JOINT STOCK COMPANY CENTRAL ASIA CEMENT

Independent Auditors' Report

Financial Statements
For the Year Ended 31 December 2008

JOINT STOCK COMPANY CENTRAL ASIA CEMENT

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STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The following statement, which should be read in conjunction with the independent auditors' responsibilities stated in the independent auditors' report set out on pages 2-3, is made with a view to distinguish the respective responsibilities of management and those of the independent auditors in relation to the financial statements of JSC Central Asia Cement (the "Company").

Management is responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2008, the results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

- selecting suitable accounting principles and applying them consistently;
- making judgments and estimates that are reasonable and prudent;
- stating whether IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- preparing the financial statements on a going concern basis, unless it is inappropriate to presume that the Company will continue in business for the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Company;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining accounting records in compliance with legislation of the Republic of Kazakhstan and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and
- detecting and preventing fraud and other irregularities.

The financial statements for the year ended 31 December 2008 were approved by the Management of the Company and authorized for issue on 12 March 2009.

Signed on behalf of the Management of the Company:

Chan Keng Chung	**Nelly Brajnikova**
Acting General Director	**Chief Accountant**
12 March 2009	12 March 2009
Aktau village	Aktau village

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of JSC Central Asia Cement:

We have audited the accompanying financial statements of JSC Central Asia Cement (the "Company"), which comprise the balance sheet as at 31 December 2008, the income statement, statements of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes (the "financial statements").

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2008, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion further, we draw attention to the Note 2 to the financial statements. Subsequent to June 30, 2008 there has been a significant decrease in world security markets. The Company developed program on mitigation of the world economy recession effect on its operating and financial activities. For the purpose of maintenance of required sales volume the Company was forced to lower cement prices by 23%, which affects the result of its operations. This condition indicates the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this material uncertainty.

Deloitte, LLP

Tatyana Gutova
Engagement Partner
Qualified auditor
Qualification certificate №0000314
dated 23 December 1996,
the Republic of Kazakhstan

Deloitte, LLP
State license on auditing in the Republic of Kazakhstan #0000015, type MFU-2,
issued by the Ministry of Finance of the Republic Kazakhstan dated 13 September 2006

Nurlan Bekenov
General Director
Deloitte, LLP

12 March 2009
Almaty, Kazakhstan

JOINT STOCK COMPANY CENTRAL ASIA CEMENT

INCOME STATEMENT
FOR THE YEARS ENDED 31 DECEMBER 2008
(in thousands of tenge)

	Notes	2008	2007
REVENUE FROM MANUFACTURED GOODS		11,012,339	12,353,497
COST OF SALES	5	(4,916,207)	(3,798,564)
GROSS PROFIT		6,096,132	8,554,933
Selling expenses	6	(906,752)	(653,188)
General and administrative expenses	7	(1,508,883)	(1,051,576)
Finance income	8	351,362	372,510
Finance costs	9	(287,321)	(257,398)
Other income, net	10	24,096	66,814
PROFIT BEFORE INCOME TAX		3,768,634	7,032,095
INCOME TAX EXPENSE	11	(955,136)	(2,005,466)
NET PROFIT for the year		2,813,498	5,026,629
Earnings per share, tenge	12	35,169	62,833

Signed on behalf of the Management of the Company:

Chan Keng Chung
Acting General Director

12 March 2009
Aktau village

Nelly Brajnikova
Chief Accountant

12 March 2009
Aktau village

The notes on pages 9 to 37 form an integral part of these financial statements. The Independent Auditors' Report is on pages 2-3.

JOINT STOCK COMPANY CENTRAL ASIA CEMENT

BALANCE SHEET
AS AT 31 DECEMBER 2008
(in thousands of tenge)

	Notes	2008	2007
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	6,844,893	6,266,103
Intangible assets		2,898	1,278
Subordinated loan	14	4,892,474	4,868,090
Accounts receivable from related party	15	2,278,369	-
Advances paid for non-current assets		-	45,856
		14,018,634	11,181,327
CURRENT ASSETS:			
Inventories	16	1,554,378	989,800
Prepaid expenses		14,514	16,611
Trade accounts receivable	17	115,790	66,838
Accounts receivable from related parties	15	256,153	224,351
Advances paid	18	184,389	298,513
Taxes receivable	19	83,913	-
Other accounts receivable	20	17,515	20,299
Cash and cash equivalents	21	33,878	468,068
		2,260,530	2,084,480
TOTAL ASSETS		16,279,164	13,265,807
SHAREHOLDER'S EQUITY AND LIABILITIES			
SHAREHOLDER'S EQUITY:			
Share capital	22	80,000	80,000
Revaluation reserve	23	2,461,438	2,610,928
Retained earnings		8,793,596	6,432,969
		11,335,034	9,123,897
NON-CURRENT LIABILITIES:			
Deferred tax liabilities	11	199,755	594,074
Debt securities issued	24	2,764,602	2,743,202
		2,964,357	3,337,276
CURRENT LIABILITIES:			
Trade accounts payable	25	634,418	103,733
Other payables and accrued liabilities	26	91,651	107,129
Income tax payable		187,255	181,607
Other taxes payable	27	14,837	61,192
Advances received		128,623	350,973
Short-term borrowings	28	922,989	-
		1,979,773	804,634
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		16,279,164	13,265,807

Signed on behalf of the Management of the Company:

Chan Keng Chung
Acting General Director

12 March 2009
Aktau village

Nelly Brajnikova
Chief Accountant

12 March 2009
Aktau village

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JOINT STOCK COMPANY CENTRAL ASIA CEMENT

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008
(in thousands of tenge)

	Note	Share capital	Revaluation reserve	Retained earnings	Total shareholder's equity
As at 1 January 2007		80,000	2,839,015	3,074,465	5,993,480
Fair value adjustment on subordinated loan to related party, net of deferred income tax		-	-	(1,896,212)	(1,896,212)
Net profit for the year		-	-	5,026,629	5,026,629
Amortization of revaluation reserve		-	(228,087)	228,087	-
As at 31 December 2007		80,000	2,610,928	6,432,969	9,123,897
Effect of change in tax rate on fair value adjustment to subordinated loan and revaluation of property, plant and equipment		-	-	24,298	24,298
Fair value adjustment on subordinated loan and accounts receivable to related party, net of deferred income tax	15	-	-	(626,659)	(626,659)
Net profit for the year		-	-	2,813,498	2,813,498
Amortization of revaluation reserve		-	(149,490)	149,490	-
As at 31 December 2008		80,000	2,461,438	8,793,596	11,335,034

Signed on behalf of the Management of the Company:

Chan Keng Chung
Acting General Director

12 March 2009
Aktau village

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12 March 2009
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JOINT STOCK COMPANY CENTRAL ASIA CEMENT

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008
(in thousands of tenge)

	Notes	2008	2007
OPERATING ACTIVITIES:			
Profit before income tax		3,768,634	7,032,095
Adjustments for:			
Depreciation and amortization	5, 6, 7	443,213	392,388
Loss / (gain) on disposal of property, plant and equipment	10	13,417	(19,405)
Accrual / (recovery) of allowance for doubtful receivables and advances paid	7	20,614	(9,161)
Accrual of allowance for obsolete inventory	7	33,774	33,228
Foreign exchange loss / (gain)	10	7,860	(2,727)
Write off of payables		-	(100)
Finance income	8	(351,362)	(372,510)
Finance costs	9	287,321	257,398
Operating cash flow before movements in working capital		4,223,471	7,311,206
Increase in inventories		(553,236)	(10,884)
Decrease / (increase) in prepaid expenses		2,097	(3,033)
(Increase) / decrease in trade accounts receivable		(267,888)	78,422
(Increase) / decrease in receivable from related party		(31,802)	58,706
Decrease / (increase) in advances paid		106,098	(202,038)
(Increase) / decrease in taxes receivable		(95,001)	5,811
Decrease / (increase) in other accounts receivable		2,784	(5,633)
Increase in trade accounts payable		522,825	19,020
(Decrease) / increase in advances received, other payables and accrued liabilities		(237,828)	335,685
(Decrease) / increase in taxes payable (other than income tax)		(49,906)	26,916
Cash provided by operations		3,621,614	7,614,178
Income tax paid		(1,211,682)	(1,767,251)
Interest paid		(241,958)	(250,085)
Net cash provided by operating activities		2,167,974	5,596,842

