



Steppe Cement Ltd
Interim Results for the Half Year Ended 30 June 2008
and General Market Update

1. Interim Results

Steppe Cement Ltd (“Steppe Cement”) is pleased to announce a consolidated profit after tax for the six months ended 30 June 2008 of US\$14.6 million.

Steppe Cement’s operating results are summarized below:

	6 months ended 30 June 08	6 months ended 30 June 07	Inc/ (Dec) %
Sales (tonnes)	412,042	382,080	8%
Consolidated turnover (US\$ Million)	52.3	38.7	35%
Consolidated profit after tax (US\$ Million)	14.6	10.6	38%
Earnings per share (Cents)	12.8	9.3	38%
Exchange rate (USD/KZT)	120.5	123.1	

Steppe Cement’s net profit has increased by 38% compared to the corresponding period in 2007. At the operational level, sales grew by 32% in Tenge and volumes have increased by 8%. Average sales price rose to US\$126/ton during the period compared to US\$101/ton achieved in the corresponding period last year.

Production costs have increased by 19% on line with Kazakhstan inflation and mainly due to rising costs of utilities, coal, transportation, oil and labor. These cost increases will be balanced in the coming months as the dry lines are progressively brought into production.

The pace of investment has accelerated over the last 6 months after we cleared the remaining imported goods from customs. Investment in plant and equipment during the first six months was US\$ 54 million.

2. Update on the Kazakh Cement Market

The Kazakhstan cement market decreased by 15% during the first half of the year. The imports’ share of the market has gone down from 44% to 33% of the total while local production was stable with the exception of the temporary stoppage of the factory in Shimkent.

Steppe Cement expects an overall decrease of 20% in the market for the whole of 2008 as the summer months in 2007 witnessed a peak in consumption fuelled by the

availability of credit then. The monthly consumption pattern is reverting to the trend of 2005 and 2006.

The average price per tonne in the first half has increased significantly compared to 2007 but we expect lower prices during the second half of 2008. Consumption is expected to stabilise during the summer 2008.

The deficit in the market will continue, at least until Steppe Cement commissions its second line. The credit tightening in the world markets still affects the availability of funds for the construction sector in Kazakhstan, on the other hand the government has pledged to maintain its support for housing and infrastructure investment.

3. Refurbishment progress

The refurbishment project for dry line 6 is now completed and commissioning began in June. All motors and electrical systems have been tested. The kiln will be fired in the coming days. The line 6 is currently operated by 155 employees with the support of the 30 foreign specialists.

Most of the imported materials for line 5 are on site or will be delivered by November 2008. Over the last three months, we experienced problems with the quality of locally manufactured steel and the delivery of structural materials as two of the sub contractors defaulted on their obligations and we had to re tender their work. This will cause a delay in commissioning of line 5 until the summer of 2009.

The new chain system for two kilns in the wet lines arrived in May but the installation has been postponed until October 2008 to maximize production during the summer months. Their existing capacity is 850,000 tons in a full year of operation. Cement mill number 7 is working as planned and cement mill number 6 will be started before the end of 2008.

4. Financing

The cash flow was applied to the refurbishment program and the same policy will apply to the second half of the year. The USD 42 m. loan of EBRD has been completely drawn down as of June 2008. Kazkommertz Bank loan of \$23.2 m. is in the process of being refinanced by HSBC Bank Kazakhstan enabling the company to save substantially in interest payments.

A pdf copy of the announcement and the interim financial statements is available on the company's website at www.steppecement.com.

Steppe Cement's AIM nominated adviser is RFC Corporate Finance Ltd. Contact Stephen Allen +61 8 94802500.

