

Company No. LL04433



**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2011
(Unaudited)
(In United States Dollars)**

Company No. LL04433

STEPPE CEMENT LTD
(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)
AND ITS SUBSIDIARY COMPANIES

INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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STEPPE CEMENT LTD

(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)

AND ITS SUBSIDIARY COMPANIES

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2011 (UNAUDITED)**

	Note	The Group 6 months ended		The Company 6 months ended	
		30 June 2011 USD'000	30 June 2010 USD'000	30 June 2011 USD'000	30 June 2010 USD'000
Revenue	5	43,059	31,556	50	50
Cost of sales		<u>(30,757)</u>	<u>(23,946)</u>	<u>-</u>	<u>-</u>
Gross profit		12,302	7,610	50	50
Selling expenses	6	(7,886)	(5,083)	-	-
General and administrative expenses		<u>(4,573)</u>	<u>(4,802)</u>	<u>(261)</u>	<u>(298)</u>
Operating loss		(157)	(2,275)	(211)	(248)
Investment income		17	[^]	-	[^]
Finance costs	7	(2,673)	(3,062)	-	-
Other (expense)/income, net		(25)	736	(19)	54
Loss before income tax		<u>(2,838)</u>	<u>(4,601)</u>	<u>(230)</u>	<u>(194)</u>
Income tax credit	8	<u>600</u>	<u>717</u>	<u>-</u>	<u>-</u>
Loss for the period		<u>(2,238)</u>	<u>(3,884)</u>	<u>(230)</u>	<u>(194)</u>
Attributable to: Shareholders of the Company		(2,238)	(3,884)	(230)	(194)
Loss per share:					
Basic (cents)	9	<u>(1.3)</u>	<u>(2.5)</u>		

[^] - Insignificant amount

The accompanying notes form an integral part of the Condensed Financial Statements.

Company No. LL04433

STEPPE CEMENT LTD

(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)

AND ITS SUBSIDIARY COMPANIES

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2011 (UNAUDITED)**

	The Group		The Company	
	6 months ended		6 months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	USD'000	USD'000	USD'000	USD'000
Loss for the period	(2,238)	(3,884)	(230)	(194)
Other comprehensive income:				
Exchange differences arising on translation of foreign subsidiary companies	1,357	758	-	-
Total comprehensive loss for the period	(881)	(3,126)	(230)	(194)
Attributable to: Shareholders of the Company	(881)	(3,126)	(230)	(194)

The accompanying notes form an integral part of the Condensed Financial Statements.

STEPPE CEMENT LTD

(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)

AND ITS SUBSIDIARY COMPANIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011 (UNAUDITED)**

	Note	The Group		The Company	
		Unaudited 30 June 2011 USD'000	Audited 31 Dec 2010 USD'000	Unaudited 30 June 2011 USD'000	Audited 31 Dec 2010 USD'000
Assets					
Non-Current Assets					
Property, plant and equipment	10	140,759	142,509	-	-
Investment in subsidiary companies		-	-	26,500	26,500
Advances paid		808	322	-	-
Other assets	11	32,700	32,434	-	-
Total Non-Current Assets		<u>174,267</u>	<u>175,265</u>	<u>26,500</u>	<u>26,500</u>
Current Assets					
Inventories, net	12	13,919	15,334	-	-
Trade receivables, net	13	2,549	2,135	-	-
Amount owing by subsidiary companies		-	-	28,940	28,590
Other receivables, advances and prepaid expenses		8,832	8,576	-	1
Cash and bank balances		19,755	9,532	491	964
Total Current Assets		<u>45,055</u>	<u>35,577</u>	<u>29,431</u>	<u>29,555</u>
Total Assets		<u>219,322</u>	<u>210,842</u>	<u>55,931</u>	<u>56,055</u>

(Cont'd)

STEPPE CEMENT LTD

(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)