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)
(in thousands of tenge)

	Notes	2008	2007
INVESTING ACTIVITIES:			
Increase in long-term accounts receivable		(2,475,883)	(6,709,576)
Purchase of property, plant and equipment		(1,039,343)	(733,163)
Proceeds from disposal of property, plant and equipment		-	27,669
Proceeds from short-term investments		-	1,375,085
Purchase of intangible assets		(2,827)	(2,457)
Amounts advanced for non-current assets		-	(14,616)
Interest received		2,224	17,911
Net cash used in investing activities		(3,515,829)	(6,039,147)
FINANCING ACTIVITIES:			-
Proceeds from bank loans		1,066,332	126,000
Repayment of loans		(152,667)	(126,000)
Net cash provided by financing activities		913,665	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(434,190)	(442,305)
CASH AND CASH EQUIVALENTS, beginning of the year	21	468,068	910,373
CASH AND CASH EQUIVALENTS, end of the year	21	33,878	468,068

Signed on behalf of the Management of the Company:

Chan Keng Chung
Acting General Director

12 March 2009
Aktau village

Nelly Brajnikova
Chief Accountant

12 March 2009
Aktau village

The notes on pages 9 to 37 form an integral part of these financial statements. The Independent Auditors' Report is on pages 2-3.

1. GENERAL INFORMATION

Closed Joint Stock Company Central Asia Cement (the "Company") was founded in the Republic of Kazakhstan and was registered in September 1998. The Company was reregistered in April, 2006 as Joint Stock Company Central Asia Cement.

The Company's primary business is the production and sale of cement.

The address of it's registered office is Aktau village, Karaganda region, Republic of Kazakhstan.

According to the minutes of the meeting of the Board of Directors dated 27 February 2006 the management of the Company made the decision to liquidate the Company's subsidiary Stroy Invest LLP. Until 2007 the subsidiary was in the process of liquidation and during 2007 it was through the liquidation tax audit. According to the Order #5591 dated 4 April 2008 on registration of liquidation of legal entity Stroy Invest LLP was liquidated.

The sole shareholder of the Company as at 31 December 2008 and 2007 is Central Asia Cement Holding B.V. The ultimate shareholder is Steppe Cement Ltd., Malaysia.

In accordance with Subsurface Use Contracts KO-03 #016 dated 4 August 1999 and Licenses for Subsurface Use KO-03 #016 dated 18 June 1999, the Company is engaged in limestone and loam extraction at Astakhovskoye deposit in Bukhar-Zhyrauskyi region, Karaganda region. In line with the Decree of Karaganda region akim #25/07, dated 9 September 2008, the term of Subsurface Use Contracts was extended by 25 years until 24 June 2043.

As at 31 December 2008 and 2007 the number of employees of the Company was 1,316 and 1,294, respectively.

Economic environment

In recent months a number of major economies around the world have experienced volatile capital and credit markets. A number of major global financial institutions have either been placed into bankruptcy, taken over by other financial institutions and/or supported by government funding. As a consequence of the recent market turmoil in capital and credit markets both globally and in the Republic of Kazakhstan, notwithstanding any potential economic stabilisation measures that may be put into place by the Government of the Republic of Kazakhstan, there exists as at the date these financial statements are authorised for issue economic uncertainties surrounding the continual availability, and cost, of credit both for the Company and its counterparties, the potential for economic uncertainties to continue in the foreseeable future and, as a consequence, the potential that assets may be not be recovered at their carrying amount in the ordinary course of business, and a corresponding impact on the Company's profitability.

2. PRESENTATION OF FINANCIAL STATEMENTS

Adoption of new and revised standards

For the year ended 31 December 2008 the Company has adopted the following new and revised Standards and Interpretations issued by the International Financial Reporting Standards Board (the "IFRSB") and the International Financial Reporting Interpretations Committee ("IFRIC") IFRSB that are relevant to its operations and effective for accounting periods beginning on 1 January 2008.

The following Interpretations issued by IFRIC are effective for the current period:

- *IFRIC 12 "Service Concession Agreements"* (effective for accounting periods beginning on or after 1 January 2008);
- *IFRIC 13 "Customer Loyalty Programs"* (effective for accounting periods beginning on or after 1 July 2008);
- *IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"* (effective for accounting periods beginning on or after 1 January 2008); and
- *IFRIC 16 "Hedging of net investments into foreign operations"* (effective for accounting periods beginning on or after 1 October 2008).

The adoption of these new and revised Standards and Interpretations has not led to any changes in the Company's accounting policies.

The following Standards and Interpretations, except for Standards and Interpretations adopted by the Company, had been issued but were not yet in effect at the date these financial statements were authorized:

- *IFRS 1 "First-time Adoption of IFRS: Evaluation of investments into subsidiaries, jointly controlled companies and associates on first-time adoption"* (effective for accounting periods beginning on or after 1 January 2009);
- *IFRS 2 "Share-based payment: Amendment relating to vesting conditions and cancellations"* (effective for accounting periods beginning on or after 1 January 2009);
- *IFRS 3 "Business Combinations": Comprehensive revision on applying the acquisition method" (revised)* (effective for accounting periods beginning on or after 1 July 2009);
- *IFRS 8 "Operating Segments"* (effective for accounting periods beginning on or after 1 January 2009);
- Amendments to *IAS 1 "Presentation of Financial Statements: Comprehensive revision including requiring a statement of comprehensive income, disclosure of puttable instruments and obligations arising on liquidation"* (effective for accounting periods beginning on or after 1 January 2009);
- Amendments to *IAS 27 "Consolidated and Separate Financial Statements"* arising from amendments to *IFRS 3 "Business Combinations"* (effective for accounting periods beginning on or after 1 July 2009);
- Amendments to *IAS 27 "Consolidated and Separate Financial Statements: cost of an investment on first-time adoption of IFRS"* (effective for accounting periods beginning on or after 1 January 2009);
- Amendments to *IAS 28 "Investments in Associates"* arising from amendments to *IFRS 3 "Business Combinations"* (effective for accounting periods beginning on or after 1 July 2009);
- Amendments to *IAS 32 "Financial Instruments: disclosure puttable instruments and obligations arising on liquidation"* (effective for accounting periods beginning on or after 1 January 2009);
- Amendments to *IAS 39 "Financial Instruments: Recognition and Measurement: hedged items"* (effective for accounting periods beginning on or after 1 July 2009);
- *IFRIC 15 "Real estate construction agreements"* (effective for accounting periods beginning on or after 1 January 2009); and
- *IFRIC 17 "Distributions of Non-cash Assets to Owners"* (effective for accounting periods beginning on or after 1 July 2009).

In May 2008, within an annual initiative aimed at the general improvement of the effective International Financial Reporting Standards, the IFRS Committee issued amendments to 20 existing standards. These amendments are related to certain expressions and issues regarding presentation of financial statements, issues of recognition and appraisal. The new version of the above standards and interpretations is effective for accounting periods starting on or after 1 January 2009.

Amendment to IAS 1 *"Presentation of Financial Statements: total income"* requires presentation of information in the financial statements on the basis of general characteristics and adopts a statement of comprehensive income. Due to the fact that amendment to *IAS 1* affects only requirements on disclosures, it is expected that it will not affect the financial performance, position and cash flow of the Company. The Company is currently developing actions to implement procedures to collect information required for compliance of all requirements for *IAS 1*.

