



Steppe Cement Limited
Trading Results for the Half Year Ended 30 June 2007
and General Market Update

1. Interim Results

Steppe Cement Limited (“Steppe”) is pleased to announce a consolidated profit after tax for the six months ended 30 June 2007 of US\$10.6 million.

These operating results are summarized below:

	6 months ended 30-Jun-07	6 months ended 30-Jun-06	
Sales (tonnes)	382,080	365,443	+5%
Average exchange rate Tenge US\$	123.1	118.7	
Sales (thousand tenge)	4,722,034	3,330,461	+42%
Sales (US\$'000)	38,671	28,605	+35%
Profit before tax (US\$'000)	15,594	11,553	+35%
Profit after tax (US\$'000)	10,585	8,087	+31%
Earnings per share (cents)	9.3	7.1	

At the operational level, sales have increased by 42% in Tenge with the average sales price achieved rising from US\$78/ton to US\$101/ton compared with the corresponding period last year.

Production costs have been held to 2006 levels as increased utility, transport and labour costs were offset by increased productivity due to the increased efficiency of the wet lines. The refurbishment of the wet lines was completed in April 2007 and the full effect will be reflected in the second half of the year.

2. Update on the Kazakh Cement Market

The Kazakhstan cement market grew by 16% during the first half of the year. The average price per ton increased significantly towards the end of the second quarter as the factories struggled to satisfy the demand at the beginning of the high season. The increase in supply has come mainly from local companies de-bottlenecking their facilities while cement imports remained flat during the first half as

neighbouring countries struggled to meet internal domestic demand. The deficit in the market will continue, at least until Steppe commissions its 2 lines.

The credit tightening in the world markets started to spread to Kazakhstan in August and the portion of the construction sector financed by the local banks is likely to slow down in the coming months. Public works will represent an increasing share of the market as investment in infrastructure by the government is accelerating.

3. Refurbishment progress

The refurbishment of the kilns in the wet lines was completed in April and their capacity is now 860,000 tons in a full year of operation. We expect to increase their capacity further in 2008 with additional investment in the chain systems, coolers and probably filters. Cement mill number 7 is also scheduled to be restarted during September 2007.

The refurbishment project for dry lines 5 and 6 is gathering pace with 80% of the contracts for the project now awarded and most of the required materials either on site or on the way. The construction site now employs over 700 workers and 25 engineers in the project team.

The company has also started to engage the operators for line number 6 with a mix of experienced overseas engineers and existing workers from the wet lines. Recommissioning of the dry process lines is expected to commence with the introduction of Line 6 in the last quarter followed by Line 5 in 2008.

4. Financing

There will not be an interim dividend as the cash flow was applied to the refurbishment programmes and the same policy will apply to the second half of the year.

The improved cash flow from the wet lines since May has allowed deferring the drawdown of the loan from EBRD until August 2007. EBRD has committed to provide up to US\$ 42m and Kazkommertz Bank up to US\$ 23 m of which US\$8 m had been drawn down by the end of June.

Company No. LL04433



**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2007
(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

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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 2007**

	Note	The Group 6 months ended		The Company 6 months ended	
		30.6.07 USD'000	30.6.06 USD'000	30.6.07 USD'000	30.6.06 USD'000
Revenue	5	38,671	28,605	50	-
Cost of sales		<u>(15,130)</u>	<u>(12,401)</u>	<u>-</u>	<u>-</u>
Gross profit		23,541	16,204	50	-
Selling expenses		(2,335)	(1,694)	-	-
General and administrative expenses		<u>(4,167)</u>	<u>(3,588)</u>	<u>(297)</u>	<u>(221)</u>
Operating profit/(loss)		17,039	10,922	(247)	(221)
Investment income		45	46	4	-
Finance costs		(1,238)	(293)	-	-
Other income/(loss), net		<u>(252)</u>	<u>830</u>	<u>-</u>	<u>45</u>
Profit/(loss) before tax		15,594	11,505	(243)	(176)
Income tax expense	6	<u>(5,009)</u>	<u>(3,473)</u>	<u>-</u>	<u>-</u>
Profit/(loss) for the period		<u>10,585</u>	<u>8,032</u>	<u>(243)</u>	<u>(176)</u>
Attributable to:					
Shareholders of the Company		<u>10,585</u>	<u>8,032</u>	<u>(243)</u>	<u>(176)</u>
Earnings per share:					
Basic (cents)	7	<u>0.09</u>	<u>0.07</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 2007**

