STEPPE CEMENT

Interim Results for the Half Year Ended 30 June 2009 and General Market Update

1. Interim Results

Steppe Cement Ltd ("Steppe Cement") posted a consolidated loss after tax of USD18.8 million for the six months ended 30 June 2009.

Steppe Cement's operating results are summarised below:

	6 months ended 30 June 09	6 months ended 30 June 08	% of change
Sales (Tonnes)	**442,227**	412,042	**7%**
Consolidated turnover (USD Million)	**24.8**	52.2	**(54%)**
Consolidated (loss)/profit after tax (USD Million)	**(18.8)**	14.6	
(Loss)/earnings per share (Cents)	**(15.0)**	12.8	
Average exchange rate (USD/KZT)	**145.1**	120.5	

At the operational level, sales decreased by 44% in Tenge ("KZT") while volumes increased by 7%. The average sales price decreased from USD126/tonne to USD54 /tonne during the period or USD51/tonne based on the closing exchange rate as of 30 June 2009. Prices have been increasing since April through July 2009.

Production costs per tonne decreased by 18% in USD and by 2% in KZT, a level below the inflation rate in Kazakhstan. The decline can be attributed to savings in labor, transportation and material cost such as coal, metal and oil that offset the increases in electricity prices.

Steppe Cement had taken measures to significantly limit production and operational expenses during the first half of 2009 to preserve cash and, as a result of these initiatives, Steppe Cement managed to reduce approximately USD 1 m in labour costs during the first half. The number of employees declined from 1,546 to 1,199 as at the end of June 2009.

The financial performance has been affected mainly by:

- The devaluation of the KZT from 120.8 in December 2008 to 150.4 KZT/USD as at 30 June 2009. This caused book losses of USD 13.1 million after translation of USD denominated long term debts of USD 62 million.
- The lower price of cement from USD 126 /tonne to USD 54/tonne as a consequence of both the devaluation and the market contraction.

2. Update on the Kazakh cement market

The Kazakhstan cement market decreased by 24% during the first half of the year. The imported cements' share has gone down from 33% to 15% of the total market while overall local production volume decreased by 2%.

Steppe Cement expects a market of 4.7 to 5 million tons in 2009 a decrease of 15% compared to 2008. The monthly figures for June and July suggest better volumes and prices better than were expected in the earlier part of the year. The monthly consumption pattern is reverting to the trend seen in 2005.

Prices are expected to increase in the second half of 2009 and volumes are anticipated to be similar to those of 2008. Cement imports will be reduced compared to those of 2008 as local factories increase or maintain their production levels

Bank lending to the construction sector is only resuming and projects started in 2007 and 2008 will be completed slowly.

As part of the effort to stimulate the economy, the Kazakhstan Government has made funds available to the two major banks. Samruk Kazina (the Government's main investment agency) has been mandated to complete significant projects in Astana and has signed a memorandum with the cement factories to supply one million tonnes of cement until the end of 2010. These quantities don't include the road projects that have been approved and are at the stage of design development.

3. Production and refurbishment progress

Line 6 production started in October 2008 but weak market volumes, lower prices and increasing stocks forced Steppe Cement to take the decision to close it for two months in the first half of 2009. Production resumed in March 2009 and has been increasing monthly through July.

Line 6 reliability has improved although there are still improvements to be implemented in the cooler and kiln inlet areas. The crushers, mills and kiln have performed according to expectations.

During July Steppe Cement completed the commissioning of the second string of the pre-heater of line 6 and expects this to bring an increase in production from 1400 tonnes per day ("tpd") of clinker to between 1,700 to 2,000 tpd of clinker or the equivalent of 2100 to 2,500 tpd of cement.

The completion of the new chain system of kiln 1 in the wet lines in August has finally brought the expected increase of production to nearly 600 tonnes per day, however commissioning has taken longer than anticipated.

All the cement mills in the wet lines area are now in working condition and this will allow Steppe Cement to reduce or stop transportation of clinker from the wet to the dry lines as has been the case over the last few years.