The Company will adopt relevant new, revised and amended Standards and new Interpretations from their effective date. The Company's management anticipates that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the Company's financial position and statements of income and cash flows.

Use of estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Due to the inherent uncertainty in making those estimates, actual results reported in future periods could differ from such estimates.

Revaluation of property, plant and equipment

In accordance with the accounting policy presented in Note 3, the Company's land and buildings are revalued with sufficient regularity so that their carrying amount does not differ materially from that which would be determined using fair value at each balance sheet date. Management has made an assessment of its fair value of land and buildings as at 31 December 2008 and determined that the carrying value of those assets as at that this date is not significantly different from their fair value.

Impairment of property, plant and equipment

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax 16.54% discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. In 2008 and 2007 the Company did not recognize impairment losses.

The determination of impairment of property, plant and equipment involves the use of estimates that include, but are not limited to, the cause, timing and amount of the impairment. Impairment is based on a large number of factors, such as changes in the restructuring process, expectations of growth in the industry, changes in the future availability of financing, technological obsolescence, discontinuance of service, current replacement costs and other changes in circumstances that indicate impairment exists. The recoverable amount and the fair values are typically determined using a discounted cash flow method which incorporates reasonable market participant assumptions. The identification of impairment indicators, the estimation of future cash flows and the determination of fair values for assets (or group of assets) requires management to make significant judgments concerning the identification and validation of impairment indicators, expected cash flows, applicable discount rates, useful lives and residual values. The determination of the recoverable amount of a cash-generating unit involves the use of estimates by management. Methods used to determine the value in use include discounted cash flow-based methods. These estimates, including the methodologies used, can have a material impact on the fair value and ultimately the amount of any property, plant and equipment impairment.

Allowances

The Company accrues allowances for doubtful accounts receivable. Significant judgment is used to estimate doubtful accounts. In estimating doubtful accounts historical and anticipated customer performance are considered. Changes in the economy or specific customer conditions may require adjustments to the allowance for doubtful accounts recorded in the financial statements. As at 31 December 2008 and 2007, allowances for doubtful accounts have been created in the amount of 29,735 thousand tenge and 9,121 thousand tenge, respectively (Notes 17 and 18).

The Company accrues allowances for obsolete and slow-moving inventories based on data of annual stock count as well as on the result of inventory turnover analysis. As at 31 December 2008 and 2007 the Company accrued allowance for obsolete and slow-moving inventories of 85,086 thousand tenge and 51,312 thousand tenge, respectively (Note 16).

Fair value of subbordinated loan

The Company's management revisited the estimation of fair value of interest free subordinated loan to related party. In assessing fair value of the loan the Company's management used the pre-tax 9.00% discount rate, which reflects current market assessment of the time value of money at the date of loan receipt. The effect of the fair value adjustment was recognized within the Company's statement of changes in shareholder's equity.

Going concern

Subsequent to 30 June 2008 there has been a significant decrease in worldwide equity securities markets. The volume of debt securities issued and similar wholesale financing of Kazakhstani companies has also significantly reduced. Such circumstances may affect the ability of the Company to obtain new borrowings and refinance its existing borrowings at terms and conditions that applied to similar transactions in recent periods. For the purpose of maintenance of required sales volume in 2008 the Company was forced to lower cement prices by 23%. Also, as at the date the financial statements approval the Company developed and approved program on mitigation of the world economy recession effect on its operating and financial activities. Succeeding in this initiative will be secured by the following actions: maintenance of required liquidity level, expense optimization, suspension of major investment projects and personel optimization.

The accompanying financial statements do not include possible adjustments, which may arise if the Company is not able to operate as a going concern.

Functional and reporting currency

The functional currency and presentation currency of the accompanying financial statements is tenge.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

Basis of preparation

These financial statements are presented in thousand tenge ("thousand tenge"), unless other currency is presented.

The financial statements have been prepared on the historical cost basis except for the following:

- Valuation of land and buildings in accordance with *IAS 16 "Plant, property and equipment"* (see Note 13);
- Valuation of financial instruments in accordance with *IAS 39 "Financial instruments: recognition and measurement"*.

Foreign currencies

In preparing the financial statements transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are assessed at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are assessed at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not reassessed.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Retirement benefit costs

In accordance with the requirements of the legislation of the Republic of Kazakhstan the Company withholds amounts of pension contributions equivalent to 10% of each employee's wage, but not to exceed 78,863 tenge a month from 1 January 2008 to 1 July 2008 and 90,188 tenge per month from 1 July 2008 to 31 December 2008 (2007: 73,140 tenge) and pays them to the employees pension funds. Such expense is charged in the period the related salaries are earned. Upon retirement all retirement benefit payments are made by pension funds selected by employees. The Company does not have any pension arrangements separate from the State pension system of the Republic of Kazakhstan. In addition, the Company has no post-retirement benefits or other significant compensated benefits requiring accrual.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Company's best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Contingent liabilities

Contingent liabilities are not recognized in these financial statements, except for liabilities on which there are possible outflows of resources, needed for settlement of the liabilities, and can be measures reliably. Contingent asset is not recognized in these financial statements, but information about it is disclosed having likelihood of inflows of resources, related with getting economic benefits.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax and calculated in accordance with requirements of tax legislation of Republic of Kazakhstan and based on operating results for the year after adjustments of accounts, which are non-taxable or non-deductible for tax purposes.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

The revaluation reserve is amortized to retained earnings as the revalued fixed assets are being amortized. On the subsequent sale or retirement of revalued assets, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Machinery and equipment and other assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes engineer support fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Capitalized cost includes major expenditures for improvements and replacements that extend the useful lives of the assets or increase their revenue generating capacity. Repairs and maintenance expenditures that do not meet the foregoing criteria for capitalization are charged to the income statement as incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method.

Buildings	25 years
Machinery and Equipment	14 years
Other assets	5-10 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets are stated at cost less accumulated amortization. Amortization is computed under the straight-line method over the estimated useful lives of assets of more than 1 to 10 years.

Impairment of property, plant and equipment

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the receivable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the receivable amount of an individual asset the Company estimates the receivable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent allocation basis can be determined, corporate assets are also allocated to specific generating units or otherwise they are allocated to the smallest group of generating units for which a reasonable and consistent allocation basis can be identified.

The receivable amount is the higher of fair value less selling costs and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the receivable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its receivable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset (land, buildings, or equipment) is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its receivable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognized on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

The Company has the following financial assets: cash and cash equivalents; short-term investments; trade and other accounts receivables; originated loans as well.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" ("FVTPL"), "held-to-maturity" investments, "available-for-sale" ("AFS") financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method – The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Cash and cash equivalents – cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Short-term investments – short-term investments represent current assets, limited in use, with term more than three months since the date of acquisition.

Trade and other accounts receivable – trade and other accounts receivable are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Subordinated loan to related party – subordinated loan originated by the Company is the financial asset that is created by the Company by providing money directly to *related party* or by participating in a loan facility.

The subordinated loan granted by the Company to *related party* with no fixed maturity date initially recognized at fair value plus related transaction costs. Where the fair value of consideration given does not equal the fair value of the loan, for example where the loan is issued at lower than market rates, the difference between the fair value of consideration given and the fair value of the loan is recognized as a loss on initial recognition of the loan and included in the statement of changes in shareholder's equity. Subsequently, the loan carrying value is measured using the effective interest method based on expected maturity date (see Note 14).

Long-term accounts receivable from related party – long-term accounts receivable originated by the Company is the financial asset that is created by the Company by providing money directly to related party.

Long-term accounts receivable granted by the Company to related party with no fixed maturity date initially recognized at fair value plus related transaction costs. Where the fair value of consideration given does not equal the fair value of the long-term accounts receivable, for example where the accounts receivable is issued at lower than market rates, the difference between the fair value of consideration given and the fair value of the long-term accounts receivable is recognized as a loss on initial recognition of the accounts receivable and included in the statement of changes in shareholder's equity. Subsequently, the long-term accounts receivable carrying value is measured using the effective interest method based on expected maturity date (see Note 15).