	Note	The Group		The Company	
		As at 30.6.07 USD'000	As at 31.12.06 USD'000	As at 30.6.07 USD'000	As at 31.12.06 USD'000
Assets					
Non-current assets:					
Property, plant and equipment	8	84,934	55,937	-	-
Investment in subsidiary companies		-	-	26,500	26,500
Advances paid	12	22,637	10,046	-	-
Other assets	9	7,102	1,098		
		<u>114,673</u>	<u>67,081</u>	<u>26,500</u>	<u>26,500</u>
Current Assets					
Inventories, net	10	8,211	8,538	-	-
Trade receivable, net	11	998	1,151	-	-
Amount owing by subsidiary companies		-	-	438	358
Other receivables, advances and prepaid expenses	12	3,188	2,198	42	1
Short-term investments	13	-	16,763		
Cash and bank balances		5,384	8,864	351	630
		<u>17,781</u>	<u>37,514</u>	<u>831</u>	<u>989</u>
Total assets		<u>132,454</u>	<u>104,595</u>	<u>27,331</u>	<u>27,489</u>

(Cont'd)

	Note	The Group		The Company	
		As at 30.6.07 USD'000	As at 31.12.06 USD'000	As at 30.6.07 USD'000	As at 31.12.06 USD'000
Equity and Liabilities					
Capital and reserves					
Share capital	14	1,140	1,140	1,140	1,140
Share premium	15	26,647	26,647	26,647	26,647
Revaluation reserve	15	5,595	6,492	-	-
Translation reserve	15	4,266	1,531	-	-
Unappropriated profit/(Accumulated loss)		44,857	33,375	(1,517)	(1,274)
Total equity		<u>82,505</u>	<u>69,185</u>	<u>26,270</u>	<u>26,513</u>
Non-Current Liabilities					
Bonds	16	22,414	21,577	-	-
Deferred tax liabilities, net		11,198	10,782	-	-
		<u>33,612</u>	<u>32,359</u>	<u>-</u>	<u>-</u>
Current Liabilities					
Trade payable		1,111	1,293	-	-
Other payables and accrued liabilities	17	4,475	1,514	411	363
Amount owing to subsidiary companies		-	-	650	613
Taxes payable	18	2,621	244	-	-
Loans	19	8,130	-	-	-
		<u>16,337</u>	<u>3,051</u>	<u>1,061</u>	<u>976</u>
Total liabilities		<u>49,949</u>	<u>35,411</u>	<u>1,061</u>	<u>976</u>
Total Equity and Liabilities		<u>132,454</u>	<u>104,595</u>	<u>27,331</u>	<u>27,489</u>

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 2007**

The Group	Share capital USD'000	Non-distributable Share premium USD'000	Translation reserve USD'000	Distributable Unappropriated profit/ USD'000	Total/ Net USD'000
Balance as at 1 January 2006	1,000	6,300	(41)	16,663	23,922
Issue of shares	140	20,860	-	-	21,000
Utilisation of share premium	-	(503)	-	-	(503)
Exchange differences arising on translation of foreign subsidiary companies	-	-	3,151	-	3,151
Profit for the period	-	-	-	8,032	8,032
Balance as of 30 June 2006	<u>1,140</u>	<u>26,657</u>	<u>3,110</u>	<u>24,695</u>	<u>55,602</u>

(Cont'd)

Company No. LL04433

The Group	← Non-distributable →				Distributable	
	Share capital USD'000	Share premium USD'000	Revaluation reserve USD'000	Translation reserve USD'000	Unappropriated profit USD'000	Total/Net 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 transfer 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

The Company	Share Capital USD'000	Share Premium USD'000	Accumulated Loss USD'000	Total/ Net USD'000
Balance as at 1 January 2006	1,000	6,300	(771)	6,529
Issue of shares	140	20,860	-	21,000
Utilisation of share premium	-	(503)	-	(503)
Net loss for the period	-	-	(176)	(176)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as of 30 June 2006	<u>1,140</u>	<u>26,657</u>	<u>(947)</u>	<u>26,850</u>
Balance as at 1 January 2007	1,140	26,647	(1,274)	26,513
Net loss for the period	-	-	(243)	(243)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance as of 30 June 2007	<u>1,140</u>	<u>26,647</u>	<u>(1,517)</u>	<u>26,270</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 2007**