Steppe Cement decided to defer the line 5 refurbishment until there is some visibility in the evolution of demand and prices in 2010.

4. Financing

Steppe Cement partially repaid the long term loans through short term facilities and a portion from the proceeds of USD15 million raised via the Offer for Subscription exercise completed in May. The Offer for Subscription was more than two times oversubscribed and 88% of the existing shareholders subscribed the new shares.

Steppe Cement will maintain the current cash balance as a reserve for the repayment of the principal of the long term loans from EBRD and HSBC. Steppe Cement will also devote its operating cash flows until the end of the year to reduce the short term debt that has already been reduced to USD 5 million in August 2009.

Steppe Cement’s is benefiting from the current low interest rates as its long term debts are indexed to LIBOR.

A pdf copy of the announcement and the full 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 or Trinity McIntyre at +61 8 94802500.

Company No. LL04433

INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2009
(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 (UNAUDITED)

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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 2009 (UNAUDITED)

		The Group		The Company	
		6 months ended		6 months ended	
	Note	30.6.09 USD'000	30.6.08 USD'000	30.6.09 USD'000	30.6.08 USD'000
Revenue	5	24,844	52,269	50	50
Cost of sales		(18,320)	(20,305)	-	-
Gross profit		6,524	31,964	50	50
Selling expenses		(3,826)	(3,114)	-	-
General and administrative expenses		(5,407)	(6,754)	(314)	(344)
Operating (loss)/profit		(2,709)	22,096	(264)	(294)
Investment income		59	3	1	-
Finance costs	6	(3,640)	(1,048)	-	-
Other income/(expense), net	7	(13,204)	80	-	11
(Loss)/profit before tax		(19,494)	21,131	(263)	(283)
Income tax credit/(expense)	8	697	(6,531)	-	-
(Loss)/profit for the period		(18,797)	14,600	(263)	(283)
Attributable to:					
Shareholders of the company		(18,797)	14,600	(263)	(283)
(Loss)/earnings per share:					
Basic (cents)	9	(15)	12.8		

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)
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2009 (UNAUDITED)

		The Group 6 months ended		The Company 6 months ended	
	Note	30.6.09 USD'000	30.6.08 USD'000	30.6.09 USD'000	30.6.08 USD'000
(Loss)/profit for the period		(18,797)	14,600	(263)	(283)
Other comprehensive (loss)/income:					
Exchange differences arising on translation of foreign subsidiary companies	18	(27,370)	27	-	-
Total comprehensive (loss)/income for the period		(46,167)	14,627	(263)	(283)
Attributable to:					
Shareholders of the company		(46,167)	14,627	(263)	(283)

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)
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CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2009 (UNAUDITED)

		The Group		The Company	
		Unaudited	Audited	Unaudited	Audited
		As at	As at	As at	As at
		30.6.09	31.12.08	30.6.09	31.12.08
	Note	USD'000	USD'000	USD'000	USD'000
Assets					
Non-Current Assets					
Property, plant and equipment	10	136,464	172,250	-	-
Investment in subsidiary companies		-	-	26,500	26,500
Advances paid	15	6,182	9,146	-	-
Other assets	11	25,562	33,492	-	-
Total Non-Current Assets		168,208	214,888	26,500	26,500
Current Assets					
Inventories, net	12	14,286	20,509	-	-
Trade receivable, net	13	704	958	-	-
Amount owing by subsidiary companies	14	-	-	6,064	747
Other receivables, advances and prepaid expenses	15	8,803	8,950	9	4
Short-term investments		2,102	2,391	-	-
Cash and bank balances		10,824	730	8,762	135
Total Current Assets		36,719	33,538	14,835	886
Total Assets		204,927	248,426	41,335	27,386

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STEPPE CEMENT LTD
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AND ITS SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2009 (UNAUDITED)

