Individual income tax, BCC 101201**

	2007 <i>Thousands USD</i>	2007 <i>Thousands tenge</i>
Reported by Company	9 110	1 119 767
Reported by the Authorized body	9 110	1 119 767
<b>Discrepancy</b>	-	-

**3. Social tax, BCC 103101**

	2007 <i>Thousands USD</i>	2007 <i>Thousands tenge</i>
Reported by Company	17 805	2 188 524
Reported by the Authorized body	17 805	2 188 524
<b>Discrepancy</b>	-	-

**4. Property tax, BCC 104101**

	2007 <i>Thousands USD</i>	2007 <i>Thousands tenge</i>
Reported by Company	16 719	2 052 957
Reported by the Authorized body	16 719	2 052 957
<b>Discrepancy</b>	-	-

**11. Royalty, BCC 105326**

	2007 <i>Thousands USD</i>	2007 <i>Thousands tenge</i>
Reported by Company	491 627	59 948 979
Reported by the Authorized body	491 627	59 948 979
<b>Discrepancy</b>	-	-

**12. Share of the Republic of Kazakstan in production sharing, BCC 105328**

	2007 <i>Thousands USD</i>	2007 <i>Thousands tenge</i>
Reported by Company	349 870	43 826 957
Reported by the Authorized body	349 870	43 826 957
<b>Discrepancy</b>	-	-

**17. Land rental charge, BCC 105315**

	2007 <i>Thousands USD</i>	2007 <i>Thousands tenge</i>

Reconciliation report of the «2007 Reporting on taxes and other obligatory payments to the budget» performed within the frameworks of the national program «Extractive Industries Transparency Initiative implementation in the Republic of Kazakhstan»

Reported by Company	11	1 369
Reported by the Authorized body	11	1 369
<b>Discrepancy</b>	-	-

#### 18. Environment pollution charge, BCC 105316

	2007 <i>Thousands USD</i>	2007 <i>Thousands tenge</i>
Reported by Company	371 064	46 140 688
Reported by the Authorized body	371 064	46 140 688
<b>Discrepancy</b>	-	-

Companies that in compliance with their subsoil use contracts make payments of taxes and other obligatory payments to the budget in foreign currency (US dollars) have submitted their Report in US dollars.

During the reconciliation of Reporting Forms of these companies conversion and crediting of money to the budget in tenge was confirmed.

During the reconciliation of Reporting Forms recalculation of foreign currency into tenge on the date of crediting to the budget was performed; no discrepancies with data reported by the Companies and the Authorized body were found.

In compliance with production sharing agreements two operating Companies made payments of the «Share of the Republic of Kazakhstan in production sharing» to the budget on behalf of contracting Companies in US dollars, that were converted and credited to Treasury correspondent account in tenge. We included these paid tax amounts into the Report.

#### **Total taxes and other obligatory payments to the budget, in tenge**

<i>Thousands tenge</i>	2007
Reported by Company	1 504 867 731
Reported by the Authorized body	1 504 867 731
<b>Discrepancy</b>	-

In compliance with budget legislation, the budget (state or local) shall be elaborated and approved only in national currency - tenge. In relation to this, reporting on receipts of taxes and other obligatory payments to the budget in tax, customs authorities and in Treasury is made only in the national currency — tenge (including those executed in kind, and in foreign currency).

In their 2007 reports the Companies and the Authorized body did not declare any payments in kind; therefore there are no payments in kind reflected in this report.

According to production sharing agreements, payments of taxes and other obligatory payments to the budget were made by two operators that are not included into the list of MOU signatories on behalf of contracting companies. These operating companies are not subsoil use license holders. Amounts of taxes and other obligatory payments to the budget paid by the operating companies were included in the Report.

During the reconciliation we found that 83 companies performed financial reporting audits for the year ending 31 December 2007 per the International Financial Reporting Standards.

Per the reconciliation results, the reconciliation company made a «Report on taxes and other obligatory payments to the budget paid by companies operating in the oil/gas and mining sectors of the Republic of Kazakhstan for 2007» (Appendix № 6) following the Instructions on filling out the report.

