UST-KAMENOGORSK POULTRY FARM JSC

International Financial Reporting Standards
Financial Statements and Auditors' Report

31 December 2006

Contents

PRICEWATERHOUSECOOPERS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholder of
Ust-Kamenogorsk Poultry Farm JSC

We have audited the accompanying financial statements of Ust-Kamenogorsk Poultry Farm JSC (the "Company") which comprise the balance sheet as of 31 December 2006 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

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.

Auditor's 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 judgement, 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.

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Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2006, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Almaty, Kazakhstan
25 June 2007

Approved by:
Zhanbota T. Bekenov
General Director of PricewaterhouseCoopers LLP
(General State License of the Ministry of Finance of the Republic of Kazakhstan №0000005 dated 21 October 1999)

Signed by:
Maigul S. Rakhimbekova
Auditor in charge
(Qualified Auditor's Certificate №0000056 dated 28 February 1994)

In thousands of Kazakhstani Tenge	**Note**	**31 December 2006**	**31 December 2005**
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,515,016	1,391,673
Loans to related party	5	156,129	134,279
Other non-current assets	7	29,739	3,352
Total non-current assets		**1,700,884**	**1,529,304**
Current assets			
Trade and other receivables	8	724,143	300,457
Biological assets	9	210,258	296,092
Inventories	10	198,800	281,824
Current income tax prepayments		19,538	-
Cash and cash equivalents	11	11,987	13,715
Total current assets		**1,164,726**	**892,088**
TOTAL ASSETS		**2,865,610**	**2,421,392**
EQUITY			
Share capital	12	245,819	244,726
Revaluation reserve		274,168	282,552
Retained earnings		1,391,140	1,099,769
TOTAL EQUITY		**1,911,127**	**1,627,047**
LIABILITIES			
Non-current liabilities			
Borrowings	13	110,379	463,261
Deferred income tax liability	23	28,089	37,014
Total non-current liabilities		**138,468**	**500,275**
Current liabilities			
Borrowings	13	597,776	68,000
Trade and other payables	14	162,674	150,856
Taxes payable	15	32,544	53,758
Accrued interest	13	23,021	21,456
Total current liabilities		**816,015**	**294,070**
TOTAL LIABILITIES		**954,483**	**794,345**
TOTAL LIABILITIES AND EQUITY		**2,865,610**	**2,421,392**

Approved for issue and signed on behalf of the Board of Directors on 25 June 2007.

Zorinyantz E. General Director	Matrenenko E. Finance Director	Konevskaya V. Chief Accountant

In thousands of Kazakhstani Tenge

	Note	2006	2005
Revenue	16	1,882,647	2,457,263
Cost of sales	17	(1,496,720)	(1,719,568)
Gross profit		**385,927**	**737,695**
Other operating income	18	287,239	15,807
Change in fair value of biological assets		(89,255)	22,478
Distribution costs	19	(34,045)	(61,033)
General and administrative expenses	20	(218,311)	(216,170)
Operating profit		**331,555**	**498,777**
Finance income	21	46,936	17,211
Finance costs	22	(98,915)	(77,419)
Profit before income tax		**279,576**	**438,569**
Income tax credit/(expense)	23	3,411	(30,980)
Profit for the year		**282,987**	**407,589**

In thousands of Kazakhstani Tenge	Note	Share capital	Revaluation reserve	Retained earnings	Total equity
Balance at 1 January 2005		244,726	288,059	738,313	1,271,098
Realised revaluation reserve		-	(5,507)	5,507	-
Net income recognised directly in equity		**-**	**(5,507)**	**5,507**	**-**
Profit for the year		-	-	407,589	407,589
Total recognised income for 2005		**-**	**(5,507)**	**413,096**	**407,589**
Distributions to the Company's shareholder		-	-	(51,640)	(51,640)
Balance at 31 December 2005		**244,726**	**282,552**	**1,099,769**	**1,627,047**
Realised revaluation reserve		-	(8,384)	8,384	-
Net income recognised directly in equity		**-**	**(8,384)**	**8,384**	**-**
Profit for the year		-	-	282,987	282,987
Total recognised income for 2006		**-**	**(8,384)**	**291,371**	**282,987**
Sale of treasury shares	12	1,093	-	-	1,093
Balance at 31 December 2006		**245,819**	**274,168**	**1,391,140**	**1,911,127**

In thousands of Kazakhstani Tenge	Note	2006	2005
Cash flows from operating activities			
Profit before income tax		279,576	438,569
Adjustments for:			
Depreciation and amortisation		83,684	79,732
Change in fair value of biological assets		89,255	(22,478)
Gains less losses on disposal of property, plant and equipment	18	(1,237)	593
Impairment of trade and other receivables	20	4,341	7,553
Finance costs	22	98,915	77,419
Gain on origination of borrowings at rates below market	21	(25,086)	-
Operating cash flows before working capital changes		**529,448**	**581,388**
(Increase) in trade and other receivables		(398,773)	(247,017)
(Increase) in biological assets		(2,578)	(8,734)
Decrease in inventories		82,181	80,179
Increase/(decrease) in trade and other payables		11,818	(21,891)
Increase/(decrease) in taxes payable		(19,638)	12,787
Cash generated from operations		**202,458**	**396,712**
Income taxes paid		(30,557)	(19,808)
Net cash from operating activities		**171,901**	**376,904**
Cash flows from investing activities			
Purchase of property, plant and equipment		(263,691)	(194,444)
Proceeds from sale of property, plant and equipment		2,260	13,429
Loans granted to related party, net of payments received	5	(21,850)	(34,650)
Net cash used in investing activities		**(283,281)**	**(215,665)**
Cash flows from financing activities			
Interest paid		(89,012)	(75,712)
Proceeds from borrowings		530,271	243,726
Repayment of borrowings		(332,700)	(328,300)
Proceeds from sale of treasury shares	12	1,093	-
Net cash from/(used in) financing activities		**109,652**	**(160,286)**
Net increase/(decrease) in cash and cash equivalents		**(1,728)**	**953**
Cash and cash equivalents at the beginning of the year		13,715	12,762
Cash and cash equivalents at the end of the year	11	**11,987**	**13,715**