Impairment of financial assets

The Company creates the allowance for impairment of financial assets when there is an objective evidence of impairment of a financial asset or a group of assets. The allowance for impairment of financial assets represents a difference between the carrying value of the asset and current value of projected future cash inflows, including amounts expected to be received on guarantees and security discounted using the initial effective interest rate on this financial instrument, which is reflected at amortized value. If in a subsequent period the value of the security decreases, and such a decrease can be objectively connected with an event which happened after recognition of the impairment then the previously recognized impairment loss is reversed with an adjustment of the allowance account.

For financial assets carried at cost, the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate for a similar financial instrument. Such an impairment loss is not reversed subsequently.

The impairment allowance is calculated based on the analysis of assets exposed to risks and reflects the amount sufficient, in the opinion of the management, to cover occurring losses. The allowances are calculated based on an individual evaluation of assets exposed to risks for financial assets which are significant and based on an individual or collective evaluation for the financial assets, which are not significant.

The changes in impairment allowances are charged to profit and losses. The assets reflected on the balance sheet are reduced by the amount of created allowances. The factors evaluated by the Company in determining whether the evidence of impairment is objective includes information on liquidation of borrowers or issuers, solvency and exposure to financial risks, level or insolvency trends regarding similar financial assets, general economic situation and fair value of security and guarantees.

These and other factors individually or combined represent mainly an objective evidence to recognize an impairment loss on the financial asset or a group of financial assets.

It should be noted that the evaluation of losses is subjective. The management of the Company believes that the impairment loss is sufficient to cover occurring losses, although it is not excluded that in certain periods the Company could incur losses greater compared to the impairment allowance.

Financial liabilities and equity instruments issued by the Company

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Debt securities issued – are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Loans – loans, on which interests are accrued, initially recognized at fair value plus transaction costs, and subsequently measured at amortized cost, using effective interest rate method. Any differences between income (less transaction costs) and settlement of loans are recognized during term of loans in accordance with accounting policy of the Company in respect of borrowing costs (see below).

Trade and other payables – trade and other payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

Offset of financial assets and liabilities – Financial assets and liabilities are offset and recorded on a net basis in the balance sheet, when the Company is legally empowered to offset certain amounts and Company intends to either record on a net basis or receive assets and offset liabilities simultaneously.

Derecognition of financial assets and liabilities

Financial assets – recognition of financial asset (or, if applicable, portion of financial asset or Company of similar financial assets) ceases in case when:

- rights for receivable of cash flows from asset are expired;
- the Company retains rights for receivable of cash flows from asset, but accepted obligation to repay them fully without significant delay to third party in accordance with transfer agreement, and transferred, mostly, all risks and benefits for the asset; or
- the Company has transferred it's rights for receivable cash flows from asset or (a) transferred, mostly, all risks and benefits from asset, or (b) has not transferred, and has not retained any risks and benefits from the asset, but transferred control over the asset.

If the Company has transferred it's rights for receivable of cash flows from the asset or has not transferred, and has not retained any risks and benefits from the asset, or has not transferred control over the asset, then the asset is recognized to the extent, the Company participates in asset. Continuance in participation, which undertakes form of guarantee on transferable asset, is measured at the lower of:

- initial cost; or
- maximum recoverable amount, which the Company will be required for settlement.

Financial liabilities – recognition of financial liability ceases, when it is accomplished, canceled or expired.

If existing financial liability is substituted by other obligation from the same creditor on significantly different condition, or the conditions of existing liability is significantly changed, then the substitution or change is considered as cessation of initial obligation and recognition of new obligation, and the difference between carrying amounts is recognized in income statement.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Transactions with related parties

The following companies are deemed related parties in preparation of these financial statements:

A company is a related party if:

a. directly, or indirectly through one or more intermediaries, the party:
   i) controls, is controlled by, or is under common control with, the Company (this includes holding companies, subsidiaries and fellow subsidiaries);
   ii) has an interest in the Company that gives it significant influence over the Company; or
   iii) has joint control over the Company;
b. the party is an associate of the Company;
c. the party is a joint venture in which the Company is a venturer;
d. the party is a member of the key management personnel of the Company or its parent;
e. the party is a close member of the family of any individual referred to in (a) or (d);
f. the party is a company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such company resides with, directly or indirectly, any individual referred to in (d) or (e); or
g. the party is a post-employment benefit plan for the benefit of employees of the Company, or of any company that is a related party of the Company.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

4. RECLASSIFICATIONS IN THE FINANCIAL STATEMENTS

The financial statements as at 31 December 2007 and for the year then ended were reclassified to comply with the financial statements presentation requirements as at 31 December 2008 and for the year then ended. These reclassifications have not affected previously reported results of operations or shareholder's equity. These reclassifications are presented below:

	Difference	2007 According to issued financial statements	2007 According to current financial statements
Income statement			
COST OF SALES	(100,409)	3,898,973	3,798,564
GROSS PROFIT	100,409	8,454,524	8,554,933
Other income, net	100,409	167,223	66,814

5. COST OF SALES

Cost of sales for years ended 31 December consisted of the following:

	2008	2007
Cost of production		
Materials	2,551,531	1,752,318
Payroll and related taxes	778,572	662,654
Electricity	542,032	375,012
Depreciation	389,531	341,235
Maintenance and current repair	360,475	259,061
Other expense	346,754	316,894
	4,968,895	3,707,174
Work-in-progress as at beginning of the year	140,574	232,363
Work-in-progress as at end of the year	206,454	140,574
Change in work-in-progress	(65,880)	91,789
Finished goods as at beginning of the year	222,733	222,334
Finished goods as at end of the year	209,541	222,733
Change in finished goods	13,192	(399)
Total	4,916,207	3,798,564

6. SELLING EXPENSES

Selling expenses for the years ended 31 December consisted of the following:

	2008	2007
Railway transportation	613,848	435,487
Shipping and transportation	231,310	175,454
Payroll and related taxes	24,597	23,485
Depreciation	5,442	6,128
Other	31,555	12,634
Total	906,752	653,188

7. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended 31 December consisted of the following:

	2008	2007
Management fee (see Note 29)	259,792	181,672
Payroll and related taxes	241,546	219,785
Security	216,575	94,049
Employee benefit	73,013	45,142
Sponsorship and social expenses	65,414	-
Tax and customs duties	65,180	66,105
Materials	63,105	35,101
Current repair expenses	59,247	32,340
Utilities	49,608	33,725
Depreciation and amortization	48,240	45,025
Transport expenses	41,507	29,331
Business trip expenses	36,317	29,804
Penalties	35,005	6,462
Accrual of obsolete inventory (see Note 16)	33,774	33,228
Communication costs	25,396	20,621
Bank service payments	22,956	22,597
Consulting and project expenses	20,989	9,686
Accrual / (recovery) of allowance for doubtful receivables and advances paid (see Notes 17 and 18)	20,614	(9,161)
Audit expenses	17,213	11,678
Legal services	11,557	41,044
Laboratory costs	2,219	3,141
Write off of debitors and creditors	1,662	-
Office costs	1,289	11,469
Other expenses	96,665	88,732
Total	1,508,883	1,051,576

8. FINANCE INCOME

Finance income for the years ended 31 December consisted of the following:

	2008	2007
Amortization of subordinated loan fair value adjustment (see Note 14)	317,860	354,599
Amortization of long-term accounts receivable fair value adjustment (see Note 15)	31,278	-
Interest income on short term investments	2,224	17,911
Total	351,362	372,510

9. FINANCE COSTS

Finance costs for the years ended 31 December consisted of the following:

	2008	2007
Interest on debt securities	264,400	253,952
Interest on loan from bank	22,921	3,446
Total	287,321	257,398

10. OTHER INCOME, NET

Other income, net for the years ended 31 December consisted of the following:

	2008	2007
Income from sale of purchased goods	11,903	9,742
Income from transportation services	31,347	28,430
(Loss) / gain on disposal of property, plant and equipment	(13,417)	19,405
Foreign exchange (loss) / gain	(7,860)	2,727
Payables write-off	-	100
Other income	2,123	6,410
Total	24,096	66,814

11. INCOME TAX

The Company's provision for income tax for the years ended 31 December is as follows:

	2008	2007
Current income tax expenses	1,217,330	1,964,560
Deferred income tax (benefit) / expense	(262,194)	40,906
Total income tax expense	955,136	2,005,466

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The tax effect on the major temporary differences that give rise to the deferred tax assets and liabilities as at 31 December is presented below:

	2008	2007
Deferred income tax assets		
Fair value adjustment to subordinated loan and long-term accounts receivable	489,210	810,446
Allowance for obsolete inventory	17,017	15,394
Allowance for doubtful accounts receivable	2,821	456
Taxes payable	69	3,281
Total	509,117	829,577
Deferred income tax liabilities		
Difference in carrying value of property, plant and equipment	(708,872)	(1,387,257)
Other	-	(36,394)
Total	(708,872)	(1,423,651)
Net deferred income tax liabilities	(199,755)	(594,074)

The movements net deferred income tax liabilities were as follows for the years ended 31 December:

	2008	2007
Net deferred income tax liabilities as at the beginning of the year	(594,074)	(1,365,831)
Recorded in income statement	132,125	812,663
Recorded in statement of changes in shareholder's equity	262,194	(40,906)
Net deferred income tax liabilities as at the end of the year	(199,755)	(594,074)

The income tax rate in the Republic of Kazakhstan, where the Company is located, in 2008 and 2007 was 30%. In November 2008, amendments were made to the Tax Code reducing corporate income tax from 30% to 20% effective on 1 January 2009; from 20% to 17.5% effective on 1 January 2010 and to from 17.5% to 15% effective on 1 January 2011. In the current year, income tax was calculated based on the rate of 30% (2007: 30%) of the estimated taxable profit. Starting from December 2008 deferred taxes are accrued at the rate which should be applied in the period when assets are realized or liabilities fulfilled.

	2008	2007
Profit before income tax	3,768,634	7,032,095
Theoretical income tax at statutory rate of 30%	1,130,590	2,109,629
Adjustments due to:		
Tax effect of non-deductible expenses / (non-taxable income)	125,210	(104,163)
Effect of change in tax rate	(300,664)	-
Income tax expense	955,136	2,005,466

12. EARNINGS PER SHARE

Basic earnings per share are calculated based on the weighted average number of common shares outstanding during 2008 and 2007. Basic and diluted per share data are the same, as there is no material dilution.

	2008	2007
Earnings for the year (thousand tenge)	2,813,498	5,026,629
Weighted average number of common shares	80,000	80,000
Basic and diluted earnings per share (tenge)	35,169	62,833

13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 31 December consisted of the following:

	Land and land improvement	Buildings	Machinery and equipment	Other Assets	Construction in progress	Total
Revalued cost						
As at 1 January 2007	360,496	5,500,245	1,299,397	265,598	131,915	7,557,651
Additions	143	42,891	116,522	6,807	566,800	733,163
Transfers	-	(67,585)	516,775	138,809	(587,999)	-
Disposals	-	(1,488)	(15,681)	(2,276)	3,606	(15,839)
As at 1 January 2008	360,639	5,474,063	1,917,013	408,938	114,322	8,274,975
Additions	1,401	12,123	255,811	6,093	803,901	1,079,329
Transfers	-	-	206,246	100,123	(306,369)	-
Disposals	-	-	(13,913)	(1,068)	(45,116)	(60,097)
As at 31 December 2008	362,040	5,486,186	2,365,157	514,086	566,738	9,294,207
Accumulated depreciation						
As at 1 January 2007	-	(1,421,001)	(113,804)	(90,626)	-	(1,625,431)
Charge for the year	-	(240,440)	(112,273)	(38,303)	-	(391,016)
Transfers	-	23,536	(21,602)	(1,934)	-	-
Disposals	-	1,560	5,217	798	-	7,575
As at 1 January 2008	-	(1,636,345)	(242,462)	(130,065)	-	(2,008,872)
Charge for the year	-	(234,864)	(144,320)	(62,822)	-	(442,006)
Transfers	-	-	223	(223)	-	-
Disposals	-	-	1,295	269	-	1,564
As at 31 December 2008	-	(1,871,209)	(385,264)	(192,841)	-	(2,449,314)
Net Book Value						
As at 31 December 2008	362,040	3,614,977	1,979,893	321,245	566,738	6,844,893
As at 31 December 2007	360,639	3,837,718	1,674,551	278,873	114,322	6,266,103

Land and buildings were revalued at 31 December 2005 by an independent appraiser, by reference to market evidence of recent transactions for similar properties. The valuation conforms to International Valuation Standards. As at 31 December 2008 the Company did not identify indicators of land and buildings impairment.

As at 31 December 2008 cost of fully depreciated property, plant and equipment was 64,402 thousand tenge (2007: 1,780 thousand tenge).

In 2008 the Company sold properties with a net book value of 1,286 thousand tenge to JSC Karcement (2007: 1,195 thousand tenge) (see Note 29).

In 2008 the Company purchased machinery and other property, plant and equipment of 6,941 thousand tenge from JSC Karcement (2007: 153,944 thousand tenge) (see Note 29).

As at 31 December 2008 property, plant and equipment at cost of 7,066,318 thousand tenge (2007: 4,060,949 thousand tenge) and net book value of 5,067,557 thousand tenge (2007: 3,102,986 thousand tenge) are pledged under the loan of JSC Karcement provided by European Bank for Reconstruction and Development ("EBRD").

14. SUBORDINATED LOAN

Subordinated loan as at 31 December consisted of the following:

	2008	2007
Subordinated loan to JSC Karcement	7,276,100	7,569,576
Less: Fair value adjustment	(2,383,626)	(2,701,486)
Total	4,892,474	4,868,090

Subordinated loan represents a non-interest bearing loan of 7,276,100 thousand tenge provided to a related company, JSC Karcement. The loan is subordinated to Loan Agreement dated 13 December 2005, and as amended and revised on 28 June 2007, between JSC Karcement and EBRD. Repayment of the Subordinated loan commences after 11 May 2013 (see Note 29).

The Company discounted the loan at 9%, which is deemed to be the market rate, to estimate the fair value of the loan at issuance. The adjustment to fair value was recorded in the statement of shareholder's equity of 2,243,422 thousand tenge, since the loan was provided to a related party. During 2008 and 2007 the Company recorded effect of amortization of fair value adjustment within finance income of 317,860 thousand tenge and 354,599 thousand tenge, respectively, (see Note 8).

15. ACCOUNTS RECEIVABLE FROM RELATED PARTIES

	2008	2007
Accounts receivable from related parties	3,237,729	224,351
Less: Fair value adjustment	(703,207)	-
	2,534,522	224,351
Less: current portion of accounts receivable	(256,153)	(224,351)
Total	2,278,369	-

Long-term accounts receivable from related parties represent a non-interest bearing loan of 2,981,576 thousand tenge provided to a related company, JSC Karcement, in line with the terms of the joint activity agreement between the Company and JSC Karcement. Repayment of the long-term accounts receivable commences on 31 December 2011 (see Note 29).

The Company discounted the loan at 9%, which is deemed to be the market rate, to estimate the fair value of the loan at issuance. The adjustment to fair value was recorded in the statement of shareholder's equity of 626,659 thousand tenge, net of deferred income tax, since the loan was provided to a related party. During 2008 the Company recorded effect of amortization of fair value adjustment within finance income of 31,278 thousand tenge (see Note 8).