#### **Conclusion**

Reconciliation report of the «2007 Reporting on taxes and other obligatory payments to the budget» performed within the frameworks of the national program «Extractive Industries Transparency Initiative implementation in the Republic of Kazakhstan»

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As a result of the work performed – collection, consolidation, reconciliation and analysis of reports submitted by the Companies and the Authorized body, examination of primary documents, company accounts and mutual settlement reconciliation acts requested both from the Companies and the Authorized body, having analyzed and compared them with Treasury data and having recalculated foreign currency into tenge, we came to the conclusion that the reports submitted by the Companies and the Authorized body for 2007 reflect a faithful and fair view, i.e. drawn up in compliance with the approved Instructions, comparable and valid in all material aspects.

Per the results of the reconciliation performed we recommend:

1. To amend the Instructions in part to exclude the requirement for the Company to provide its consent to the Reconciliation company for information transfer, since the amended tax legislation now states that paid (transferred) amounts of taxes and other obligatory payments to the budget by taxpayer (tax agent) except for individuals, are no longer considered tax secret; such amendments were made for the purposes of work facilitation.
2. The Kazakhstan Secretariat of the National Stakeholders Council is recommended to submit an updated list of companies with accurate contact information and their contact persons for facilitated reconciliation of the reported data.
3. Companies to submit «Reports on taxes and other obligatory payments to the budget» together with the supporting letter indicating the Company TRN, in case of affiliates and representative offices — state their names and TRNs as well. Similar information shall be indicated in the consent letter addressed to the Ministry of Finance of the Republic of Kazakhstan on information transfer to the Reconciliation company, if necessary.
- 4 The Companies that submit the «Reports on taxes and other obligatory payments to the budget» for reconciliation shall improve the quality of the Report preparation following the Instructions on filling out the reporting forms
5. To engage operating companies in the reconciliation of the «Reports on taxes and other obligatory payments to the budget» in cases in which they make payments to the budget on behalf of subsoil users in compliance with their contract provisions
6. The Work plan for 2010 should include training workshops carried out by the Authorized body for Companies' responsible employees related to correctly understanding the Instructions on filling out the reporting templates when compiling the Report.

### **Limitations in use**

This report is intended for use of MOU signatories only and should not be used by other parties or for the purposes other than those established in the Memorandum of Understanding.

**General Director,  
Auditor:**  
Qualification certificate № 0318  
dated 02 May 1997.

**T.E.Nurgaziyev**

**Head of Group:**

**E.I.Ganzha**

Reconciliation report of the «2007 Reporting on taxes and other obligatory payments to the budget» performed within the frameworks of the national program «Extractive Industries Transparency Initiative implementation in the Republic of Kazakhstan»

**Appendix 1. List of oil/gas and mining companies — signatories of MOU related to implementation of republican program «Extractive industries transparency initiative in the Republic of Kazakhstan»**