1 The Company and its Operations

These financial statements have been prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2006 for Ust-Kamenogorsk Poultry Farm JSC (the "Company").

The Company was established in 1976 as a state owned enterprise. In accordance with the State Property Sale-Purchase Agreement dated 4 March 1993 between the East Kazakhstan Territorial Committee on Management of State Property and the employees of the Company, the properties of the Company were transferred to the Company's employees, and, accordingly, on 24 March 1993, the Company was reregistered as a collective enterprise. On 16 January 1998, pursuant to a decision of the employee representatives conference held in February 1996, the Company was reregistered as a closed joint stock company. Subsequently, the Company was reregistered as a joint stock company.

In accordance with the Memorandum of Intent dated 21 February 1997, and the Subscription and Shareholders' Agreement dated 23 November 1997 (collectively, the "Agreements") between Delta LLP, holding a controlling ownership interest in the Company, GIMV (Belgium), and the European Bank for Reconstruction and Development (the "EBRD") (collectively, the "Parties"), the Parties agreed to restructure the Company, which substantially stopped its production in mid-1995 due to various financial difficulties. In accordance with the terms of the Agreements, EBRD and GIMV made contributions to the Company in the form of equity financing, lending resources and technical and other consulting services.

In April 2004, the Company purchased the interest in its equity share capital owned by Delta LLP. On 24 November 2004, the Company's shares owned by EBRD and GIMV were acquired by Aitas-Sauda LLP which became the only ultimate shareholder of the Company. On 17 November 2006, the Company sold its treasury shares to Aitas Sauda LLP. In 2007 Aitas Sauda LLP was reregistered to Soyuz Inter Product LLP.

Principal activity. The Company is a vertically integrated broiler factory, engaged in raising broiler breeders, producing broilers, processing and selling of broiler meat and by-products to wholesalers.

Registered address. The Company's registered address is:

071600, Republic of Kazakhstan, Vostochno-Kazakhstanskaya oblast, Ulanskiy district, Molodezhnyi settlement.

2 Basis of Preparation and Significant Accounting Policies

Basis of preparation. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, as modified by the revaluation of property, plant and equipment and biological assets. The principal accounting policies applied in the preparation of these financial statements are set out below. These financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (June 2007), unless otherwise stated (refer to Note 4, Adoption of New or Revised Standards and Interpretations and New Accounting Pronouncements).

Presentation and functional currency. All amounts in these financial statements are presented in thousands of Kazakhstani Tenge ("Tenge"), unless otherwise stated. The functional currency of the Company is Tenge.

Foreign currency transactions. Monetary assets and liabilities, which are held by the Company and denominated in foreign currencies at 31 December 2006 are translated into Kazakhstani Tenge at the exchange rate prevailing at that date. Foreign currency transactions are accounted for at the exchange rate prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency are recognised in the income statement.

At 31 December 2006 the principal rate of exchange used for translating foreign currency balances was US dollar (USD) 1 = Tenge 127.00 (2005: USD 1 = Tenge 133.77). Exchange restrictions and currency controls exist relating to converting Tenge into other currencies. At present, Tenge is not a freely convertible currency in most countries outside of the Republic of Kazakhstan.

Property, plant and equipment. Property, plant and equipment are carried at revalued amounts less accumulated depreciation and provision for impairment, where required.

Property, plant and equipment are subject to revaluation on a regular basis. The frequency of revaluation depends upon the movements in the fair values of the assets being revalued. Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity; all other decreases are charged to the income statement. The revaluation reserve in equity is transferred directly to retained earnings

2 Basis of Preparation and Significant Accounting Policies (Continued)

when the surplus is realised either on the retirement or disposal of the asset or as the asset is used by the Company; in the latter case, the amount of the surplus realised is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Construction in progress is carried at cost. Upon completion, assets are transferred to premises and equipment at their carrying amount. Construction in progress is not depreciated until the asset is available for use.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in the income statement when the asset is retired.

Depreciation. Land is not depreciated. The cost of each item of property, plant and equipment is depreciated over its useful life to residual value. Depreciation is charged to the income statement on a straight line basis over the estimated useful life of the individual asset.