Company No. LL04433



**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008
(Unaudited)
(In United States Dollars)**

Company No. LL04433

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

INTERIM FINANCIAL STATEMENTS

CONTENTS	PAGE(S)
Condensed Consolidated Income Statement (Unaudited)	1
Condensed Consolidated Balance Sheet (Unaudited)	2 – 3
Condensed Consolidated Statement of Changes in Equity (Unaudited)	4 – 6
Condensed Consolidated Cash Flow Statement (Unaudited)	7 - 8
Notes to the Condensed Interim Financial Statements (Unaudited)	9 – 18

STEPPE CEMENT LTD

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

AND ITS SUBSIDIARY COMPANIES

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2008 (UNAUDITED)**

	Note	The Group 6 months ended		The Company 6 months ended	
		30.6.08 USD'000	30.6.07 USD'000	30.6.08 USD'000	30.6.07 USD'000
Revenue	5	52,269	38,671	50	50
Cost of sales		<u>(20,305)</u>	<u>(15,130)</u>	<u>-</u>	<u>-</u>
Gross profit		31,964	23,541	50	50
Selling expenses		(3,114)	(2,335)	-	-
General and administrative expenses		<u>(6,754)</u>	<u>(4,167)</u>	<u>(344)</u>	<u>(297)</u>
Operating profit/(loss)		22,096	17,039	(294)	(247)
Investment income		3	45	-	4
Finance costs		(1,048)	(1,238)	-	-
Other income/(loss), net		<u>80</u>	<u>(252)</u>	<u>11</u>	<u>-</u>
Profit/(loss) before tax		21,131	15,594	(283)	(243)
Income tax expense	6	<u>(6,531)</u>	<u>(5,009)</u>	<u>-</u>	<u>-</u>
Profit/(loss) for the period		<u>14,600</u>	<u>10,585</u>	<u>(283)</u>	<u>(243)</u>
Attributable to:					
Shareholders of the Company		<u>14,600</u>	<u>10,585</u>	<u>(283)</u>	<u>(243)</u>
Earnings per share:					
Basic (cents)	7	<u>12.81</u>	<u>9.29</u>		

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

STEPPE CEMENT LTD

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

AND ITS SUBSIDIARY COMPANIES**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008 (UNAUDITED)**

	Note	The Group		The Company	
		Unaudited As at 30.6.08 USD'000	Audited As at 31.12.07 USD'000	Unaudited As at 30.6.08 USD'000	Audited As at 31.12.07 USD'000
Assets					
Non-current assets					
Property, plant and equipment	8	176,582	123,064	-	-
Investment in subsidiary companies		-	-	26,500	26,500
Advances paid	12	-	19,959	-	-
Other assets	9	7,360	9,565	-	-
		<u>183,942</u>	<u>152,588</u>	<u>26,500</u>	<u>26,500</u>
Current Assets					
Inventories, net	10	9,870	9,606	-	-
Trade receivable, net	11	903	554	-	-
Amount owing by subsidiary companies		-	-	657	657
Other receivables, advances and prepaid expenses	12	30,459	13,711	42	1
Cash and bank balances		<u>6,969</u>	<u>5,573</u>	<u>208</u>	<u>169</u>
		<u>48,201</u>	<u>29,444</u>	<u>907</u>	<u>827</u>
Total assets		<u>232,143</u>	<u>182,032</u>	<u>27,407</u>	<u>27,327</u>

(Cont'd)

STEPPE CEMENT LTD

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

AND ITS SUBSIDIARY COMPANIES**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008 (UNAUDITED)**

	Note	The Group		The Company	
		Unaudited As at 30.6.08 USD'000	Audited As at 31.12.07 USD'000	Unaudited As at 30.6.08 USD'000	Audited As at 31.12.07 USD'000
Equity and Liabilities					
Capital and reserves					
Share capital		1,140	1,140	1,140	1,140
Share premium		26,647	26,647	26,647	26,647
Revaluation reserve		4,602	4,602	-	-
Translation reserve		5,617	5,590	-	-
Retained earnings/(Accumulated losses)		87,090	72,490	(2,162)	(1,879)
Total equity		125,096	110,469	25,625	25,908
Non-Current Liabilities					
Bonds	13	22,754	22,731	-	-
Loans	16	57,240	24,589	-	-
Deferred tax liabilities, net		11,668	11,671	-	-
		91,662	58,991	-	-
Current Liabilities					
Trade payable	14	10,795	5,293	-	-
Other payables and accrued liabilities	15	3,145	4,804	632	679
Loans	16	333	276	-	-
Amount owing to subsidiary companies		-	-	1,150	741
Taxes payable	17	1,112	2,199	-	-
		15,385	12,572	1,782	1,419
Total liabilities		107,047	71,563	1,782	1,419
Total Equity and Liabilities		232,143	182,032	27,407	27,327