<b>№</b>	<b>Name of company</b>
1.	Aday Petroleum Company LLP
2.	Agip Karachaganak BV Kazakhstan branch
3.	Alties Petroleum International BV Aktobe branch
4.	Alties Petroleum International BV Atyrau branch
5.	ANACO LLP
6.	Aral Petroleum Capital LLP
7.	Arnaoil LLP
8.	JV Arman LLP
9.	BG Karachaganak Limited (Aksai)
10.	Tetis Aral Gas LLP
11.	Buzachi Operating Ltd
12.	Nelson Petroleum Buzachi BV
13.	CNPC International (Buzachi) Inc.
14.	Gural LLP
15.	Caspi neft TME JSC
16.	Subsidiary of Zhalgiztobemunay LLP
17.	Zhaikmunay LLP
18.	Kazakhoil Aktobe LLP
19.	Kazakhturkmunay LLP
20.	JV Kazgermunay LLP
21.	Kazneftechim-Kopa LLP
22.	Kazpolmunay LLP
23.	Karazhanbasunay JSC
24.	Karakudukmunay LLP
25.	Caspi neft JSC
26.	Kor-Tazh LLP
27.	Lions Jump LLP
28.	Lancaster Petrokeum JSC
29.	Affiliate of «Lukoil Overseas Karachaganak BV» Aksai
30.	JV MATIN LLP
31.	Kazakhstani branch «Maersk oil Kazakhstan GmbH
32.	Mangistaumunaygas JSC
33.	Montazhmalikmunay LLP
34.	Affiliate of «North Caspian Petroleum Limited» (North Caspian Petroleum Limited)
35.	JSC «PetroKazakhstan Kumkol Resources»
36.	KazMunayGas Exploration and Production JSC
37.	Souts Oil LLP
38.	Svetland oil LLP
39.	CNPC-Aktobemunaygas JSC
40.	Tasbolat Oil corporation LLP
41.	JV Tenge LLP
42.	Tobearal Oil LLP
43.	Tolkynneftegas LLP
44.	Tengizchevroil LLP
45.	Khazarmunay LLP
46.	Affiliate of Chevron International Petroleum Company
47.	Shinzhir LLP
48.	Embavedoil LLP
49.	Affiliate of Agip Caspian Sea BV
50.	Alga Caspi Gas LLP
51.	Altyn KDT LLP

**Appendix 1. (continued)**

52.	NC KazMunayGas JSC
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Reconciliation report of the «2007 Reporting on taxes and other obligatory payments to the budget» performed within the frameworks of the national program «Extractive Industries Transparency Initiative implementation in the Republic of Kazakhstan»

53.	KazTransGaz JSC
54.	Caspian (Kazakhstan) Ltd
55.	Kumkol Trans Service LLP
56.	Ravninnoye Oil LLP
57.	Kazakhstan branch of «Repsol Exploration Kazakhstan, S.A.»
58.	Samek Development Enterprises LLP
59.	Samek International LLP
60.	Affiliation of «Statoil North Caspian AS»
61.	Tabynay LLP
62.	TetisAralGas LLP
63.	Affiliate of «Total E&P Kazakhstan»
64.	Ural Oil and Gas LLP
65.	Affiliate of «Inpex North Caspian Sea Ltd»
66.	Affiliate of «Shell Kazakhstan Development BV»
67.	«ExxonMobil Kazakhstan Inc»
68.	AITI JSC
69.	JSC «FIC«Ael»
70.	Altyn Ken LLP
71.	Altyn Kulager mining company LLP
72.	JSC «AK«Altyn Almas»
73.	JSC «Kazakhstan Aluminum»
74.	Arman 100 LLP
75.	Balausea firm LLP
76.	Bast LLP
77.	Mining company Belogorsky mining and processing complex LLP
78.	Bentonit & K LLP
79.	Bes Tas LLP
80.	Betbastau Nedra LLP
81.	Bogatyr Komir LLP
82.	Vasikovski mining and processing complex JSC
83.	Voskhod -Ooriel LLP
84.	Artel Starateley Gornyak LLP
85.	Dzhentek International Kazakhstan LLP
86.	Degelen LLP
87.	Diana-Aliya LLP
88.	Eurasian energy corporation JSC
89.	Zhaikgidrogeologiya LLP
90.	JSC Zhaiirem mining and processing complex
91.	Zhalair LLP
92.	Zherek LLP
93.	JV Inkay LLP
94.	JSC National atomic company Kazatomprom
95.	Kazakhmys corporation LLP
96.	Mining company Kazakhstanski nikel LLP
97.	JSC Transnational company KazChrome
98.	KazZinc LLP
99.	Karaoba-2005 LLP
100.	Karazhyra Ltd LLP
101.	JV Katko LLP
102.	Ken Shygys LLP
103.	JSC «Arselor Mittal Temirtau
104.	Muzbel LLP
105.	Mining company Narymaltyn LLP
106.	United chemical company LLP
107.	JSC National company Social Entrepreneurship corporation Saryarka
108.	Satpayevsk Titanium Mines LTD