The expected useful lives are as follows:

	Useful lives in years
Buildings and constructions	8 to 100
Machinery and equipment	4 to 60
Vehicles	7 to 11
Other	4 to 11

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Company expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

In 2006 the management revised its policy in allocation of idle time depreciation of production property, plant and equipment between production and general and administrative expenses. Previously depreciation during sanitary idle time of production property, plant and equipment was charged to general and administrative expenses. Starting from 2006 this depreciation is charged to production costs. Necessary reclassifications in corresponding comparative figures have been made to conform to changes in the presentation of the current year

Impairment. At each reporting date the management assess whether there is any indication of impairment of property, plant and equipment. If any such indication exists, the management estimates the recoverable amount, which is determined as the higher of "value in use" (being the net present value of expected future cash flows of the relevant cash generating unit) and "fair value less costs to sell" (the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal). The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in the income statement to the extent it exceeds the previous revaluation surplus in equity. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Trade and other receivables. Trade and other receivables are initially recognised at fair value. Trade and other receivables are subsequently carried at amortised cost using the effective interest method. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision 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. The amount of the provision is recognised in the income statement.

Biological assets. Biological assets in the form of growing breeders, breeding stock and broilers are measured at their fair value less estimated point-of-sale costs. The valuation of the Company's poultry assets is based on discounted cash flow models whereby the fair value of the biological assets is calculated as the present value of expected net cash flows from the asset discounted at current market-determined pre-tax rate.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Inventories. Materials, purchased feed and supplies inventories are recorded at the lower of cost and net realisable value. Cost of inventory is determined on the weighted average basis. The cost of finished goods comprises materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Cash and cash equivalents. Cash and cash equivalents include cash in hand and deposits held at call with banks. Cash and cash equivalents are carried at amortised cost using the effective interest method. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet are included in other non-current assets.

Dividends. Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the financial statements are authorised for issue.

Value added tax. Value-added tax ("VAT") related to sales is payable to the tax authorities when goods are shipped or services are rendered. Purchase VAT can be offset against sales VAT upon the receipt of a tax invoice from a supplier. Tax legislation allows the settlement of VAT on a net basis. Accordingly, VAT related to sales and purchases unsettled at the balance sheet date is stated in the balance sheet on a net basis.

Borrowings. Borrowings are initially recorded at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

In case if a loan is obtained at interest rates different from market rates, the loan is remeasured at origination to its fair value, being future interest payments and principal repayments discounted at market interest rates for similar loans. The difference between the fair value of the loan at origination and its cost (fair value of the contribution to the borrower, net of transaction costs) represents an origination gain or loss. The origination gain or loss is recorded in the statement of income within finance income/costs unless it qualifies for recognition as an asset, liability or a charge to equity in accordance with the substance of the arrangement. Subsequently, the carrying amount of the borrowings is adjusted for amortisation of the gains/losses on origination and the amortisation is recorded as interest income/expense using the effective yield method.

Borrowing costs are recognised as an expense on a time proportion basis using the effective interest method. The Company does not capitalise borrowing costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Trade and other payables. Trade and other payables are accrued when the counterparty performed its obligations under the contract. The Company recognises trade payables at fair value. Subsequently trade payables are carried at amortised cost using the effective interest method.

Provisions for liabilities and charges. Provisions for liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Revenue recognition. Revenues are recorded at the fair value of the consideration received or receivable net of any discounts and value added tax. Revenues from sales of goods are recognised at the point of transfer of risks and rewards of ownership of the goods, normally when the goods are shipped. If the Company agrees to transport goods to a specified location, revenue is recognised when the goods are passed to the customer at the destination point.

Sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Finance income and finance costs. Finance income and costs comprise gain on origination of borrowings at rates below market, interest expense on borrowings, interest expense from unwinding of discount on financial liabilities.

2 Basis of Preparation and Significant Accounting Policies (Continued)

Interest income/interest expense is recognised using the effective yield on the asset/liability.

Government grants. Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight line basis over the expected lives of the related assets.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Payroll expense and related contributions. Wages, salaries, contributions to pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Company. On behalf of its employees, the Company pays those statutory pension and post-employment benefit amounts prescribed by the legal requirements of the Republic of Kazakhstan. These payments are expensed as incurred. Upon retirement of employees, the financial obligations of the Company cease and all subsequent payments to retired employees are administered by the state and private cumulative pension funds.

Income taxes. Income taxes have been provided for in the financial statements in accordance with Kazakhstani legislation enacted or substantively enacted by the balance sheet date. The income tax charge comprises current tax and deferred tax and is recognised in the income statement unless it relates to transactions that are recognised, in the same or a different period, directly in equity.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates where the financial statements are authorised prior to the filing of the relevant tax returns. Taxes, other than on income, are recorded within administrative and other operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the balance sheet date which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profits will be available against which the deductions can be utilised.

Changes in presentation. Where necessary, corresponding figures have been reclassified to conform to changes in the presentation of the current year. The effect of all reclassifications is as follows:

In thousands of Kazakhstani Tenge	**Note**	**2005**
Increase in		
Accrued interest	13	21,456
Cost of sales – depreciation	17	14,399
Other operating income	18	270
Decrease in		
Borrowings	13	21,456
General and administrative expenses – depreciation	20	14,399
Foreign exchange gains less losses	18	270

3 Critical Accounting Estimates, and Judgements in Applying Accounting Policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

3 Critical Accounting Estimates, and Judgements in Applying Accounting Policies (Continued)

Impairment of property, plant and equipment. At each reporting date the management assess whether there is any indication of impairment of property, plant and equipment. If any such indication exists, the management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The value in use calculations require the use of estimates and judgements by management that are believed to be reasonable under the circumstances.