16. INVENTORIES

Inventories as at 31 December consisted of the following:

	2008	2007
Spare parts	639,273	269,033
Raw materials	413,055	308,532
Work in Process	206,454	140,574
Finished goods	209,541	222,733
Fuel	105,977	53,447
Packing materials	11,879	10,191
Goods for resale	10,866	10,978
Construction materials	9,736	9,425
Other material	32,683	16,199
Less: allowance for obsolete inventories	(85,086)	(51,312)
Total	1,554,378	989,800

The movements in the allowance for obsolete and slow-moving inventories were as follows for the years ended 31 December:

	2008	2007
31 December 2007	(51,312)	(18,084)
Accrual of allowance	(33,774)	(33,228)
31 December 2008	(85,086)	(51,312)

As at 31 December 2008 inventories in the amount of 876,711 thousand tenge were collateralized under the short term loan agreement with JSC Halyk Bank Kazakhstan (see Note 28).

In 2008 the Company purchased inventories from its related company, JSC Karcement, of 245,747 thousand tenge (2007: nil tenge). In 2008 the Company sold inventories of 302,304 thousand tenge to its related company, JSC Karcement, at cost (2007: 38,955 thousand tenge) (see Note 29).

17. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable as at 31 December consisted of the following:

	2008	2007
Trade receivables from third parties	129,897	68,357
Less: allowance for doubtful receivables	(14,107)	(1,519)
Total	115,790	66,838

As at 31 December 2008 and 2007 trade accounts receivable included accounts receivable from related parties of 21,286 thousand tenge and 4,549 thousand tenge, respectively (see Note 29).

The movement in the allowance for doubtful trade accounts receivables was as follows for the years ended 31 December:

	2008	2007
31 December 2007	(1,519)	(881)
Accrual of allowance	(12,588)	(638)
31 December 2008	(14,107)	(1,519)

As at 31 December 2008 and 2007 trade accounts receivable were primarily denominated in tenge.

As discussed in Note 1, as a result of recent economic turnoil in capital and credit markets globally, and the consequential economic uncertainties existing as at balance sheet date, there exists the potential that assets may be not be recovered at their carrying amount in the ordinary course of business.

As at 31 December 2008, the Company has trade accounts receivable of 115,790 thousand tenge (31 December 2007: 66,838 thousand tenge). The recoverability of these trade accounts receivable depends to a large extent on the Company's customers' ability to meet timely their obligations, and other factors, which are beyond the Company's control. The recoverability of the Company's trade accounts receivable is determined based on conditions prevailing and information available as at balance sheet date. It is the management's opinion that no provision on the trade accounts receivable is needed at present, based on prevailing conditions and available information.

As disclosed in the Note 28 below, as at 31 December 2008, future cash flows from the Company's major customers in the amount of 379,200 thousand tenge were collaterized under the loan from JSC Bank CenterCredit.

18. ADVANCES PAID

Advances paid as at 31 December consisted of the following:

	2008	2007
Advances paid to third parties	200,017	306,115
Less: allowance for advances paid	(15,628)	(7,602)
Total	184,389	298,513

The movement in the allowance for advances paid is as follows for the years ended 31 December:

	2008	2007
31 December 2007	(7,602)	(17,401)
(Accrual) / recovery of allowance	(8,026)	9,799
31 December 2008	(15,628)	(7,602)

19. TAXES RECEIVABLE

Taxes receivable as at 31 December are consisted of the following:

	2008	2007
Value added tax receivable	83,635	-
Other	278	-
Total	83,913	-

20. OTHER ACCOUNTS RECEIVABLE

Other accounts receivable as at 31 December consisted of the following:

	2008	2007
Receivable from employees	14,365	17,037
Other receivables	3,150	3,262
Total	17,515	20,299

As at 31 December 2008 and 2007 other accounts receivable were primarily denominated in tenge.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December consisted of the following:

	2008	2007
Cash in banks, in tenge	31,832	41,937
Cash in banks, in US Dollar	512	750
Petty cash, in tenge	1,077	14,911
Deposits, in tenge	457	410,470
Total	33,878	468,068

As at 31 December 2008 in accordance with the Law of Republic of Kazakhstan on Labor a non-interest bearing deposit of 457 thousand tenge was placed with JSC Halyk Bank Kazakhstan as a part of work permit requirements for non-resident employees of the Republic of Kazakhstan (2007: 470 thousand tenge). The deposit is subject to annual renewal.

As at 31 December 2007 deposits represent deposit of 410,000 thousand tenge in JSC Kazkommertsbank with maturity less than a three months and interest rate of 3.25%. As at 31 December 2008 this deposit was withdrawn.

As at December 31, 2008 no cash was restricted in use (2007:7,083 thousand tenge).

22. SHARE CAPITAL

At 31 December 2008 and 2007 the Company had 1,000 ordinary shares authorized, issued and fully paid with a par value of 80,000 tenge each.

23. REVALUATION RESERVE

At 31 December 2008 revaluation reserve of 2,461,438 thousand tenge (2007: 2,610,928 thousand tenge) related to the revaluation of buildings. The revaluation reserve is not available for distribution to the Company's shareholders.

24. DEBT SECURITIES ISSUED

Debt securities issued as at 31 December consisted of the following:

	Maturity date	Annual interest rate, %	2008	2007
Bonds issued at price of:				
97.1895%	7 August 2011	9%	710,240	710,240
98.3230%	7 August 2011	9%	663,253	663,253
99.0574%	7 August 2011	9%	300,000	300,000
99.0574%	7 August 2011	9%	363,253	363,253
100.0096%	7 August 2011	9%	663,254	663,254
			2,700,000	2,700,000
(Less) / including:				
Discount on debt securities issued			(33,002)	(49,694)
Amounts of accrued interest on debt securities issued			97,604	92,896
Total			2,764,602	2,743,202

25. TRADE ACCOUNTS PAYABLE

Trade accounts payable as at 31 December consisted of the following:

	2008	2007
Raw materials	125,943	8,836
Services	222,281	63,638
Property, plant and equipment	39,744	971
Spare parts	246,450	30,288
Total	634,418	103,733

As at 31 December the Company's trade accounts payable were denominated in various currencies as follows:

	2008	2007
Tenge	612,640	90,195
Russian rouble	21,778	-
US Dollar	-	13,538
Total	634,418	103,733

26. OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Other payables and accrued liabilities as at 31 December consisted of the following:

	2008	2007
Payables to employees	35,527	41,799
Liquidation fund accruals	6,506	5,026
Other accounts payable and accrued liabilities	49,618	60,304
Total	91,651	107,129

27. OTHER TAXES PAYABLE

Other taxes payable as at 31 December consisted of the following:

	2008	2007
Property tax	475	15,551
Pension fund	7,349	14,349
VAT payable	-	11,088
Personal income tax	3,607	9,732
Social tax	3,397	8,154
Other taxes	9	2,318
Total	14,837	61,192

28. SHORT-TERM BORROWINGS

Short-term borrowings as at 31 December consisted of the following:

	Interest rate	Currency	2008	2007
JSC Bank Centercredit	16.00%	Tenge	364,892	-
JSC HSBC Bank of Kazakhstan	3 month LIBOR + 4.00%	US Dollar	60,372	-
JSC Halyk Bank Kazakhstan	16.50%	Tenge	497,725	-
Total			922,989	-

JSC Halyk Bank Kazakhstan

As at 20 October 2008 the Company signed an agreement with JSC Halyk Bank Kazakhstan for receiving a credit line for the purpose of replenishment of working capital of 10,000,000 US Dollars (or 1,197,600 thousand tenge at exchange rate at the date of the agreement) with interest rate of 16.50% and date of maturity on 20 October 2011. Withdrawals under the credit line agreement are fixed in tenge at US Dollar exchange rate established by the bank at the date of such withdrawal. In 2008 the Company borrowed under the term of the credit line agreement only in tenge. Repayment of the principal amount and of accumulated interest are made every month in the six month period from the date of withdrawal. The loan is secured by inventories of 876,711 thousand tenge (see Note 16).