		The Group		The Company	
		Unaudited As at 30.6.09	Audited As at 31.12.08	Unaudited As at 30.6.09	Audited As at 31.12.08
	Note	USD'000	USD'000	USD'000	USD'000
Equity and Liabilities					
Capital and Reserves					
Share capital	16	1,540	1,140	1,540	1,140
Share premium	17	41,296	26,647	41,296	26,647
Revaluation reserve		3,365	3,365	-	-
Translation reserve	18	(21,970)	5,400	-	-
Retained earnings/(Accumulated losses)		73,572	92,369	(2,631)	(2,368)
Total Equity		97,803	128,921	40,205	25,419
Non-Current Liabilities					
Bonds	19	18,378	22,871	-	-
Loans	22	49,081	55,090	-	-
Deferred tax liabilities, net		9,113	9,547	-	-
Total Non-Current Liabilities		76,572	87,508	-	-
Current Liabilities					
Trade payable	20	7,521	12,341	-	-
Other payables and accrued liabilities	21	4,476	2,856	679	666
Loans	22	18,096	14,988	-	-
Amount owing to subsidiary companies		-	-	451	1,301
Taxes payable	23	459	1,812	-	-
Total Current Liabilities		30,552	31,997	1,130	1,967
Total Liabilities		107,124	119,505	1,130	1,419
Total Equity and Liabilities		204,927	248,426	41,335	27,386

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 STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2009 (UNAUDITED)

	← Non-distributable			→	Distributable	
The Group	**Share capital USD'000**	**Share premium USD'000**	**Revaluation reserve USD'000**	**Translation reserve USD'000**	**Retained earnings USD'000**	**Total/Net 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
Total comprehensive income for the period	-	-	-	27	14,600	14,627
Balance as at 30 June 2008	1,140	26,647	4,602	5,617	87,090	125,096

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2009 (UNAUDITED)

		← Non-distributable		→	Distributable	
The Group	**Share capital USD'000**	**Share premium USD'000**	**Revaluation reserve USD'000**	**Translation reserve USD'000**	**Retained earnings USD'000**	**Total/Net USD'000**
Balance as at 1 January 2009	1,140	26,647	3,365	5,400	92,369	128,921
Loss for the period	-	-	-	-	(18,797)	(18,797)
Exchange differences arising on translation of foreign subsidiary companies (Note 18)	- -	-	-	(27,370)	-	(27,370)
Total comprehensive loss for the period	-	-	-	(27,370)	(18,797)	(46,167)
Issue of shares (Note 16 and 17)	400	14,688	-	-	-	15,088
Share issue expenses	-	(39)	-	-	-	(39)
Balance as at 30 June 2009	1,540	41,296	3,365	(21,970)	73,572	97,803

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STEPPE CEMENT LTD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2009 (UNAUDITED)

		Non-distributable		
The Company	**Share capital USD'000**	**Share premium USD'000**	**Accumulated Losses USD'000**	**Total/Net USD'000**
Balance as at 1 January 2008	1,140	26,647	(1,879)	25,908
Loss for the period	-	-	(283)	(283)
Total comprehensive loss for the period	-	-	(283)	(283)
Balance as at 30 June 2008	1,140	26,647	(2,162)	25,625
Balance as at 1 January 2009	1,140	26,647	(2,368)	25,419
Loss for the period	-	-	(263)	(263)
Total comprehensive loss for the period	-	-	(263)	(263)
Issue of shares (Note 16 and 17)	400	14,688	-	15,088
Share issue expenses	-	(39)	-	(39)
Balance as at 30 June 2009	1,540	41,296	(2,631)	40,205

STEPPE CEMENT LTD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2009 (UNAUDITED)

	The Group 6 months ended		The Company 6 months ended	
	30.6.09 USD'000	**30.6.08 USD'000**	**30.6.09 USD'000**	**30.6.08 USD'000**
OPERATING ACTIVITIES				
(Loss)/profit before tax	(19,494)	21,131	(263)	(283)
Adjustments for non-cash items	19,259	2,886	-	-
Operating (Loss)/Profit Before Working Capital Changes	(235)	24,017	(263)	(283)
(Increase)/ Decrease in:				
Inventories	6,222	(264)	-	-
Trade receivables	254	(348)	-	-
Other receivable and prepaid expenses	147	3,210	(6)	(40)
Amount owing by subsidiary companies	-	-	(5,317)	-
Increase/ (Decrease) in:				
Trade payables	(4,820)	5,503	-	-
Other payables and accrued liabilities	1,620	2,261	12	(46)
Amount owing to subsidiary companies	-	-	(849)	408
Cash Generated From/ (Used In) Operations	3,188	34,379	(6,423)	39
Income tax paid	(1,090)	(8,301)	-	-
Interest paid	(3,617)	(1,006)	-	-
Net Cash (Used In)/From Operating Activities	(1,519)	25,072	(6,423)	39