Fair value of biological assets. The valuation of the biological assets is based on discounted cash flow models. The fair value of the biological assets could be impacted to the extent that actual cash flows in the future are different from current forecast which would generally arise as a result of significant changes in any of the factors or assumptions used in calculations.

These factors could include:

- differences between actual prices and price assumptions used in the estimation of net realisable value of broiler meat and eggs;
- changes in egg production capacity of breeding stock
- unforeseen operational issues inherent to the industry specifics; and
- changes in production, processing and distribution costs, discount rates and foreign exchange rates possibly adversely affecting the fair value of biological assets.

Provision for impairment of trade receivables. A provision for impairment of trade receivables is based on the evaluation by management of the collection performance and the overdue history of accounts receivable balances.

Initial recognition of related party transactions. In the normal course of business the Company enters into transactions with its related parties. IAS 39 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses.

4 Adoption of New or Revised Standards and Interpretations and New Accounting Pronouncements

Certain new IFRS became effective for the Company from 1 January 2006. Listed below are those new or amended standards or interpretations which are or in the future could be relevant to the Company's operations and the nature of their impact on the Company's accounting policies.

IFRIC 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006). IFRIC 4 requires that determining whether an arrangement is, or contains, a lease be based on the substance of the arrangement. It requires an assessment of whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. The Company reassessed its arrangements and concluded that no adjustments are required as a result of adoption of IFRIC 4.

IAS 19 (Amendment) - Employee Benefits (effective from 1 January 2006). The amendment introduced an additional option to recognise actuarial gains and losses arising in post-employment defined benefit plans in full directly in retained earnings in equity. It also requires new disclosures about defined benefit plans and clarifies accounting for a contractual agreement between a multi-employer plan and participating employers. This amendment did not have a significant impact on these financial statements.

Certain new standards and interpretations have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2007 or later periods and which the Company's has not early adopted:

IFRS 7 Financial Instruments: Disclosures and a Complementary Amendment to IAS 1 Presentation of Financial Statements - Capital Disclosures (effective from 1 January 2007). The IFRS introduces new disclosures to improve the information about financial instruments. The volume of disclosures will increase significantly with an emphasis on quantitative aspects of risk exposures and the methods of risk management. The quantitative disclosures will provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. Qualitative and quantitative disclosures will cover exposure to credit risk, liquidity risk and market risk including sensitivity analysis to market risk. IFRS 7 replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and some of the requirements in IAS 32, Financial Instruments: Disclosure and Presentation. The Amendment to IAS 1 introduces disclosures about level of an entity's capital and how it manages capital. The Company is currently assessing what impact the new IFRS and the amendment to IAS 1 will have on disclosures in its financial statements.

4 Adoption of New or Revised Standards and Interpretations and New Accounting Pronouncements (Continued)

IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2009). The Standard applies to entities whose debt or equity instruments are traded in a public market or that file, or are in the process of filing, their financial statements with a regulatory organisation for the purpose of issuing any class of instruments in a public market. IFRS 8 requires an entity to report financial and descriptive information about its operating segments and specifies how an entity should report such information. Management does not expect IFRS 8 to affect the Company's financial statements.

Other new standards or interpretations. The Company has not early adopted the following other new standards or interpretations:

- IFRIC 7, Applying the Restatement Approach under IAS 29 (effective for periods beginning on or after 1 March 2006, that is from 1 January 2007).
- IFRIC 8, Scope of IFRS 2 (effective for periods beginning on or after 1 May 2006, that is from 1 January 2007).
- IFRIC 9, Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006);
- IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006);
- IFRIC 11, IFRS 2—Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007);
- IFRIC 12, Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008).
- IAS 23, Borrowing Costs (effective for annual periods beginning on or after 1 January 2009).

Unless otherwise described above, these new standards and interpretations are not expected to significantly affect the Company's financial statements.

5 Balances and Transactions with Related Parties

Parties are considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence and joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Company's ultimate controlling parties are disclosed in Note 1.

The nature of the related party relationships for those related parties with whom the Company entered into significant transactions or had significant balances outstanding at 31 December 2006 and 2005 are detailed below.

At 31 December 2006, the outstanding balances with related parties were as follows:

In thousands of Kazakhstani Tenge	**Entities under common control**	**Shareholders**
Trade and other receivables	-	552,775
Loans to related party	-	156,129

At 31 December 2005, the outstanding balances with related parties were as follows:

In thousands of Kazakhstani Tenge	**Entities under common control**	**Shareholders**
Trade and other receivables	-	256,402
Loans to related party	-	134,279
Trade and other payables	8,100	-

5 Balances and Transactions with Related Parties (Continued)

The income and expense items with related parties for the year 2006 were as follows:

In thousands of Kazakhstani Tenge	**Entities under common control**	**Shareholders**	**Key management personnel**
Revenue from sales of goods	-	1,646,988	-
Other operating income	-	3,257	-
Unwinding of the present value discount	-	21,850	-
Key management compensation	-	-	9,132

The income and expense items with related parties for the year 2005 were as follows:

In thousands of Kazakhstani Tenge	**Entities under common control**	**Shareholders**	**Key management personnel**
Revenue from sales of goods	-	613,654	-
Other operating income	-	640	-
Unwinding of the present value discount	-	16,703	-
Key management compensation	-	-	22,118