AND ITS SUBSIDIARY COMPANIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011 (UNAUDITED)**

	Note	The Group		The Company	
		Unaudited 30 June 2011 USD'000	Audited 31 Dec 2010 USD'000	Unaudited 30 June 2011 USD'000	Audited 31 Dec 2010 USD'000
Equity and Liabilities					
Capital and Reserves					
Share capital		58,298	58,298	58,298	58,298
Revaluation reserve		10,940	10,940	-	-
Translation reserve		(17,587)	(18,944)	-	-
Retained earnings/ (Accumulated loss)		72,187	74,425	(3,268)	(3,038)
Total Equity		123,838	124,719	55,030	55,260
Non-Current Liabilities					
Loans	16	51,458	52,462	-	-
Deferred tax liabilities, net		4,099	4,687	-	-
Total Non-Current Liabilities		55,557	57,149	-	-
Current liabilities					
Trade payables	14	6,975	4,465	-	-
Other payables and accrued liabilities		6,617	3,315	901	795
Bonds	15	18,441	18,258	-	-
Loans	16	6,978	2,248	-	-
Taxes payable		916	688	-	-
Total Current Liabilities		39,927	28,974	901	795
Total Liabilities		95,484	86,123	901	795
Total Equity and Liabilities		219,322	210,842	55,931	56,055

The accompanying notes form an integral part of the Condensed Financial Statements.

Company No. LL04433

STEPPE CEMENT LTD

(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)

AND ITS SUBSIDIARY COMPANIES

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2011 (UNAUDITED)**

The Group	Share capital USD'000	Share Premium USD'000	Non-distributable Revaluation reserve USD'000	Translation reserve USD'000	Distributable Retained earnings USD'000	Total/Net USD'000
Balance as at 1 January 2010	1,540	41,296	3,024	(20,864)	77,004	102,000
Loss for the period	-	-	-	-	(3,884)	(3,884)
Exchange differences arising on translation of foreign subsidiary companies	-	-	-	758	-	758
Total comprehensive income/(loss) for the period	-	-	-	758	(3,884)	(3,126)
Balance as at 30 June 2010	<u>1,540</u>	<u>41,296</u>	<u>3,024</u>	<u>(20,106)</u>	<u>73,120</u>	<u>98,874</u>

(Cont'd)

Company No. LL04433

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AND ITS SUBSIDIARY COMPANIES

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2011 (UNAUDITED)**

The Group	Share capital USD'000	Share Premium USD'000	Non-distributable Revaluation reserve USD'000	Translation reserve USD'000	Distributable Retained earnings USD'000	Total/Net USD'000
Balance as at 1 January 2011	58,298	-	10,940	(18,944)	74,425	124,719
Loss for the period	-	-	-	-	(2,238)	(2,238)
Exchange differences arising on translation of foreign subsidiary companies	-	-	-	1,357	-	1,357
Total comprehensive income/(loss) for the period	-	-	-	1,357	(2,238)	(881)
Balance as at 30 June 2011	<u>58,298</u>	<u>-</u>	<u>10,940</u>	<u>(17,587)</u>	<u>72,187</u>	<u>123,838</u>

(Cont'd)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2011 (UNAUDITED)**

The Company	Share capital USD'000	Non- distributable Share Premium USD'000	Distributable Retained earnings USD'000	Total/Net USD'000
Balance as at 1 January 2010	1,540	41,296	(2,756)	40,080
Total comprehensive loss for the period	-	-	(194)	(194)
Balance as at 30 June 2010	<u>1,540</u>	<u>41,296</u>	<u>(2,950)</u>	<u>39,886</u>
Balance as at 1 January 2011	58,298	-	(3,038)	55,260
Total comprehensive loss for the period	-	-	(230)	(230)
Balance as at 30 June 2011	<u>58,298</u>	<u>-</u>	<u>(3,268)</u>	<u>55,030</u>