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 Offshore Companies Act, 1990)

AND ITS SUBSIDIARY COMPANIES

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2008 (UNAUDITED)**

The Group	← Non-distributable →				Distributable	Total/Net USD'000
	Share capital USD'000	Share premium USD'000	Revaluation reserve USD'000	Translation reserve USD'000	Retained earnings USD'000	
Balance as at 1 January 2007	1,140	26,647	6,492	1,531	33,375	69,185
Exchange differences arising on translation of foreign subsidiary companies	-	-	-	2,735	-	2,735
Profit for the period	-	-	-	-	10,585	10,585
Depreciation of revaluation Reserve	-	-	(897)	-	897	-
Balance as at 30 June 2007	<u>1,140</u>	<u>26,647</u>	<u>5,595</u>	<u>4,266</u>	<u>44,857</u>	<u>82,505</u>

(Cont'd)

Company No. LL04433

STEPPE CEMENT LTD

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

AND ITS SUBSIDIARY COMPANIES

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2008 (UNAUDITED)**

The Group	← Non-distributable →				Distributable	Total/Net USD'000
	Share capital USD'000	Share premium USD'000	Revaluation reserve USD'000	Translation reserve USD'000	Retained earnings USD'000	
Balance as at 1 January 2008	1,140	26,647	4,602	5,590	72,490	110,469
Exchange differences arising on translation of foreign subsidiary companies	-	-	-	27	-	27
Profit for the period	-	-	-	-	14,600	14,600
Balance as at 30 June 2008	<u>1,140</u>	<u>26,647</u>	<u>4,602</u>	<u>5,617</u>	<u>87,090</u>	<u>125,096</u>

(Cont'd)

Company No. LL04433

STEPPE CEMENT LTD

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

AND ITS SUBSIDIARY COMPANIES

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2008 (UNAUDITED)**

The Company	Share capital USD'000	Share premium USD'000	Accumulated Losses USD'000	Total/Net USD'000
Balance as at 1 January 2007	1,140	26,647	(1,274)	26,513
Loss for the period	<u>-</u>	<u>-</u>	<u>(243)</u>	<u>(243)</u>
Balance as at 30 June 2007	<u>1,140</u>	<u>26,647</u>	<u>(1,517)</u>	<u>26,270</u>
Balance as at 1 January 2008	1,140	26,647	(1,879)	25,908
Loss for the period	<u>-</u>	<u>-</u>	<u>(283)</u>	<u>(283)</u>
Balance as at 30 June 2008	<u>1,140</u>	<u>26,647</u>	<u>(2,162)</u>	<u>25,625</u>

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

STEPPE CEMENT LTD

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

AND ITS SUBSIDIARY COMPANIES**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2008 (UNAUDITED)**

	The Group		The Company	
	6 months ended		6 months ended	
	30.6.08	30.6.07	30.6.08	30.6.07
	USD'000	USD'000	USD'000	USD'000
OPERATING ACTIVITIES				
Profit/(loss) before tax	21,131	15,594	(283)	(243)
Adjustments for non-cash items	2,886	3,203	-	-
Operating Profit/ (Loss) Before Movement in Working Capital	24,017	18,797	(283)	(243)
(Increase)/ Decrease in				
Inventories	(264)	326	-	-
Trade receivables	(348)	152	-	-
Other receivable and prepaid expenses	3,210	(852)	(40)	(40)
Amount owing by subsidiary companies	-	-	-	(107)
Increase/ (Decrease) in:				
Trade payables	5,503	(182)	-	-
Other payables and accrued liabilities	2,261	2,961	(46)	48
Amount owing to subsidiary companies	-	-	408	64
Cash Generated From/ (Used In)				
Operations	34,379	21,202	39	(278)
Income tax paid	(8,301)	(2,627)	-	-
Interest paid	(1,006)	(28)	-	-
Net Cash From/ (Used In) by Operating Activities	25,072	18,547	39	(278)

(Cont'd)