6 Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

In thousands of Kazakhstani Tenge	**Freehold land**	**Buildings and constructions**	**Machinery and equipment**	**Vehicles**	**Other**	**Construction in progress**	**Total**
Valuation at 1 January 2005	58	1,082,343	658,629	142,556	20,654	90,120	1,994,360
Accumulated depreciation	-	(265,104)	(305,054)	(128,792)	(10,079)	-	(709,029)
Carrying amount at 1 January 2005	**58**	**817,239**	**353,575**	**13,764**	**10,575**	**90,120**	**1,285,331**
Additions	-	61,145	41,653	34,221	2,537	49,359	188,915
Transfers	-	20,801	6,525	-	130	(27,456)	-
Depreciation charge	-	(17,481)	(53,787)	(4,229)	(2,229)	-	(77,726)
Disposals	-	(605)	(1,658)	(2,469)	(83)	(32)	(4,847)
Valuation at 31 December 2005	58	1,163,382	697,240	152,846	22,238	111,991	2,147,755
Accumulated depreciation	-	(282,283)	(350,932)	(111,559)	(11,308)	-	(756,082)
Carrying amount at 31 December 2005	**58**	**881,099**	**346,308**	**41,287**	**10,930**	**111,991**	**1,391,673**
Additions	2,494	-	12	927	-	203,862	207,295
Transfers	-	-	13,841	-	1,406	(15,247)	-
Depreciation charge	-	(18,755)	(55,105)	(6,749)	(2,320)	-	(82,929)
Disposals	-	(120)	(421)	(258)	(224)	-	(1,023)
Valuation at 31 December 2006	2,552	1,163,226	708,862	149,393	23,227	300,606	2,347,866
Accumulated depreciation	-	(301,002)	(404,227)	(114,186)	(13,435)	-	(832,850)
Carrying amount at 31 December 2006	**2,552**	**862,224**	**304,635**	**35,207**	**9,792**	**300,606**	**1,515,016**

Property, plant and equipment have been revalued to market value as of 15 January 2002. The revaluation was performed on the basis of an appraisal performed by a professional real estate appraisal company operating in the Republic of Kazakhstan under a licence. The bases used for the appraisal were replacement cost and market value.

At 31 December 2006, certain property, plant and equipment carried at Tenge 724,170 thousand have been pledged as collateral for borrowings (2005: Tenge 268,816 thousand) (Note 13).

At 31 December 2006, the gross carrying value of property, plant and equipment, which has been fully depreciated and still in use, was Tenge 196,784 thousand (2005: Tenge 204,313 thousand).

7 Other Non-Current Assets

In thousands of Kazakhstani Tenge	**2006**	**2005**
Prepayments for property, plant and equipment	27,142	-
Intangible assets	2,597	3,352
Total other non-current assets	**29,739**	**3,352**

8 Trade and Other Receivables

In thousands of Kazakhstani Tenge	2006	2005
Trade receivables	434,539	269,148
Advances to suppliers	262,828	25,948
Restricted cash	29,254	-
Receivables for utilities services rendered	6,592	12,806
Deferred expenses	2,962	563
Receivable from employees	2,514	421
Other receivables	4,390	11,168
Less: impairment loss provision	(18,936)	(19,597)
Total trade and other receivables	**724,143**	**300,457**

Restricted cash represents a letter of credit deposited in bank for supply of property, plant and equipment.

9 Biological assets

The Company is engaged in production of broilers for supply to various customers. Summarised below are approximate quantities of bearer (parent stock) and consumable (broilers) biological assets in thousand of heads as of 31 December 2006 and 31 December 2005:

	Bearer biological assets (parent stock)		**Consumable biological assets (broilers)**	
	2006	2005	2006	2005
Females	117	124	-	-
Males	12	13	-	-
Broilers	-	-	908	849
Total quantity of biological assets	**129**	**137**	**908**	**849**

The Company produced 10,874 thousand kg of chicken meat and by-products in the year ended 31 December 2006 (2005: 11,489 thousand kg). The movement in biological assets is summarised as follows:

	Consumable biological assets (broilers)	**Bearer biological assets (parent stock)**	**Total biological assets**
Carrying amount at 31 December 2005 – at fair value	146,379	149,713	296,092
Additions	243,459	53,878	297,337
Change in fair value less point-of-sale costs	(61,058)	967,685	906,627
Decrease due to harvest	(214,308)	(1,075,490)	(1,289,798)
Carrying amount at 31 December 2006 – at fair value	**114,472**	**95,786**	**210,258**

10 Inventories

In thousands of Kazakhstani Tenge	2006	2005
Raw materials	191,351	265,632
Finished products	9,530	20,246
Less: provision for obsolete inventories	(2,081)	(4,054)
Total inventories	**198,800**	**281,824**

11 Cash and Cash Equivalents

In thousands of Kazakhstani Tenge	**2006**	**2005**
Bank accounts – Tenge	614	7,146
Cash in hand	11,373	6,569
Total cash and cash equivalents	**11,987**	**13,715**

12 Share Capital

	31 December 2006		**31 December 2005**	
In thousands of Kazakhstani Tenge	**Number**	**Value**	**Number**	**Value**
Ordinary shares	16,120	237,948	16,120	237,948
Preference shares	2,520	36,079	2,520	36,079
Treasury shares	-	-	(2,186)	(31,297)
Share premium/(deficit)	-	(28,208)	-	1,996
Total share capital	**18,640**	**245,819**	**16,454**	**244,726**

The total authorised number of ordinary shares is 16,120 shares (2005: 16,120 shares) with a par value of Tenge 14,317 per share (2005: Tenge 14,317 per share). All issued ordinary shares are fully paid. Each ordinary share carries one vote.