STEPPE CEMENT LTD

(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2011 (UNAUDITED)**

	The Group		The Company	
	6 months ended		6 months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	USD'000	USD'000	USD'000	USD'000
OPERATING ACTIVITIES				
Loss before tax	(2,838)	(4,601)	(230)	(194)
Adjustments for non-cash items	6,621	6,615	-	(38)
Operating Profit/(Loss) Before Working Capital Changes	3,783	2,014	(230)	(232)
(Increase)/ Decrease in:				
Inventories	1,411	(990)	-	-
Trade receivables	(414)	(533)	-	-
Other receivable and prepaid expenses	(1,399)	(1,653)	1	4
Amount owing by subsidiary companies	-	-	(350)	(3,599)
Increase/ (Decrease) in:				
Trade payables	1,531	(965)	-	-
Other payables and accrued liabilities	4,840	(161)	106	(37)
Cash Generated From/(Used In) Operations	9,752	(2,288)	(473)	(3,864)
Income tax paid	(107)	(303)	-	-
Interest paid	(2,343)	(2,938)	-	-
Net Cash Generated From/(Used In) Operating Activities	7,302	(5,529)	(473)	(3,864)

(Cont'd)

	The Group		The Company	
	6 months ended		6 months ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	USD'000	USD'000	USD'000	USD'000
INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	^	7	-	-
Purchase of property, plant and equipment	(280)	(442)	-	-
Purchase of non-current assets	(162)	-	-	-
Interest received	17	^	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Cash Used In Investing Activities	(425)	(435)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
FINANCING ACTIVITIES				
Proceeds from borrowings	6,171	16,219	-	-
Repayment from borrowings	(2,910)	(15,128)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Cash From by Financing Activities	3,261	1,091	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	10,138	(4,873)	(473)	(3,864)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES				
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	9,532	6,545	964	3,886
	<hr/>	<hr/>	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	19,755	1,678	491	22
	<hr/>	<hr/>	<hr/>	<hr/>

The accompanying notes form an integral part of the Condensed Financial Statements.

STEPPE CEMENT LTD

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AND ITS SUBSIDIARY COMPANIES

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

1. BASIS OF PREPARATION OF CONDENSED INTERIM FINANCIAL STATEMENTS

Basis of presentation

The condensed interim financial statements of the Group and the Company are unaudited and have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements for the year ended 31 December 2010. The condensed interim financial statements were authorised for issue by the Board of Directors on 2 September 2011.

Use of estimates and assumptions

The preparation of 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010, except for the adoption of the following Standards and Interpretations:

- IAS 24 “*Related Party Disclosures*” - Revised definition of related parties (effective for accounting periods beginning on or after 1 January 2011);
- Amendments to IAS 32 “*Financial Instruments: Presentation*” - Amendments relating to classification of rights issues (effective for the periods beginning on or after 1 February 2010);

- IFRS 1 “*First-time adoption of International Financial Reporting Standards*” - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for accounting periods beginning on or after 1 July 2010);
- IFRS 1 “*First-time adoption of International Financial Reporting Standards*” - Replacement of ‘fixed dates’ for certain exceptions with 'the date of transition to IFRSs' (effective for accounting periods beginning on or after 1 July 2010);
- IFRS 1 “*First-time adoption of International Financial Reporting Standards*” - Additional exemption for entities ceasing to suffer from severe hyperinflation (effective for accounting periods beginning on or after 1 July 2010);
- IFRIC 19 “*Extinguishing Financial Liabilities with Equity Instruments*” (effective for reporting periods beginning on or after 1 July 2010).

The adoption of the revised Standard and Interpretations did not have any significant impact on the reported results or financial position of the Group.