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Company No. LL04433

STEPPE CEMENT LTD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2009 (UNAUDITED)

	The Group 6 months ended		The Company 6 months ended	
	30.6.09 USD'000	30.6.08 USD'000	30.6.09 USD'000	30.6.08 USD'000
INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	3	1	-	-
Purchase of property, plant and equipment	(505)	(54,185)	-	-
Proceeds from short-term investments	289	-	-	-
Purchase of non-current assets	-	(2,206)	-	-
Interest received	59	3	-	-
Net Cash Used In Investing Activities	(154)	(56,387)	-	-
FINANCING ACTIVITIES				
Proceeds from issue of shares	15,088	-	15,088	-
Share issue expenses	(39)	-	(39)	-
(Net Repayment)/Proceeds from borrowings	(3,216)	32,708	-	-
Net Cash From by Financing Activities	11,833	32,708	15,049	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,160	1,393	8,626	39
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(66)	3	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	730	5,573	136	169
CASH AND CASH EQUIVALENTS AT END PERIOD	10,824	6,969	8,762	208

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 2008. The condensed interim financial statements were authorised for issue by the Board of Directors on 1 September 2009.

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 2008, except for the adoption of the following Standards and Interpretations:

- IFRS 1 *"First-time Adoption of IFRS: Evaluation of investments into subsidiaries, jointly controlled companies and associates on first-time adoption*" (effective for accounting periods beginning on or after 1 January 2009);
- IFRS 2 *"Share-based payment: Amendment relating to vesting conditions and cancellations"* (effective for accounting periods beginning on or after 1 January 2009);

- IFRS 3 *"Business Combinations": Comprehensive revision on applying the acquisition method"* (revised) (effective for accounting periods beginning on or after 1 July 2009);
- IFRS 8 "*Operating Segments"* (effective for accounting periods beginning on or after 1 January 2009);
- Amendments to IAS 1 *"Presentation of Financial Statements: Comprehensive revision including requiring a statement of comprehensive income, disclosure of puttable instruments and obligations arising on liquidation"* (effective for accounting periods beginning on or after 1 January 2009);
- Amendments to IAS 27 *"Consolidated and Separate Financial Statements" arising from amendments to IFRS 3 "Business Combinations"* (effective for accounting periods beginning on or after 1 July 2009);
- Amendments to IAS 27 *"Consolidated and Separate Financial Statements: cost of an investment on first-time adoption of IFRS*" (effective for accounting periods beginning on or after 1 January 2009);
- Amendments to IAS 28 *"Investments in Associates" arising from amendments to IFRS 3 "Business Combinations"* (effective for accounting periods beginning on or after 1 July 2009);
- Amendments to IAS 32 *"Financial Instruments: disclosure puttable instruments and obligations arising on liquidation"* (effective for accounting periods beginning on or after 1 January 2009);
- Amendments to IAS 39 *"Financial Instruments: Recognition and Measurement: hedged items"* (effective for accounting periods beginning on or after 1 July 2009);
- IFRIC 15 *"Agreements for the Construction of Real Estate"* (effective for accounting periods beginning on or after 1 January 2009);
- IFRIC 17 *"Distributions of Non-cash Assets to Owners"* (effective for accounting periods beginning on or after 1 July 2009); and
- IFRIC 18 *"Transfers of Assets from Customers"* (effective for transfers of assets from customers received on or after 1 July 2009).