The total authorised number of preference shares is 2,520 shares (2005: 2,520 shares) with a par value of Tenge 14,317 per share (2005: Tenge 14,317 per share). All issued preference shares are fully paid.

In November 2006, the Company reissued 2,186 shares previously held as treasury shares. The total amount received for treasury shares was Tenge 1,093 and has been added to equity. Share deficit represents the difference between contributions received and the nominal value of shares reissued.

The preference shares are not redeemable and rank ahead of the ordinary shares in the event of the Company's liquidation. Holders of preferred shares are entitled to a fixed annual dividend at 0.1 percent of the face value of preferred shares held.

Ordinary dividends are approved at the Annual Shareholders' Meeting and distributed from the net income reported in the statutory financial statements. No dividends to the holders of ordinary shares were declared in 2006 and 2005.

13 Borrowings

In thousands of Kazakhstani Tenge	**2006**	**2005**
Short-term debt		
Bonds issued	459,993	-
ATF Bank	110,400	68,000
Current portion of term loan from KazAgroFinance	27,383	-
Total short term borrowings	**597,776**	**68,000**
Long term debt		
Bonds issued	-	463,261
Long-term portion of term loan from KazAgroFinance	110,379	-
Total long term borrowings	**110,379**	**463,261**
Total borrowings	**708,155**	**531,261**

13 Borrowings (Continued)

The interest accrued is as follows:

In thousands of Kazakhstani Tenge	**2006**	**2005**
Bonds issued	21,456	21,456
KazAgroFinance	1,565	-
Total interest accrued	**23,021**	**21,456**

The Company's borrowings mature as follows:

In thousands of Kazakhstani Tenge		**2006**	**2005**
Borrowings due:	- within 1 year	597,776	68,000
	- between 2 and 5 years	86,726	463,261
	- after 5 years	23,653	-
Total borrowings		**708,155**	**531,261**

All the Company's borrowings are denominated in Tenge.

Bonds issued. The Company's bonds were issued in 2003-2004 and have maturity date of 11 September 2007. The bonds bear interest at an annualised rate of 14 percent payable semi-annually on March 11 and September 11 of each year. The purpose of the bond issue was to finance the Company's investment programme.

ATF bank. On 20 December 2005, the Company entered into a credit facility with ATF Bank (the "ATF Credit Facility 1"). The ATF Credit Facility 1 provides for a maximum line of credit of Tenge 270,000 thousand, which includes direct loans, letters of credit and guarantees. The purpose of the ATF Credit Facility 1 is to finance working capital of the Company.

The ATF Credit Facility 1 is available until 20 December 2007. Direct loans provided under the ATF Credit Facility 1 bear interest at the rate of 13 percent per annum and are repayable on a monthly basis.

Under the ATF Credit Facility 1 the Company obtained a loan in amount of Tenge 101,200 thousand. Under the programme "Government support of agriculture development" the Ministry of Agriculture subsidise 59.48 percent of the interest on this loan. The loan is repayable in full in May 2007.

The effective interest rate of the direct loans provided under the ATF Credit Facility 1 as of 31 December 2006 is 5.27 percent per annum.

On 4 April 2006, the Company entered into a new credit facility with ATF Bank (the "ATF Credit Facility 2"). The ATF Credit Facility 2 provides for a maximum line of credit of Tenge 185,000 thousand, which includes direct loans, letters of credit and guarantees. The purpose of the ATF Credit Facility 2 is to finance purchases of machinery and equipment.

The ATF Credit Facility 2 is available until 4 April 2007. Direct loan provided under the ATF Credit Facility 2 carries interest at an annualised rate of 13 percent per annum and is repayable starting from May 2006 on a monthly basis.

Both Credit Facilities are secured by certain property, plant and equipment as disclosed in Note 6.

KazAgroFinance. On 5 April 2006, the Company entered into a loan agrement with KazAgroFinance JSC (the "KazAgroFinance Loan"). The KazAgroFinance Loan is repayable during the period from March 2007 to April 2013 on a semi-annual basis. The effective interest rate of the KazAgroFinance Loan as of 31 December 2006 is 13 percent per annum. The purpose of the KazAgroFinance Loan is to finance purchases of machinery and equipment.