The principal closing rates used in translation of foreign currency amounts are as follows:

	USD
1 Pound Sterling	1.6053
1 Ringgit Malaysia	0.3311
1 Euro Dollar	1.4520
1 Kazakhstan Tenge	<u>0.0068</u>
	KZT
1 US Dollar	<u>145.90</u>

3. REVIEW OF RESULTS FOR THE PERIOD

During the period, the Group’s revenue rose by 36% or USD11.5 million from USD31.5 million to USD43 million. The increase in revenue was achieved via a combination of higher pricing and volume. The average sales price of cement was 16% higher at USD71 per tonne compared to USD61 per tonne in the corresponding period 2009. Sales volume increased by 15% to 601,099 tonnes from 523,156 tonnes in the same period in 2010 to due to continued improvement in cement demand. The Group’s gross margins rose to 29% compared to 24% in the previous period. However, selling expenses rose by 55% or USD2.8 million due to higher transportation costs incurred during the period.

The Group’s loss for the period narrowed by 42% to USD2.2 million compared to USD3.9 million loss in the same period in 2009.

4. **SEGMENTAL REPORTING**

No industry and geographical segmental reporting are presented as the Group's primary business is in the production and sale of cement which is located in Karaganda region, Republic of Kazakhstan.

5. **REVENUE**

	The Group		The Company	
	6 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	USD'000	USD'000	USD'000	USD'000
Sales of manufactured goods	43,059	31,556	-	-
Others	-	-	50	50
Total	43,059	31,556	50	50

6. **SELLING EXPENSES**

The selling expenses increased during period due to higher railway transportation costs to deliver cement to buyers located in Almaty.

7. **FINANCE COSTS**

	The Group	
	6 months ended	
	30 June	30 June
	2011	2010
	USD'000	USD'000
Interest expense on:		
- loans from financial institutions	1,841	2,237
- debt securities	832	825
Total	2,673	3,062

During the period, the Group's weighted average interest rate on the bank loans is 6.76% per annum.

8. INCOME TAX CREDIT

	The Group		The Company	
	6 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	USD'000	USD'000	USD'000	USD'000
Income tax credit:				
- the Company	-	-	-	-
- subsidiary companies	600	717	-	-
	<u>600</u>	<u>717</u>	<u>-</u>	<u>-</u>

The profits earned by the subsidiary companies incorporated in the Republic of Kazakhstan are subject to a statutory tax rate of 20%. During the period, income tax credit is recognised based on the tax loss position in the Group's subsidiary, Central Asia Cement JSC.

No income tax is estimated for the parent company and the subsidiary company incorporated in Labuan FT, Malaysia.

9. LOSS PER SHARE

The basic loss per share is calculated by dividing the consolidated loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial period.

	The Group	
	6 months	6 months
	ended	ended
	30 June 2011	30 June 2010
	USD'000	USD'000
Loss attributable to ordinary shareholders	<u>(2,238)</u>	<u>(3,884)</u>

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	6 months ended 30 June 2011 '000	6 months ended 30 June 2010 '000
Number of shares in issue at beginning and at end of period	<u>179,000</u>	<u>154,000</u>
	6 months ended 30 June 2011 USD	6 months ended 30 June 2010 USD
Basic loss per share (cents)	<u>(1.3)</u>	<u>(2.5)</u>

10. PROPERTY, PLANT AND EQUIPMENT, NET

The Group	Freehold land and land improvement USD'000	Buildings USD'000	Machinery and equipment USD'000	Other assets USD'000	Computer software USD'000	Construction in progress USD'000	Total USD'000
Cost (unless otherwise indicated)							
At 1 January 2011	4,213	51,597	77,272	13,598	79	29,245	176,004
Additions	-	17	377	158	6	701	1,259
Transfers	-	(5)	714	143	-	(852)	-
Disposals	-	(1)	(5)	(1)	-	-	(7)
Exchange differences	43	520	779	137	1	358	1,838
At 30 June 2011	4,256	52,128	79,137	14,035	86	29,452	179,094
Accumulated depreciation							
At 1 January 2011	-	16,696	12,667	4,097	35	-	33,495
Charge for the period	-	902	2,872	723	3	-	4,500
Transfers	-	-	(2)	2	-	-	-
Disposals	-	-	(1)	-	-	-	(1)
Exchange differences	-	169	130	42	-	-	341
At 30 June 2011	-	17,767	15,666	4,864	38	-	38,335
Net Book Value							
At 30 June 2011	4,256	34,361	63,471	9,171	48	29,452	140,759
At 31 December 2010	4,213	34,901	64,605	9,501	44	29,245	142,509