**Appendix 1. (continued)**

109.	Mining company Severnyi katpar LLP
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Reconciliation report of the «2007 Reporting on taxes and other obligatory payments to the budget» performed within the frameworks of the national program «Extractive Industries Transparency Initiative implementation in the Republic of Kazakhstan»

110.	Semizbay-U LLP
111.	JSC Sokolovsko-Sarbayskoye industrial association
112.	JSC Syrymbet
113.	JSC Mining company Tau-Ken Samruk
114.	Temirtau electric metallurgic complex LLP
115.	Mining and processing complex Tort Kuduk LLP
116.	JSC Ulbinski metallurgic plant
117.	Ferro-Tau LLP
118.	FML Kazakhstan LLP
119.	Tsvetmet Engineering LLP
120.	JSC JV Vasilkovskoye zoloto
121.	Shalkiya Zinc LLP
122.	Munayly Kazakhstan LLP
123.	ConocoPhillips North Caspian Ltd in Kazakhstan



Reconciliation report of the «2007 Reporting on taxes and other obligatory payments to the budget» performed within the frameworks of the national program «Extractive Industries Transparency Initiative implementation in the Republic of Kazakhstan»

**Appendix 2. List of oil/gas and mining companies — signatories of MOU related to implementation of republican program «Extractive industries transparency initiative in the Republic of Kazakhstan» covered by the report reconciliation**

<b>№</b>	<b>Name of company</b>
1.	Aday Petroleum Company LLP
2.	Agip Karachaganak BV Kazakhstan branch
3.	Alties Petroleum International BV Aktobe branch
4.	Alties Petroleum International BV Atyrau branch
5.	ANACO LLP
6.	Aral Petroleum Capital LLP
7.	Arnaoil LLP
8.	JV Arman LLP
9.	BG Karachaganak Limited (Aksai)
10.	Tetis Aral Gas LLP
11.	Buzachi Operating Ltd
12.	Kazakhstan branch of Nelson Petroleum Buzachi BV
13.	CNPC International (Buzachi) Inc.
14.	Gural LLP
15.	Caspi neft TME JSC
16.	Subsidiary of Zhalgiztobemunay LLP
17.	Zhaikmunay LLP
18.	Kazakhoil Aktobe LLP
19.	JV Kazgermunay LLP
20.	Kazneftechim-Kopa LLP
21.	Kazpolmunay LLP
22.	JSC Karazhanbasmunay
23.	Karakudukmunay LLP
24.	JSC Caspi neft
25.	Kor-Tazh LLP
26.	Lions Jump LLP
27.	Lancaster Petrokeum JSC
28.	Affiliate of «Lukoil Overseas Karachaganak BV» Aksai
29.	JV MATIN LLP
30.	Kazakhstan branch of «Maersk oil Kazakhstan GmbH»
31.	JSC Mangistaumunaygas
32.	Affiliate North Caspian Petroleum Limited
33.	JSC «PetroKazakhstan Kumkol Resources»
34.	KazMunayGas Exploration and Production JSC
35.	Souts Oil LLP
36.	Svetland oil LLP
37.	CNPC-Aktobemunaygas JSC
38.	Tasbolat Oil corporation LLP
39.	JV Tenge LLP
40.	Tobearal Oil LLP
41.	Tolkynneftegas LLP
42.	Tengizchevroil LLP
43.	Khazarmunay LLP
44.	Affiliate of Chevron International Petroleum Company
45.	Shinzhir LLP
46.	Embavedoil LLP
47.	Affiliate Agip Caspian Sea BV
48.	Alga Caspian Gas LLP
49.	JSC NC «KazMunayGas»
50.	JSC «KazTransGas»

**Appendix 2. (continued)**

51.	Kumkol Trans Service LLP
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Reconciliation report of the «2007 Reporting on taxes and other obligatory payments to the budget» performed within the frameworks of the national program «Extractive Industries Transparency Initiative implementation in the Republic of Kazakhstan»

