

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	<sup>^</sup>	-	<sup>^</sup>
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>		

<sup>^</sup> - Insignificant amount

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 COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2011 (UNAUDITED)**

	<b>The Group</b>		<b>The Company</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
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
<b>Assets</b>					
<b>Non-Current Assets</b>					
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	-	-
<b>Total Non-Current Assets</b>		<b>174,267</b>	<b>175,265</b>	<b>26,500</b>	<b>26,500</b>
<b>Current Assets</b>					
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
<b>Total Current Assets</b>		<b>45,055</b>	<b>35,577</b>	<b>29,431</b>	<b>29,555</b>
<b>Total Assets</b>		<b>219,322</b>	<b>210,842</b>	<b>55,931</b>	<b>56,055</b>

(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
<b>Equity and Liabilities</b>					
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)
<b>Total Equity</b>		<b>123,838</b>	<b>124,719</b>	<b>55,030</b>	<b>55,260</b>
<b>Non-Current Liabilities</b>					
Loans	16	51,458	52,462	-	-
Deferred tax liabilities, net		4,099	4,687	-	-
<b>Total Non-Current Liabilities</b>		<b>55,557</b>	<b>57,149</b>	<b>-</b>	<b>-</b>
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	-	-
<b>Total Current Liabilities</b>		<b>39,927</b>	<b>28,974</b>	<b>901</b>	<b>795</b>
<b>Total Liabilities</b>		<b>95,484</b>	<b>86,123</b>	<b>901</b>	<b>795</b>
<b>Total Equity and Liabilities</b>		<b>219,322</b>	<b>210,842</b>	<b>55,931</b>	<b>56,055</b>

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)**

<b>The Group</b>	<b>Share capital USD'000</b>	<b>← Share Premium USD'000</b>	<b>Non-distributable Revaluation reserve USD'000</b>	<b>→ Translation reserve USD'000</b>	<b>Distributable Retained earnings USD'000</b>	<b>Total/Net USD'000</b>
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>

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**AND ITS SUBSIDIARY COMPANIES**

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

<b>The Group</b>	<b>Share capital USD'000</b>	<b>Share Premium USD'000</b>	<b>Non-distributable Revaluation reserve USD'000</b>	<b>Translation reserve USD'000</b>	<b>Distributable Retained earnings USD'000</b>	<b>Total/Net USD'000</b>
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>

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**STEPPE CEMENT LTD**

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**AND ITS SUBSIDIARY COMPANIES**

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

<b>The Company</b>	<b>Share capital USD'000</b>	<b>Non- distributable Share Premium USD'000</b>	<b>Distributable Retained earnings USD'000</b>	<b>Total/Net USD'000</b>
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)

**AND ITS SUBSIDIARY COMPANIES**

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

	<b>The Group</b>		<b>The Company</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
<b>OPERATING ACTIVITIES</b>				
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)

	<b>The Group</b>		<b>The Company</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
<b>INVESTING ACTIVITIES</b>				
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/>
<b>FINANCING ACTIVITIES</b>				
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/>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	10,138	(4,873)	(473)	(3,864)
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>				
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	85	6	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END 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**

(Incorporated in Labuan FT, Malaysia under the Labuan 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 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:

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

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

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**

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

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

8. **INCOME TAX CREDIT**

	<b>The Group</b>		<b>The Company</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
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.

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

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

## 10. PROPERTY, PLANT AND EQUIPMENT, NET

<b>The Group</b>	<b>Freehold land and land improvement USD'000</b>	<b>Buildings USD'000</b>	<b>Machinery and equipment USD'000</b>	<b>Other assets USD'000</b>	<b>Computer software USD'000</b>	<b>Construction in progress USD'000</b>	<b>Total USD'000</b>
<b>Cost (unless otherwise indicated)</b>							
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
<b>Accumulated depreciation</b>							
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
<b>Net Book Value</b>							
<b>At 30 June 2011</b>	<b>4,256</b>	<b>34,361</b>	<b>63,471</b>	<b>9,171</b>	<b>48</b>	<b>29,452</b>	<b>140,759</b>
<b>At 31 December 2010</b>	<b>4,213</b>	<b>34,901</b>	<b>64,605</b>	<b>9,501</b>	<b>44</b>	<b>29,245</b>	<b>142,509</b>

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**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30 June 2011 USD'000</b>	<b>As at 31 Dec 2010 USD'000</b>	<b>As at 30 June 2011 USD'000</b>	<b>As at 31 Dec 2010 USD'000</b>
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**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30 June 2011 USD'000</b>	<b>As at 31 Dec 2010 USD'000</b>	<b>As at 30 June 2011 USD'000</b>	<b>As at 31 Dec 2010 USD'000</b>
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**

	<b>The Group</b>	
	<b>As at 30 June 2011 USD'000</b>	<b>As at 31 Dec 2010 USD'000</b>
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**

	<b>The Group</b>	
	<b>As at 30 June 2011 USD'000</b>	<b>As at 31 Dec 2010 USD'000</b>
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:

	<b>Purchase of services</b>	
	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>USD'000</b>	<b>USD'000</b>
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:

	<b>Payable to related parties</b>	
	<b>30 June 2011</b>	<b>31 Dec 2010</b>
	<b>USD'000</b>	<b>USD'000</b>
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:

	<b>The Group</b>		<b>The Company</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
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.