11. OTHER ASSETS

	The Group		The Company	
	As at 30 June 2011 USD'000	As at 31 Dec 2010 USD'000	As at 30 June 2011 USD'000	As at 31 Dec 2010 USD'000
VAT (recoverable)	10,397	10,291	-	-
Construction materials	16,285	21,064	-	-
Spare parts	5,498	718	-	-
Quarry stripping costs	502	340	-	-
Others	18	21	-	-
	<u>32,700</u>	<u>32,434</u>	<u>-</u>	<u>-</u>

12. INVENTORIES, NET

	The Group		The Company	
	As at 30 June 2011 USD'000	As at 31 Dec 2010 USD'000	As at 30 June 2011 USD'000	As at 31 Dec 2010 USD'000
Work in progress	2,608	4,334	-	-
Finished goods	575	1,793	-	-
Raw materials	3,490	3,450	-	-
Spare parts	6,418	4,822	-	-
Fuel	709	726	-	-
Construction materials	-	111	-	-
Other material	474	450	-	-
	14,274	15,686		
Less: Provision for obsolete inventories	<u>(355)</u>	<u>(352)</u>	<u>-</u>	<u>-</u>
Net	<u>13,919</u>	<u>15,334</u>	<u>-</u>	<u>-</u>

13. TRADE RECEIVABLE, NET

	The Group		The Company	
	As at 30 June 2011 USD'000	As at 31 Dec 2010 USD'000	As at 30 June 2011 USD'000	As at 31 Dec 2010 USD'000
Trade receivables from third parties	2,604	2,190	-	-
Less: Provision for doubtful receivables	(55)	(55)	-	-
Net	<u>2,549</u>	<u>2,135</u>	<u>-</u>	<u>-</u>

The standard credit period granted to trade receivables ranges from 1 to 30 days. The receivables are denominated in Kazakhstan Tenge.

As at 30 June 2011, the Group has trade receivables of USD2,548,725 (2010: USD2,135,095). The recoverability of these trade accounts receivable depends to a large extent on the Group's customers' ability to meet timely their obligations, and other factors, which are beyond the Group's control. The recoverability of the Group's trade receivables is determined based on conditions prevailing and information available as at reporting date. The directors have reviewed the trade receivables and considered no further provision for trade receivables is necessary based on prevailing conditions and available information.

14. TRADE PAYABLES

	The Group		The Company	
	As at 30 June 2011 USD'000	As at 31 Dec 2010 USD'000	As at 30 June 2011 USD'000	As at 31 Dec 2010 USD'000
Services	2,711	1,864	-	-
Raw materials	1,085	864	-	-
Spare parts	670	153	-	-
Property, plant & equipment	2,509	1,530	-	-
Others	-	54	-	-
	<u>6,975</u>	<u>4,465</u>	<u>-</u>	<u>-</u>

The standard credit period granted by creditors ranges from 1 to 30 days. The trade payables are denominated in Kazakhstan Tenge.