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 Sterling Pound	1.6458
1 Ringgit Malaysia	0.2844
1 Euro Dollar	1.4033
1 Kazakhstan Tenge	0.0066

	KZT
1 US Dollar	150.43

3. REVIEW OF RESULTS FOR THE PERIOD

During the 6 months period ended 30 June 2009, Group's revenue decreased by 54% to USD24.8 Million from USD52.2 Million in the corresponding period in 2008. The decline in revenue is mainly attributable the lower average sales price of USD54 per tonne during the period compared with USD126 per ton in the corresponding period. However, the Group saw an increase in sales volume to 442,227 tonnes from 412,042 tonnes, an increase of 7.3% year-on-year. The Group incurred after tax losses of USD 18.8 million compared to profit after taxation of USD14.6 million in the corresponding period in 2008. The Group booked foreign exchange losses of USD13.1 million in the current period as a result of the devaluation of the KZT in February 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 the Republic of Kazakhstan.

5. REVENUE

	The Group 6 months ended		The Company 6 months ended	
	30.6.09 USD'000	30.6.08 USD'000	30.6.09 USD'000	30.6.08 USD'000
Sales of manufactured goods	24,844	51,796	-	-
Others	-	473	50	50
Total	24,844	52,269	50	50

6. FINANCE COSTS

	The Group 6 months ended	
	30.6.09 USD'000	30.6.08 USD'000
Interest expense on:		
- loans from financial institutions	2,803	39
- debt securities	837	1,009
Total	3,640	1,048

7. OTHER INCOME/(EXPENSE), NET

Included in other income/(expense), net are foreign exchange losses of USD13.1 million which were attributable to the translation of Karcement's USD loans to KZT in the books of the subsidiary. The significant foreign exchange losses were incurred due to the devaluation of the KZT against USD by approximately 25% in February 2009.

8. INCOME TAX CREDIT/(EXPENSE)

	The Group 6 months ended		The Company 6 months ended	
	30.6.09 USD'000	**30.6.08 USD'000**	**30.6.09 USD'000**	**30.6.08 USD'000**
Income tax credit/(expense):				
- the Company	-	-	-	-
- subsidiary companies	697	(6,531)	-	-
	697	(6,531)	-	-

During the period, income tax credit arose from the tax loss position in the Group's subsidiary, Central Asia Cement JSC. From 1 January to 31 December 2009, any profits earned by the subsidiary companies incorporated in the Republic of Kazakhstan are subject to a statutory tax rate of 20%.

No income tax is accrued for the parent company and the subsidiary company incorporated in Labuan FT, Malaysia carrying on offshore non-trading and trading activities respectively.

9. (LOSS)/EARNINGS PER SHARE

The basic (loss)/earnings per share is calculated by dividing the consolidated (loss)/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 30.6.09 USD'000	**6 months ended 30.6.08 USD'000**
(Loss)/profit attributable to ordinary shareholders	(18,797)	14,600

	6 months ended 30.6.09 '000	**6 months ended 30.6.08 '000**
Number of shares in issue at beginning of period	114,000	114,000
Issue of shares during the period	40,000	-
Number of shares in issue at end of period	154,000	114,000
Weighted average number of ordinary shares in issue	125,271	114,000

	6 months ended 30.6.09 USD	**6 months ended 30.6.08 USD**
Basic (loss)/earnings per share (cents)	(15)	12.8

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 2009	3,647	45,485	19,756	4,466	50	119,188	192,592
Additions	-	3	1,575	2	8	676	2,264
Transfers	7	2,743	49,744	12,288		(64,782)	-
Disposals	-	-	(12)	(7)	-	(2)	(21)
Exchange differences	(716)	(8,936)	(3,881)	(877)	(10)	(24,500)	(38,920)
At 30 June 2009	2,938	39,295	67,182	15,872	48	30,580	155,915
Accumulated depreciation							
At 1 January 2009	-	15,480	3,205	1,635	22	-	20,342
Charge for the year	-	943	1,761	514	4	-	3,222
Transfers	-	-	(12)	12	-		-
Disposals	-	-	(3)	(1)	-	-	(4)
Exchange differences	-	(3,074)	(692)	(339)	(4)	-	(4,109)
At 30 June 2009	-	13,349	4,259	1,821	22	-	19,451
Net Book Value							
At 30 June 2009	2,938	25,946	62,923	14,051	26	30,580	136,464