STEPPE CEMENT LTD

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

AND ITS SUBSIDIARY COMPANIES

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2008 (UNAUDITED)**

	The Group		The Company	
	6 months ended		6 months ended	
	30.6.08	30.6.07	30.6.08	30.6.07
	USD'000	USD'000	USD'000	USD'000
INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	1	2,811	-	-
Purchase of property, plant and equipment	(54,185)	(31,207)	-	-
Proceeds from short-term investments	-	16,843	-	-
Advance for non-current assets	-	(6,470)	-	-
Purchase of non-current assets	(2,206)	(12,594)	-	-
Interest received	3	103	-	-
Net Cash Used In Investing Activities	<u>(56,387)</u>	<u>(30,514)</u>	<u>-</u>	<u>-</u>
FINANCING ACTIVITIES				
Proceeds from borrowings	<u>32,708</u>	<u>8,130</u>	<u>-</u>	<u>-</u>
Net Cash From by Financing Activities	<u>32,708</u>	<u>8,130</u>	<u>-</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,393	(3,837)	39	(278)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES				
	3	301	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>5,573</u>	<u>8,864</u>	<u>169</u>	<u>629</u>
CASH AND CASH EQUIVALENTS AT END PERIOD	<u>6,969</u>	<u>5,328</u>	<u>208</u>	<u>351</u>

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

STEPPE CEMENT LTD

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

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 2007. The condensed interim financial statements were authorised for issue by the Board of Directors on 4 September 2008.

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 2007.

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

	USD
1 Sterling Pound	1.9923
1 Ringgit Malaysia	0.3061
1 Euro Dollar	1.5755
1 Kazakhstan Tenge	<u>0.0083</u>

	KZT
1 US Dollar	120.765

3. REVIEW OF RESULTS FOR THE PERIOD

During the 6 months period ended 30 June 2008, Group's revenue increased by 35% to USD52.3 Million from USD38.6 Million in the preceding year's corresponding period. The increase in revenue is attributable to the increase in sales volume by 8% and higher average sales price of USD126 per ton during the period compared with USD101 per ton in the corresponding period. The Group's profit before and after taxation rose by 36 and 38% to USD21.1 and USD14.6 Million from USD15.6 and USD10.6 Million respectively in the preceding year corresponding period.

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 the Republic of Kazakhstan.

5. REVENUE

	The Group		The Company	
	6 months ended		6 months ended	
	30.6.08	30.6.07	30.6.08	30.6.07
	USD'000	USD'000	USD'000	USD'000
Sales-manufactured goods	51,796	38,366	-	-
Others	473	305	50	50
	<u>52,269</u>	<u>38,671</u>	<u>50</u>	<u>50</u>
Total	<u>52,269</u>	<u>38,671</u>	<u>50</u>	<u>50</u>

6. INCOME TAX EXPENSE

	The Group		The Company	
	6 months ended		6 months ended	
	30.6.08	30.6.07	30.6.08	30.6.07
	USD'000	USD'000	USD'000	USD'000
Estimated current tax payable:				
- the Company	-	-	-	-
- subsidiary companies	6,531	5,009	-	-
	<u>6,531</u>	<u>5,009</u>	<u>-</u>	<u>-</u>

Income tax expense for the subsidiary company incorporated in Labuan FT, Malaysia carrying on offshore trading activities is accrued based on the lower of RM20,000 (USD6,123) or at an estimated annual effective tax rate of 3% on the chargeable profits. No income tax is accrued for the parent company which is engaged in offshore non-trading activity.

The profits earned by the subsidiary companies incorporated in the Republic of Kazakhstan are subject to a statutory tax rate of 30%.

7. EARNINGS PER SHARE

Basic

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

	The Group	
	6 months ended 30.6.08 USD'000	6 months ended 30.6.07 USD'000
Net profit attributable to ordinary shareholders	14,600	10,585
	6 months ended 30.6.08 '000	6 months ended 30.6.07 '000
Number of shares in issue at end of period	114,000	114,000
Weighted average number of ordinary shares in issue	114,000	114,000
	6 months ended 30.6.08 USD	6 months ended 30.6.07 USD
Basic earnings per share (cents)	12.81	9.29