JSC Bank Centercredit

On 15 October 2008 the Company signed an agreement with JSC Bank Centercredit for a credit line of 360,000 thousand tenge for the purpose of replenishment of working capital with annual interest rate of 16.00% and maturity date on 14 October 2009. Repayment of the principal amount is to be made in 3 equal monthly installments after a grace period of 3 months from the date of withdrawal and accumulated interest is payable throughout the year commencing in the month following the month of the withdrawal. During 2008 the Company received bank borrowings of 360,000 thousand tenge and did not repay the principal amount. The loan is secured with future cash flows from the Company's major customers of 379,200 thousand tenge.

JSC HSBC Bank of Kazakhstan

As at 19 June 2008 the Company signed agreement with JSC HSBC Bank of Kazakhstan for openning credit line for the purpose of replenishment of working capital in amount of 500,000 US Dollar (or 60,315 thousand tenge at the exchange rate at the date of the agreement) with the interest rate of 3 month LIBOR plus 4.00% annual interest rate and maturity date 25 June 2009. Cash is provided in USD. Repayment of principal and interest amounts are made at the maturity date of borrowing. During 2008 the Company received borrowings in amount of 483,000 US Dollars without repayment. The loan is secured by the coporate guarantee from HSBC Jersey, which covers the loan principal amount.

29. RELATED PARTIES

The immediate parent and the ultimate controlling party respectively of the Company are Central Asia Cement Holding B.V. (incorporated in Netherlands) and Steppe Cement Ltd. (incorporated in Malaysia).

Related parties include shareholders, directors, affiliates and entities under common ownership, over which the Company has the ability to exercise a significant influence.

The following transactions and balances with related parties are included in the income statement and balance sheet for the years ended 31 December:

	Purchases	
	2008	**2007**
Management fee (see Note 7)	259,792	181,672
Rental expenses	4,578	9,957
Services received from related parties	99,473	62,370
Purchase of property, plant and equipment (additions) (see Note 13)	6,941	153,944
Purchase of inventory (additions) (see Note 16)	245,747	-

Management fee represents engineering consulting services provided by Mechanical & Electrical Consulting Services Ltd, a subsidiary of Steppe Cement Ltd, of 259,792 thousand tenge (2006: 181,672 thousand tenge).

In 2008 the Company purchased equipment and other property, plant and equipment of 6,941 thousand tenge (2007: 153,944) (see Note 13) and inventory of 245,747 thousand tenge (2007: nil) (see Note 16) from JSC Karcement.

Services from related parties primarily include explosion services.

	Revenue from sales of goods, services performed		**Cost of sale**	
	2008	**2007**	**2008**	**2007**
Property, plant and equipment (see Note 13)	1,286	1,195	(1,286)	(1,195)
Inventories (see Note 16)	302,304	38,955	(302,304)	(38,955)
Services rendered	50,419	52,884	(50,419)	(52,884)

Revenue from sales of goods and services performed represent sale of property, plant and equipment and inventories and services rendered to JSC Karcement, a subsidiary of Steppe Cement Ltd.

	Subordinated loan (see Note 14)		**Accounts receivable of related party (see Note 15)**	
	2008	**2007**	**2008**	**2007**
Steppe Cement Ltd.	-	-	54,542	61,140
JSC Karcement	4,892,473	4,868,090	2,479,980	163,211
	4,892,473	4,868,090	2,534,522	224,351

Accounts receivable from related parties as at 31 December 2008 comprised interest-free loan of 2,981,576 thousand tenge (see Note 15), accounts receivable from related parties for 2008 represent the amount of 201,612 thousand tenge from sale of plant, property and equipment, inventories, providing services and sale of cement (2007: 163,211 thousand tenge) and accounts receivable for the services rendered to JSC Karcement and receivable for listing fee at London Stock Exchange from the ultimate parent, Steppe Cement Ltd. of 61,140 thousand tenge (2007: 61,140 thousand tenge).

Subordinated loan represents a non-interest bearing loan of 7,276,100 thousand tenge to a related company, JSC Karcement (in 2007: 7,569,576 thousand tenge), and reflected at amortized cost. The loan is subordinated to Loan Agreement dated 13 December 2005, and as amended and restated on 28 June 2007, between JSC Karcement and EBRD. Repayment of CAC Subordinated Loan commences after 11 May 2013.

	Trade accounts receivable	
	2008	**2007**
Other related parties	21,286	4,549
	21,286	4,549

As of 31 December 2008 and 2007 trade accounts receivable are represented by the receivables from service rendered to LLP Maksam Kazakhstan (see Note 17).

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognized in the period for bad or doubtful debts in respect of the accounts receivable from related parties.

Compensation of key management personnel

The remuneration of key management during the year was as follows:

	2008	**2007**
Short-term benefit	6,282	11,473

The remuneration of key management is determined by the board of directors.

30. FINANCIAL INSTRUMENTS, OBJECTIVES AND POLICY OF MANAGEMENT OF FINANCIAL RISKS

The main financial instruments of the Company include bank loans, cash and subordinated loan and accounts receivable and accounts payable. The main risks on financial instruments of the Company are interest rate risk, currency risk and credit risk. The Company also monitors market risk and liquidity risk arising on all the financial instruments.

Capital insufficiency risk management

The Company manages capital insufficiency risk to ensure that the Company can continue as a going concern with maximum increase in profits for the founders by optimizing the balance of debt and equity. According to the Company's 2008 strategy the capital was increased by 2,211,137 thousand tenge.

The Company's capital structure includes share capital, revaluation reserve and retained earnings.

Summary of significant accounting policies

The significant accounting policies and adopted methods, including criteria of recognition, evaluation basis and the basis on which income and expenses are recognized with respect to each class of financial assets, financial liabilities and equity instruments are disclosed in Note 3 to the financial statements.

Objectives of financial risk management

Management of risk is an essential element of the Company's operations. The Company monitors and manages financial risks relating to the Company's operations through internal reports on risks which analyze the exposure to risk by the degree and size of risks. These risks include the market risk (including currency risk, fair value interest rate risk and price risk), liquidity risk and cash flow interest rate risk. A description of the Company's risk management policies in relation to those risks follows.

Interest rate risk

Interest rate risk is the risk of changes in market interest rates which can lead to increase in cash outflow on loans of the Company. The Company limits the interest rate risk by monitoring changes in interest rates in currencies in which cash, investments and loans are denominated and by maintaining an acceptable ratio between loans with fixed and floating interest rates.

Currency risk

The Company has financial assets and financial liabiltiies denominated in US Dollar and Russian roubles. The Company limits the currency risk by monitoring changes in exchange rates of foreign currencies.

Carrying values of financial assets and financial liabilities denominated in foreign currency are presented below:

	2008	2007
Cash and cash equivalents	512	750
Trans accounts payable	21,778	13,538
Short term borrowings	60,372	-

Credit risk

The credit risk arising from counterparties' failure to meet the terms of the agreements with financial instruments of the Company is usually limited to the amounts, if any, by which the amount of liabilities of counterparties exceeds the liabilities of the Company before these counterparties. The Company's policy provides for conducting operations with financial instruments with a number of solvent counterparties. The maximum exposure to the credit risk equals the value of each financial asset. The Company believes that the maximum amount of its risk equals the amount of trade accounts receivable and other current assets less impairment allowances recorded at the reporting date.

The concentration of the credit risk can arise in case of several debts from one borrower or Company of borrowers with similar borrowing terms for which there is a basis to expect that changes in economic terms or other circumstances can equally affect their capacity to meet their obligations.