13 Borrowings (Continued)

The carrying amounts and fair values of borrowings are as follows:

	Carrying amounts		Fair values	
In thousands of Kazakhstani Tenge	**2006**	**2005**	**2006**	**2005**
Bonds issued	459,780	459,780	459,993	463,261
ATF Bank	110,400	68,000	110,400	68,000
KazAgroFinance	155,171	-	137,762	-
Total borrowings	**725,351**	**527,780**	**708,155**	**531,261**

14 Trade and Other Payables

In thousands of Kazakhstani Tenge	**2006**	**2005**
Trade payables	133,458	108,143
Salaries payable	21,039	35,049
Advances received	5,597	5,294
Accrued liabilities and other creditors	2,580	2,370
Total trade and other payables	**162,674**	**150,856**

Trade payables denominated in foreign currencies are as follows:

In thousands of Kazakhstani Tenge	**2006**	**2005**
Euro	63,515	-
US dollar	21	15,866
Trade payables denominated in foreign currencies	**63,536**	**15,866**

15 Taxes Payable

In thousands of Kazakhstani Tenge	**2006**	**2005**
Payroll taxes	21,398	29,408
VAT	8,448	15,698
Current income tax	-	5,505
Other	2,698	3,147
Total taxes payable	**32,544**	**53,758**

16 Revenue

In thousands of Kazakhstani Tenge	**2006**	**2005**
Sale of broiler meat and by-products	1,783,866	2,296,500
Sale of sausages and smoked products	122,437	106,607
Sale of other	30,259	106,369
Goods returns and discounts	(53,915)	(52,213)
Total revenue	**1,882,647**	**2,457,263**

17 Cost of Sales

In thousands of Kazakhstani Tenge	**2006**	**2005**
Feed	728,732	903,650
Payroll and related expenses	221,917	199,821
Materials	110,103	127,448
Veterinary	83,230	154,570
Electricity	73,714	69,600
Fuel	67,971	70,661
Depreciation	66,383	71,217
Other	144,670	122,601
Total cost of sales	**1,496,720**	**1,719,568**

18 Other Operating Income

In thousands of Kazakhstani Tenge	**2006**	**2005**
Government grants received	260,442	-
Income from utilities sold	8,699	6,472
Foreign exchange gains less losses, net	7,097	270
Gains less losses on disposal of property, plant and equipment, net	1,237	(593)
Other	9,764	9,658
Total other operating income	**287,239**	**15,807**

During 2006 the Company obtained grant under the government programme "On subsidisation of improvement of productivity and quality of agriculture production". The Company fulfilled conditions and other contingencies attached to the grant and recognised it as income in full.

19 Distribution Costs

In thousands of Kazakhstani Tenge	**2006**	**2005**
Transportation	10,961	12,063
Payroll and related expenses	8,712	14,676
Electricity	6,648	7,604
Warehouses	3,071	20,958
Depreciation	1,976	2,073
Repair and maintenance	472	290
Marketing and advertising	163	677
Other	2,042	2,692
Total distribution costs	**34,045**	**61,033**

20 General and Administrative Expenses

In thousands of Kazakhstani Tenge	**2006**	**2005**
Payroll and related expenses	92,034	100,003
Transportation	20,191	15,569
Audit and consulting services	16,121	7,022
Taxes other than on income	12,955	11,848
Business trip and representative expenses	10,245	6,554
Communication	5,207	5,640
Bank charges	4,365	6,356
Impairment of trade and other receivables	4,341	7,553
Depreciation of property, plant and equipment	4,034	6,442
Environmental expenses	3,852	2,871
Catering and medical service	3,540	3,625
Security	3,285	3,107
Materials	2,886	8,497
Fines and penalties	2,731	301
Social payments	1,912	831
Insurance	1,066	1,321
Repair and maintenance	824	7,280
Other	28,722	21,350
Total general and administrative expenses	**218,311**	**216,170**

21 Finance Income

In thousands of Kazakhstani Tenge	**2006**	**2005**
Gain on origination of borrowings at rates below market	25,086	-
Loans to related party: unwinding of the present value discount	21,850	16,703
Interest income on bank deposits	-	508
Total finance income	**46,936**	**17,211**

22 Finance Costs

In thousands of Kazakhstani Tenge	**2006**	**2005**
Interest expense – issued bonds (Note 13)	64,369	66,076
Interest expense – ATF Bank (Note 13)	19,045	-
Interest expense – KazAgroFinance (Note 13)	11,572	-
Interest expense – Kazkommertsbank	-	9,450
Restructured tax amortisation	3,929	1,893
Total finance costs	**98,915**	**77,419**

23 Income Taxes

Income tax expense/(credit) comprises the following:

In thousands of Kazakhstani Tenge	**2006**	**2005**
Current income tax	5,514	25,313
Deferred income tax	(8,925)	5,667
Income tax expense/(credit) for the year	**(3,411)**	**30,980**

23 Income Taxes (Continued)

Reconciliation between the expected and the actual taxation charge/(credit) is provided below:

In thousands of Kazakhstani Tenge	2006	2005
IFRS profit before tax	**279,576**	**438,569**
Theoretical tax charge at applicable statutory rate (6 percent for agricultural activities and 30 percent for other activities)	15,904	30,318
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Non-taxable interest income	(3,880)	(1,002)
- Non-taxable government grants received	(15,627)	-
- Other non-taxable income	(6,095)	(1,496)
- Non-deductible interest expense	877	113
- Non-deductible fines and penalties	530	-
- Non-deductible sponsorship expense	524	348
- Non-deductible provision for inventory obsolescence and shortages	2,467	-
- Other non-deductible expenses	1,889	2,699
Income tax expense/(credit) – current year	**(3,411)**	**30,980**

Differences between IFRS and Kazakhstani statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the applicable tax rate.