8. **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 2008	3,641	45,458	15,970	3,504	23	71,148	139,744
Additions	-	13	670	63	2	54,698	55,446
Disposals/Transfers	-	-	652	232	-	(908)	(24)
Exchange differences	(3)	(32)	(12)	(1)	-	(52)	(100)
At 30 June 2008	3,638	45,439	17,280	3,798	25	124,886	195,066
Accumulated depreciation							
At 1 January 2008	-	13,559	2,014	1,095	12	-	16,680
Additions	-	972	576	265	8	-	1,821
Disposals/Transfers	-	(2)	(3)	-	-	-	(5)
Exchange differences	-	(10)	(1)	(1)	-	-	(12)
At 30 June 2008	-	14,519	2,586	1,359	20	-	18,484
Net Book Value							
At 30 June 2008	3,638	30,920	14,694	2,439	5	124,886	176,582

9. OTHER ASSETS

	The Group		The Company	
	As at 30.6.08 USD'000	As at 31.12.07 USD'000	As at 30.6.08 USD'000	As at 31.12.07 USD'000
VAT (reimbursable)	8,745	8,750	-	-
Spare parts	-	1,962	-	-
Prepaid insurance	-	238	-	-
	<u>8,745</u>	<u>10,950</u>	<u>-</u>	<u>-</u>
Less: Discount on VAT (reimbursable)	<u>(1,385)</u>	<u>(1,385)</u>	<u>-</u>	<u>-</u>
	<u><u>7,360</u></u>	<u><u>9,565</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

VAT (reimbursable) resulted from capital expenditure incurred and is expected to be recovered in 2009-2010.

10. INVENTORIES, NET

	The Group		The Company	
	As at 30.6.08 USD'000	As at 31.12.07 USD'000	As at 30.6.08 USD'000	As at 31.12.07 USD'000
Work in progress	957	1,165	-	-
Finished goods	1,092	1,846	-	-
Raw materials	2,800	2,557	-	-
Spare parts	3,992	3,449	-	-
Construction materials	-	78	-	-
Other material	1,454	936	-	-
	<u>10,295</u>	<u>10,031</u>	<u>-</u>	<u>-</u>
Less: Provision for obsolete inventories	<u>(425)</u>	<u>(425)</u>	<u>-</u>	<u>-</u>
Net	<u><u>9,870</u></u>	<u><u>9,606</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

11. TRADE RECEIVABLE, NET

	The Group		The Company	
	As at 30.6.08 USD'000	As at 31.12.07 USD'000	As at 30.6.08 USD'000	As at 31.12.07 USD'000
Trade receivables from third parties	915	566	-	-
Less: Provision for doubtful receivables	<u>(12)</u>	<u>(12)</u>	<u>-</u>	<u>-</u>
Net	<u>903</u>	<u>554</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.

12. OTHER RECEIVABLES, ADVANCES AND PREPAID EXPENSES

	The Group		The Company	
	As at 30.6.08 USD'000	As at 31.12.07 USD'000	As at 30.6.08 USD'000	As at 31.12.07 USD'000
Receivable from employees	138	141	-	-
Other receivables				
- VAT reimbursable	8,546	3,583	-	-
- Others	3,119	1,290	-	-
	11,665	4,873	-	-
Prepaid expenses	<u>406</u>	<u>451</u>	<u>42</u>	<u>1</u>
	12,209	5,465	42	1
Advances paid to third parties	<u>18,250</u>	<u>28,205</u>	<u>-</u>	<u>-</u>
	30,459	33,670	42	1
Advances paid to third parties – non-current portion	<u>-</u>	<u>(19,959)</u>	<u>-</u>	<u>-</u>
	<u>30,459</u>	<u>13,711</u>	<u>42</u>	<u>1</u>

Other receivables comprise mainly of VAT reimbursable and others. VAT reimbursable are value added tax credits arising from purchase of materials, property, plant and equipment and repair and maintenance services by Karcement JSC in

relation to its cement lines refurbishment project. Others include custom duties levied on the import of property, plant and equipment for the refurbishment project.