15. **BONDS**

	The Group	
	As at 30 June 2011 USD'000	As at 31 Dec 2010 USD'000
Bonds issued at price of:		
97.1895%	5,601	5,601
98.3230%	5,231	5,231
99.0574%	2,366	2,366
99.0574%	2,865	2,865
100.0096%	5,231	5,231
	<hr/>	<hr/>
	21,294	21,294
Exchange differences	(2,788)	(2,973)
Discount on bonds issued	(64)	(63)
	<hr/>	<hr/>
Total	<u>18,441</u>	<u>18,258</u>

The 5-year KZT2.7 billion bonds were issued by Central Asia Cement JSC in 2006. The bonds carry a coupon rate of 9% per annum and mature on 7 August 2011. The interest is payable semi-annually and the repayment of principal is in one bullet payment. The bonds are listed on the Kazakhstan Stock Exchange.

In February 2011, Central Asia Cement JSC paid coupon of KZT121.5 million or equivalent to USD832,000 to its bondholders.

Bond settlement and redemption

Subsequent to the financial period ended 30 June 2011, CAC JSC fully settled the outstanding principal and coupon balances payable to its bondholders and redeemed the KZT2.7 billion bonds outstanding. The bonds were cancelled upon redemption (Note 19).

16. **LOANS**

	The Group	
	As at 30 June 2011 USD'000	As at 31 Dec 2010 USD'000
Total outstanding	58,436	54,710
Current portion	<u>(6,978)</u>	<u>(2,248)</u>
Non-current portion	<u>51,458</u>	<u>52,462</u>

Central Asia Cement

Undrawn loan commitment

As at 30 June 2011, Central Asia Cement JSC's undrawn commitment of the Bank CenterCredit JSC loan facility amounted to USD0.25 million.

Karcement JSC

Debt Restructuring

The restructuring documentation with European Bank for Reconstruction and Development ("EBRD") is pending completion and is expected to be completed in the second half of 2011 (Note 19).

Undrawn loan commitment

As at 30 June 2011, Karcement JSC has fully utilised all of its loan facilities with EBRD and HSBC Bank Kazakhstan.

17. **RELATED PARTIES**

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

Transactions between the Company and its subsidiary companies, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

The following transactions with related parties are included in the condensed consolidated income statement as of 30 June 2011 and 2010:

	Purchase of services	
	30 June 2011	30 June 2010
	USD'000	USD'000
Rental expenses	20	17
Services rendered by related parties	475	412
	<u>495</u>	<u>429</u>

The following balance with related parties is included in the condensed consolidated statement of financial position as of 30 June 2011 and 31 December 2010:

	Payable to related parties	
	30 June 2011	31 Dec 2010
	USD'000	USD'000
Services rendered by related parties	198	122
	<u>198</u>	<u>122</u>

Included in services rendered by related parties are drilling and blasting services performed by Maxam Kazakhstan of USD186,765 (2010: USD109,391). The contract is negotiated yearly on an arms length basis. Maxam Kazakhstan is a subsidiary company of Maxam SA. Company director, Javier Del Ser Perez, indirectly holds 20% equity interest indirectly in Maxam Kazakhstan.

Compensation of key management personnel

Included in the staff costs are remuneration of directors and other members of key management during the financial period as follows:

	The Group		The Company	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	USD'000	USD'000	USD'000	USD'000
Remunerations	468	321	114	116
Short-term benefits	19	-	-	-
	<u>487</u>	<u>321</u>	<u>114</u>	<u>116</u>
Total	<u>487</u>	<u>321</u>	<u>114</u>	<u>116</u>

The remuneration of directors and key executives is determined by the remuneration committees of the Company and subsidiary companies having regard to the performance of individuals and market trends.

18. COMMITMENTS AND CONTIGENCIES

There are no significant changes in the commitments and contingencies since the financial year ended 31 December 2010 other than those disclosed in the financial statements for the year ended 31 December 2010.

19. SUBSEQUENT EVENTS

On 10 August 2011, Central Asia Cement JSC completed the settlement of the outstanding principal and coupon balances payable to its bondholders and redemption of the KZT2.7 billion bonds outstanding matured on 7 August 2011. The bonds were cancelled upon redemption.

The restructuring documentation with EBRD is expected to be completed in the second half of 2011.