11. OTHER ASSETS

	The Group		The Company	
	As at 30.6.09 USD'000	As at 31.12.08 USD'000	As at 30.6.09 USD'000	As at 31.12.08 USD'000
VAT (recoverable)	11,596	14,432	-	-
Construction materials	12,967	17,835	-	-
Spare parts	999	1,225	-	-
	25,562	33,492	-	-

As of 30 June 2009, the Group classified construction materials of USD12,966,656 (2008: USD17,835,160) and certain spare parts of USD998,923 (2087: USD1,224,811) as non-current assets. Management expects to use the construction materials and spare parts during the period exceeding one year.

12. INVENTORIES, NET

	The Group		The Company	
	As at 30.6.09 USD'000	As at 31.12.08 USD'000	As at 30.6.09 USD'000	As at 31.12.08 USD'000
Work in progress	2,595	3,219	-	-
Finished goods	124	1,734	-	-
Raw materials	2,702	3,723	-	-
Spare parts	8,349	11,019	-	-
Construction materials	-	81	-	-
Other material	1,081	1,437	-	-
	14,851	21,213		
Less: Provision for obsolete inventories	(565)	(704)	-	-
Net	14,286	20,509	-	-

13. TRADE RECEIVABLE, NET

	The Group		The Company	
	As at 30.6.09 USD'000	As at 31.12.08 USD'000	As at 30.6.09 USD'000	As at 31.12.08 USD'000
Trade receivables from third parties	798	1,075	-	-
Less: Provision for doubtful receivables	(94)	(117)	-	-
Net	704	958	-	-

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 2009, the Group has trade receivables of USD703,895 (2008: USD957,932). 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 balance sheet 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. AMOUNT OWING BY SUBSIDIARY COMPANIES

During the period, Steppe Cement Ltd has entered into a loan agreement with Karcement JSC to provide a loan of up to USD12 Million to Karcement JSC. As at 30 June 2009, USD5.3 million has been extended to Karcement JSC and the loan is interest-free with no fixed terms of repayment.

15. OTHER RECEIVABLES, ADVANCES AND PREPAID EXPENSES

	The Group		The Company	
	As at 30.6.09 USD'000	As at 31.12.08 USD'000	As at 30.6.09 USD'000	As at 31.12.08 USD'000
Receivable from employees	50	119	-	-
Other receivables				
- VAT (recoverable)	5,506	7,028	-	-
- Others	87	43	9	1
	5,593	7,071	9	1
Prepaid expenses	646	223	-	3
	6,289	7,413	9	4
Advances paid to third parties	8,696	10,683	-	-
	14,985	18,096	9	4
Advances paid to third parties – non-current portion	(6,182)	(9,146)	-	-
	8,803	8,950	9	4

Other receivables comprise mainly of recoverable VAT and others. VAT recoverable 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 line 6 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 subsidiary companies for the purchase of machinery, equipment and construction work for the refurbishment project.

16. SHARE CAPITAL

	The Group and the Company	
	As at 30.6.09 USD'000	**As at 31.12.08 USD'000**
Authorised:		
Ordinary shares of USD0.01 each:		
At beginning and end of period/year	5,000	5,000
Issued and fully paid:		
Ordinary shares of USD0.01 each:		
At beginning of period/year	1,140	1,140
Issued during the period/year	400	-
At the end of period/year	1,540	1,140

During the period, the issued and paid-up share capital of the Company was increased from USD1,140,000 to USD1,540,000 by issuance of 40,000,000 new ordinary shares of USD 0.01 each at an issue price of GBP0.25 per share (or approximately USD0.377 per ordinary share).

17. SHARE PREMIUM

During the period, share premium increased by USD14,649,349 (net of share issue costs of USD39,229) arising from the issuance of 40,000,000 new ordinary shares of USD 0.01 each issued at a premium of approximately USD0.367 per ordinary share above the par value of USD0.01 per ordinary share.