In thousands of Kazakhstani Tenge	1 January 2006	Charged/ (credited) to profit or loss	31 December 2006
Tax effect of deductible temporary differences			
Accruals	1,780	465	2,245
Trade and other receivables	776	360	1,136
Biological assets	-	701	701
Inventories	-	74	74
Gross deferred tax asset	**2,556**	**1600**	**4,156**
Tax effect of taxable temporary differences			
Property, plant and equipment	35,109	(2,864)	32,245
Biological assets	4,169	(4,169)	-
Inventories	292	(292)	-
Gross deferred tax liability	**39,570**	**(7,325)**	**32,245**
Less offsetting with deferred tax assets	(2,556)	(1,600)	(4,156)
Recognised deferred tax liability	**37,014**	**(8,925)**	**28,089**

23 Income Taxes (Continued)

In thousands of Kazakhstani Tenge	1 January 2005	Charged/ (credited) to profit or loss	31 December 2005
Tax effect of deductible temporary differences			
Accruals	1,275	505	1,780
Trade and other receivables	683	93	776
Gross deferred tax asset	**1,958**	**598**	**2,556**
Tax effect of taxable temporary differences			
Property, plant and equipment	29,949	5,160	35,109
Biological assets	1,447	2,722	4,169
Inventories	1,909	(1,617)	292
Gross deferred tax liability	**33,305**	**6,265**	**39,570**
Less offsetting with deferred tax assets	(1,958)	(598)	(2,556)
Recognised deferred tax liability	**31,347**	**5,667**	**37,014**

24 Contingencies, Commitments and Operating Risks

Political and economic situation in Kazakhstan. Whilst there have been improvements in the economic situation in the Republic of Kazakhstan in recent years, its economy continues to display some characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets.

Additionally, the agricultural sector in Kazakhstan is impacted by political, legislative, fiscal and regulatory developments in Kazakhstan. The prospects for future economic stability in Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the government, together with legal, regulatory and political developments, which are beyond the Company's control.

The financial condition and future operations of the Company may be adversely affected by continued economic difficulties that are characteristic of an emerging market. Management is unable to predict the extent and duration of the economic difficulties, nor quantify the impact, if any, on these financial statements.

Tax legislation. Kazakhstani tax legislation and practice is in a state of continuous development and therefore is subject to varying interpretations and frequent changes, which may be retroactive. Further, the interpretation of tax legislation by tax authorities as applied to the transactions and activities of the Company may not coincide with that of management. As a result, transactions may be challenged by tax authorities and the Company may be assessed additional taxes, penalties and interest. Tax periods remain open to retroactive review by the tax authorities for five years.

The Company's management believes that its interpretation of the relevant legislation is appropriate and the Company's tax, currency legislation and customs positions will be sustained. Accordingly, at 31 December 2006 no provision for potential tax liabilities had been recorded (2005: no provision).

Legal proceedings. From time to time and in the normal course of business, claims against the Company are received. On the basis of its own estimates and both internal and external professional advice the management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these financial statements.

Avian Influenza (Bird flu) H5N1. Avian influenza, an infection caused by H5N1 virus, was first detected in Asia in 1996. The virus occurs naturally among wild birds and is very contagious for domesticated birds. Since first detection outbreaks of highly pathogenic avian influenza occurred among poultry in South-Eastern Asia, Europe and the Near East. World Health Organization confirmed about 310 cases of human infection and 189 death cases from several subtypes of avian influenza infection resulted from contact with infected poultry or contaminated surfaces since 1997.

By the moment, no evidence for genetic mutation between human and avian influenza virus genes has been found, however, bird import restrictions for certain Asian and European countries remains effective in the most of countries.

24 Contingencies, Commitments and Operating Risks (Continued)

As per American Center for Deseases, the avian influenza animal outbreak in Asia and parts of Europe, the NearEast, and Africa is not expected to diminish significantly in the short term. It is likely that contact with infected poultry will continue to occur.

Management has taken a number of reactive measures in order to prevent and mitigate any negative impact of the asian influenza on the Company's chicken flock including but not limited to tightened security procedures and veterinary treatment. Management believes that the avian influenza will not have a material adverse effect on the Company's operations and financial position.

25 Financial Risk Management

Credit risk. Financial assets, which potentially subject Company to credit risk, consist principally of trade receivables. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The carrying amount of accounts receivable, net of provision for impairment of receivables, represents the maximum amount exposed to credit risk. The Company's trade receivables are mainly comprised of receivable from the Company's shareholder which acts as an exclusive distributor of the Company's goods starting from 4th quarter 2005. Although collection of receivables could be influenced by economic factors, the Company's management believes that there is no significant risk of loss to the Company beyond the already recorded provisions for impairment of receivables.

Cash is placed in financial institutions, which are considered at time of deposit to have minimal risk of default.

Cash flow and fair value interest rate risk. The Company's income and operating cash flows are exposed to changes in market interest rates. The Company is exposed to fair value interest rate risk through market value fluctuations of interest-bearing borrowings, the majority of which are at fixed interest rates. The Company has no significant interest-bearing assets.

26 Fair Value of Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The estimated fair values of financial instruments have been determined by the Company using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. The Republic of Kazakhstan continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial assets carried at amortised cost. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

Liabilities carried at amortised cost. The estimated fair value of fixed interest rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Refer to Note 13 for the estimated fair values of borrowings.