The Company's policy provides for constant control over adequate credit history of customers with whom transactions are concluded and that the transactions do not exceed the set crediting limits. The credit risk is limited since the Company works with the majority of its customers on the basis of prepayment made against deliveries and sales of cement only.

Market risk

The market risk is the risk of possible fluctuations in the value of the financial instrument as a result of changes in market prices. The Company manages the market risk by periodic evaluation of potential losses which may arise from negative changes in the market condition. In 2008 the Company have significantly decreased cement prices for the purpose of stimulating its customers' purchase ability. The Company's management determined to cut its production and administrative costs.

Liquidity risk

The shareholder of the Company bears the ultimate responsibility for management of the liquidity risk by creating the necessary liquidity risk management system for the Company's management on requirements on liquidity management and short-term, mid-term and long-term financing. The Company manages the liquidity risk by maintaining adequate reserves, bank loans and accessible credit lines by constant monitoring of the projected and actual cash flows and comparison of maturities of financial assets and liabilities.

Tables on liquidity risk and interest rate risk

The following tables reflect contractual terms of the Company for its non-production financial liabilities. The table was prepared based on the undiscounted cash flows on financial liabilities on the basis of the earliest date at which the Company can be required to pay. The table includes cash flows both on interest and principal.

	Average weighted effective interest rate	Less than 1 months	1-3 months	3 months – 1 year	1-5 years	Greater than 5 years	Total
2008							
Interest bearing							
Debt securities issued	9.00%	-	120,014	120,014	3,180,056	-	3,420,084
Short-term borrowings	15.66%	7,286	225,342	837,657	-	-	1,070,284
Non-interest bearing							
Trade accounts payable	-	634,418	-	-	-	-	634,418
Other accounts payable	-	35,527	-	-	-	-	35,527
		677,231	345,356	957,671	3,180,056	-	5,160,313
2007							
Interest bearing							
Debt securities issued	9.00%	-	-	246,639	3,439,917	-	3,686,556
Non-interest bearing							
Trade accounts payable	-	103,733	-	-	-	-	103,733
Other accounts payable	-	41,799	-	-	-	-	41,799
		145,532	-	246,639	3,439,917	-	3,832,088

The following table reflects expected maturities of non-derivative financial assets of the Company. The table was prepared based on undiscounted contractual terms of financial assets, including interest received on these assets, except when the Company expects the cash flow in a different period.

	Average weighted effective interest rate	Less than 1 months	1-3 months	3 months – 1 year	1-5 years	Greater than 5 years	Total
2008							
Non-interest bearing							
Subordinated loan to related party	-	-	-	-	7,276,100	-	7,276,100
Accounts receivable from related parties	-	-	-	256,155	2,981,574	-	3,237,729
Trade accounts receivable	-	115,790	-	-	-	14,107	129,897
Other accounts receivable	-	17,515	-	-	-	-	17,515
Cash and cash equivalents	-	33,878	-	-	-	-	33,878
		167,183	-	256,155	10,257,674	14,107	10,695,119
2007							
Interest bearing							
Cash and cash equivalents	3.25%	410,000	-	-	-	-	410,000
Non-interest bearing							
Subordinated loan to related party	-	-	-	-	7,569,576	-	7,569,576
Accounts receivable from related parties	-	-	-	224,351	-	-	224,351
Trade accounts receivable	-	66,838	-	-	-	1,519	68,357
Other accounts receivable	-	20,299	-	-	-	-	20,299
Cash and cash equivalents	-	58,068	-	-	-	-	58,068
		555,205	-	224,351	7,569,576	1,519	8,350,651

Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. As no readily available market exists for a large part of the Company's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument.

The following methods and assumptions were used by the Company to estimate the fair value of financial instruments:

Cash and cash equivalents – The carrying value of cash and cash equivalents approximates their fair value due to the short-term nature of maturity of these financial instruments.

Trade and other accounts receivable and payable – For assets and liabilities with maturity less than twelve months the carrying value approximates fair value due to the short-term nature of maturity of these financial instruments.

As at 31 December 2008 and 2007 fair value of financial assets and financial liabilities, except for subordinated loan and long-term accounts receivable from related party, were significantly different from its cost. Cost and fair value of subordinated loan and long-term accounts receivable from related party as at 31 December is presented as follows:

	2008		2007	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Subordinated loan	4,892,473	5,020,016	4,868,090	4,868,090
Long-term accounts receivable from related party	2,278,368	2,310,541	-	-

31. COMMITMENTS AND CONTINGENCIES

Operating environment

The Company's business activities are within the Republic of Kazakhstan. Laws and regulations affecting businesses operating in the Republic of Kazakhstan are subject to rapid changes and the Company's assets and operations could be at risk due to negative changes in the political and business environment.

Legal issues

The Company has been and continues to be the subject of legal proceedings and adjudications from time to time, none of which has had, individually or in the aggregate, a material adverse impact on the Company. Management believes that the resolution of all such matters will not have a material impact on the Company's financial position or operating results.

Tax and regulatory environment

The Government of the Republic of Kazakhstan continues to reform the business and commercial infrastructure in its transition to a market economy. As a result laws and regulations affecting businesses continue to change rapidly. These changes are characterized by poor drafting, different interpretations and arbitrary application by the authorities.

In particular taxes are subject to review and investigation by a number of authorities enabled by law to impose fines and penalties. While the Company believes it has provided adequately for all tax liabilities based on its understanding of the tax legislation, the above facts may create tax risks for the Company.

Contingent liabilities

On 13 December 2005 Loan agreement between EBRD and JSC Karcement (the "Borrower") was signed. The Loan was amended and restated on 28 June 2007. On and subject to the terms and conditions of this Agreement, EBRD agrees to lend to the Borrower an amount not to exceed 42,000,000 US Dollar. Under the Guarantee and Support Agreement between the JSC Central Asia Cement, EBRD, the Borrower and other parties, the Company acts as guarantor and irrevocably and unconditionally guarantees to EBRD the due and punctual payment by the Borrower of all sums payable under or in connection with the Loan agreement and agrees that it will pay to EBRD each and every sum of money which the Borrower is at any time liable to pay to EBRD under or pursuant to the Loan agreement which is due but unpaid.

Environment protection matters

The Company believes it is currently in compliance with all existing environmental laws and regulations of the Republic of Kazakhstan. However, these environmental laws and regulations may change in the future. The Company is unable to predict the timing or extent to which these environmental laws and regulations may change. Such change, if it occurs, may require the Company to modernize technology to meet more stringent standards.

Obligations under Liquidation Fund

In accordance with the Subsurface Use Contracts requirements, the Company should contribute on annual basis 0.5% from the amount of actual expenditures for limestone and loam extraction to the liquidation fund, which shall be used for site restoration and abandonment of the Company mining operations. Not later than 6 months before the Subsurface Use Contract expiration the Company shall submit the liquidation program to competent body. As at 31 December 2008 and 2007 the undiscounted contractual liability on future contributions to the liquidation fund obligation is 6,475 and 17,785 thousand tenge, respectively. Management estimated this liability, if discounted, not to have material effect on these financial statements and therefore the Company recorded only current period contributions as liability on 2008 and 2007 balance sheet. Also, in accordance with the Law on Land and resource usage and Environmental rehabilitations the Company will be obliged to provide additional resources to the state in the case the liquidation fund will be insufficient to cover actual site restoration and abandonment costs in the future. As at 31 December 2008 management believes that amount of obligatory liquidation fund exceeds future site restoration and abandonment costs.

32. SUBSEQUENT EVENTS

On 4 February 2009 the National Bank of Kazakhstan made the decision to devaluate Kazakhstani tenge by 25% comparatively to other foreign currencies. The Company has outstanding liabilities demoninated in foreign currency as at 31 December 2008.

In January 2009 the Company obtained three loans from JSC Halyk Bank Kazakhstan in total amount of 2,309,000 US Dollar under the credit line agreement.