52.	Ravninnoye Oil LLP
53.	Kazakhstan branch of «Repsol Exploration Kazakhstan, S.A.»
54.	Samek Development Enterprises LLP
55.	Samek International LLP
56.	Affiliate of «Statoil North Caspian AS»
57.	Tabynay LLP
58.	Tetis AralGas LLP
59.	Affiliation of «Total E&P Kazakhstan»
60.	Ural oil and gas LLP
61.	Affiliate of «Shell Kazakhstan Development BV»
62.	«ExxonMobil Kazakhstan Inc»
63.	JSC «FIC «Ael»
64.	Altyn Ken LLP
65.	Mining company Altyn Kulager LLP
66.	JSC Altyn Almas
67.	JSC Kazakhstan Aluminum
68.	Balausea firm LLP
69.	Bast LLP
70.	Mining company Belogorsky mining and processing complex LLP
71.	Bentonit & K LLP
72.	Betbastau Nedra LLP
73.	Bogatyr Komir LLP
74.	Vasikovski mining and processing complex JSC
75.	Voskhod-Oriel LLP
76.	Artel Starateley Gornyak LLP
77.	Dzhentek International Kazakhstan LLP
78.	Degelen LLP
79.	Diana-Aliya LLP
80.	JSC Eurasian energy corporation
81.	JSC Zhaiirem mining and processing complex
82.	Zherek LLP
83.	JV Inkay LLP
84.	JSC National atomic company Kazatomprom
85.	Kazakhmys corporation LLP
86.	Mining company Kazakhstanski nikel LLP
87.	JSC Transnational company KazChrome
88.	Kazzinc LLP
89.	Karaoba-2005 LLP
90.	Karazhyra Ltd LLP
91.	JV Katko LLP
92.	JSC ArselorMittal Temirtau
93.	Mining company Narymaltyn LLP
94.	Satpayevsk Titanium Mines LTD LLP
95.	Mining company Severnyi katpar LLP
96.	Semizbay-U LLP
97.	JSC Sokolovsko-Sarbayskoye industrial association
98.	JSC Syrymbet
99.	Temirtau electric metallurgic complex LLP
100.	Mining and processing complex Tort Kuduk LLP
101.	JSC Ulbinski metallurgic plant
102.	FML Kazakhstan LLP
103.	Tsvetmet Engineering LLP
104.	JSC JV Vasilkovskoye zoloto
105.	Shalkiya Zinc LLP
106.	Munayly Kazakhstan LLP
107.	Affiliation «Inpex North Caspian Sea Ltd»
108.	ConocoPhillips North Caspian Ltd in Kazakhstan

Reconciliation report of the «2007 Reporting on taxes and other obligatory payments to the budget» performed within the frameworks of the national program «Extractive Industries Transparency Initiative implementation in the Republic of Kazakhstan»

**Appendix 3. List of oil/gas and mining companies not included into 2007 EITI report due to the fact that the Company had transferred the right for subsoil use or subsoil use contract had been terminated per the data of the Ministry of oil and gas.**

1.	Montazhmalikmunay LLP
2.	KNOC Caspian (Kazakhstan) Ltd
3.	JSC AITI
4.	Arman 100 LLP
5.	Bes Tas LLP
6.	Zhaikgidrogeologiya LLP
7.	Zhalair LLP
8.	Ken Shygys LLP
9.	Muzbel LLP
10.	JSC «NC «Social-entrepreneur corporation «Saryarka»
11.	JSC «Mining company Tau-Ken Samruk»
12.	Ferro-Tau LLP

**Appendix 4. List of oil/gas and mining companies not included into 2007 EITI report due to the fact that the Company signed the EITI MOU between 2008 and 2009.**

1.	United chemical company LLP
2.	Altyn KDT LLP

**Appendix 5. List of oil/gas and mining companies not included into 2007 EITI report due to the fact that the Company submitted the Report but did not provided the consent to transfer information to third parties.**

1.	Kaazkhturkmunay LLP
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