Advances paid are mainly those advances incurred by subsidiaries for the purchase of machinery, equipment and construction work for the refurbishment of cement plant. Short-term advances are those incurred for the purchase of materials and other services by subsidiaries for cement production. Included in the short-term advances are reclassification of USD19.9 Million from non-current advances to short-term advances as these advances paid are expected to be utilised within the next twelve months. During the period, advances of USD29.9 Million were utilised for the purchase of property, plant and equipment, materials and other services in the refurbishment project.

13. BONDS

	The Group	
	As at 30.6.08 USD'000	As at 31.12.07 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
	21,294	21,294
Exchange differences	1,064	1,079
Discount on bonds issued	(412)	(412)
Amounts of accrued interest on bonds issued	808	770
	22,754	22,731
Total		

The 5-year KZT2.7 billion bonds issued in August 2006 carries a coupon rate of 9% per annum and matures in 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. The interest paid is included in the finance cost.

14. **TRADE PAYABLES**

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

15. **OTHER PAYABLES AND ACCRUED LIABILITIES**

	The Group		The Company	
	As at 30.6.08 USD'000	As at 31.12.07 USD'000	As at 30.6.08 USD'000	As at 31.12.07 USD'000
Liquidation fund accruals	-	42	-	-
Accruals	1,961	1,508	632	679
Payable to employees	474	346	-	-
Advances received	710	2,908	-	-
	<u>3,145</u>	<u>4,804</u>	<u>632</u>	<u>679</u>

In accordance with the Subsurface Use Contracts requirements, the subsidiary company, Central Asia Cement JSC, shall contribute on an 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 Group mining operations.

16. **LOANS**

	The Group		The Company	
	As at 30.6.08 USD'000	As at 31.12.07 USD'000	As at 30.6.08 USD'000	As at 31.12.07 USD'000
Total outstanding	57,573	24,865	-	-
Current portion	<u>(333)</u>	<u>(276)</u>	-	-
Non-current portion	<u>57,240</u>	<u>24,589</u>	-	-

In accordance with the Loan Agreement dated 13 December 2005 and amended and restated Loan Agreement dated 28 June 2007, the Group's subsidiary, Karcement JSC was granted a syndicated loan which comprises of the A loan of up to USD 32 million, the C loan of USD10 million from European Bank for Reconstruction and Development ("EBRD") and B loan has been cancelled and replaced by Kazkommertsbank JSC loan of up to USD 23.2 million. The rehabilitation of production lines number 5 and 6 shall be partially financed by the syndicated loan. The A and C loan bears interest at LIBOR plus 3.75% per annum and LIBOR plus 5%

per annum respectively. As at 30 June 2008, Karcement JSC has fully drawn down the A and C loan and USD 15.57 million of Kazkommertsbank JSC's loan leaving the balance earmarked for Letter of Credits facilities.

During the period, Central Asia Cement JSC was granted a loan facility of USD0.5 Million by HSBC Kazakhstan. Under the agreement with HSBC Kazakhstan, Central Asia Cement JSC shall repay the principal plus interest in one lump sum on 5 June 2009 and interest is chargeable based on 3-month USD LIBOR plus 4% per annum. The loan facility is secured by a bank guarantee.

17. **TAXES PAYABLE**

	The Group		The Company	
	As at 30.6.08 USD'000	As at 31.12.07 USD'000	As at 30.6.08 USD'000	As at 31.12.07 USD'000
Corporate income tax	238	1,511	-	-
Property tax	3	129	-	-
Personal income tax	38	80	-	-
Other taxes	833	479	-	-
Total	1,112	2,199	-	-

18. **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 2008 and 2007:

	Purchase of services	
	30.6.08 USD'000	30.06.07 USD'000
Rental expenses	41	41
Services rendered by related parties	307	109

The following balances with related parties are included under trade payables in the condensed consolidated balance sheet as of 30 June 2008 and 31 December 2007:

	Payable to related parties	
	30.6.08	31.12.07
	USD'000	USD'000
Services rendered by related parties	48	38

Included in services rendered by related parties are drilling and blasting services performed by Maxam Kazakhstan of USD258,000. 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 a 20% equity interest 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	
	30.6.08	30.06.07	30.6.08	30.06.07
	USD'000	USD'000	USD'000	USD'000
Remunerations	533	520	144	148
Short-term benefits	63	62	-	-
Total	596	582	144	148

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.