18. TRANSLATION RESERVE

During the period, the exchange differences of USD27.3 million relating to the translation from the functional currencies of the Group's foreign subsidiaries into USD arose mainly due to the devaluation of the KZT against USD by approximately 25% in February 2009.

19. BONDS

	The Group	
	As at 30.6.09 USD'000	As at 31.12.08 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	(3,346)	1,043
Discount on bonds issued	(219)	(273)
Amounts of accrued interest on bonds issued	649	807
Total	18,378	22,871

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 will 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.

Central Asia Cement JSC settled the coupon of KZT121.5 million (USD810,000) during the period and subsequent to the financial period ended 30 June 2009, Central Asia Cement JSC made the second coupon payment of the same amount in August 2009.

20. TRADE PAYABLES

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

21. OTHER PAYABLES AND ACCRUED LIABILITIES

	The Group		The Company	
	As at 30.6.09 USD'000	As at 31.12.08 USD'000	As at 30.6.09 USD'000	As at 31.12.08 USD'000
Liquidation fund accruals	43	54	-	-
Accruals	1,390	1,444	679	666
Payable to employees	186	294	-	-
Advances received	2,857	1,064	-	-
	4,476	2,856	679	666

In accordance with the Subsurface Use Contracts requirements, 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's mining operations.

22. LOANS

	Weighted average interest rate	The Group	
		A at 30.6.09 USD'000	As at 31.12.08 USD'000
Total outstanding	8.3 p.a.%	67,177	70,078
Current portion		(18,096)	(14,988)
Non-current portion		49,081	55,090

Central Asia Cement

During the period, Central Asia Cement JSC obtained additional loan facilities of approximately USD1 million in total from Halyk Bank JSC to finance its working capital requirements. Under the loan agreement, the principal and interest are payable monthly in the six months period from the date of drawdown.

As at 30 June 2009, Central Asia Cement JSC's undrawn commitment of the loan facilities amounted to USD4.3 million.

Karcement JSC

In February 2009, Karcement JSC entered into a Letter of Credit facility agreement. In May 2009, Karcement paid the second loan instalment of USD3.2 million to European Bank for Reconstruction and Development in accordance to the repayment terms as stated in the loan agreement.

As at 30 June 2009, Karcement JSC has fully utilised all of its loan facilities with EBRD and HSBC Bank Kazakhstan.

23. TAXES PAYABLE

	The Group		The Company	
	As at 30.6.09 USD'000	As at 31.12.08 USD'000	As at 30.6.09 USD'000	As at 31.12.08 USD'000
VAT	299	-	-	-
Corporate income tax	34	1,689	-	-
Property tax	3	4	-	-
Personal income tax	17	30	-	-
Other taxes	106	89	-	-
Total	459	1,812	-	-

24. 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 2009 and 2008:

	Purchase of services	
	30.6.09 USD'000	30.06.08 USD'000
Rental expenses	19	41
Services rendered by related parties	242	307

The following balances with related parties are included under trade payables in the condensed consolidated balance sheet as of 30 June 2009 and 31 December 2008:

	Payable to related parties	
	30.6.09	**31.12.08**
	USD'000	**USD'000**
Services rendered by related parties	56	188

Included in services rendered by related parties are drilling and blasting services performed by Maxam Kazakhstan of USD 49,555. 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	
	30.6.09	**30.06.08**	**30.6.09**	**30.06.08**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Remunerations	470	533	116	144
Short-term benefits	47	63	-	-
Total	517	596	116	144

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.

25. COMMITMENTS AND CONTIGENCIES

There are no significant changes in commitments and contingencies since the financial year ended 31 December 2008.

26. SUBSEQUENT EVENTS

In July 2009, the merger between Central Asia Cement Holding B.V. and Steppe Cement Holdings B.V. was completed. The merger involved the transfer of Central Asia Cement Holding B.V.'s assets into Steppe Cement Holdings B.V. Upon completion of the merger, Central Asia Cement JSC and Karcement JSC are wholly-owned subsidiaries of Steppe Cement Holdings B.V.