	The Group		The Company	
	6 months ended		6 months ended	
	30.6.07	30.6.06	30.6.07	30.6.06
	USD'000	USD'000	USD'000	USD'000
OPERATING ACTIVITIES				
Profit/(loss) before tax	15,594	11,505	(244)	(176)
Adjustments for non-cash items	3,203	1,258	-	-
Operating Profit/ (Loss) Before Movement in Working Capital	18,797	12,763	(244)	(176)
(Increase)/ Decrease in Working Capital	2,405	1,947	(35)	(189)
Cash Generated From/ (Used In) Operations	21,202	14,710	(279)	(365)
Income tax paid	(2,627)	(3,402)	-	-
Interest paid	(28)	(293)	-	-
Net Cash From/ (Used In) by Operating Activities	18,547	11,015	(279)	(365)
INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	2,811	2,836	-	-
Purchase of property, plant and equipment	(31,207)	(14,207)	-	-
Proceeds from short-term investments	16,843	-	-	-
Advance for non-current assets	(6,470)	-	-	-
Purchase of non-current assets	(12,594)	-	-	-
Interest received	103	-	-	-
Cash outflow from acquisition of subsidiary company	-	-	-	(19,500)
Net Cash Used In Investing Activities	(30,514)	(11,371)	-	(19,500)

(Cont'd)

	The Group		The Company	
	6 months ended		6 months ended	
	30.6.07	30.6.06	30.6.07	30.6.06
	USD'000	USD'000	USD'000	USD'000
FINANCING ACTIVITIES				
Proceeds from issuance of shares	-	21,000	-	21,000
Cost of issuance of shares	-	(503)	-	(369)
Deposits pledged with financial institutions	-	(7,700)	-	-
Proceeds from loans	8,130	-	-	-
Repayment of loans	-	(7,976)	-	-
Net Cash From by Financing Activities	<u>8,130</u>	<u>4,821</u>	<u>-</u>	<u>20,631</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(3,837)	4,465	(279)	766
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	301	100	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>8,864</u>	<u>903</u>	<u>630</u>	<u>15</u>
CASH AND CASH EQUIVALENTS AT END PERIOD	<u><u>5,328</u></u>	<u><u>5,468</u></u>	<u><u>351</u></u>	<u><u>781</u></u>

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AND ITS SUBSIDIARY COMPANIES

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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 2006. The condensed interim financial statements were authorised for issue by the Board of Directors on 3 September 2007.

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 2006.

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

	USD
1 Sterling Pound	2.0088
1 Ringgit Malaysia	0.2896
1 Euro Dollar	1.3297
1 Kazakhstan Tenge	<u>0.0082*</u>

* 1 USD is equivalent to KZT122.085

3. REVIEW OF RESULTS FOR THE PERIOD

During the period, Group's revenue increased by 35% to USD38.6 Million from USD28.6 Million in the preceding year corresponding period. The Group's profit before and after taxation rose by 35% and 31% to USD15.6 and USD10.6 Million from USD11.5 and USD8 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	
	30.6.07	30.6.06	30.6.07	30.6.06
	USD'000	USD'000	USD'000	USD'000
Sales-manufactured goods	38,366	28,060	-	-
Others	305	545	50	-
Total	38,671	28,605	50	-

6. **INCOME TAX EXPENSE**

	The Group		The Company	
	6 months ended		6 months ended	
	30.6.07	30.6.06	30.6.07	30.6.06
	USD'000	USD'000	USD'000	USD'000
Estimated current tax payable:				
- the Company	-	-	-	-
- subsidiary companies	5,009	3,473	-	-
	<u>5,009</u>	<u>3,473</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 (USD5,793) 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 30.6.07 USD'000	6 months ended 30.6.06 USD'000
Net profit attributable to ordinary shareholders	<u>10,585</u>	<u>8,032</u>
	6 months ended 30.6.07 '000	6 months ended 30.6.06 '000
Number of shares in issue at beginning of period	114,000	100,000
Issuance of shares during the period	<u>-</u>	<u>14,000</u>
Number of shares in issue at end of period	<u>114,000</u>	<u>114,000</u>
Weighted average number of ordinary shares in issue	<u>114,000</u>	<u>111,615</u>
	6 months ended 30.6.07 USD	6 months ended 30.6.06 USD
Basic earnings per share (cents)	<u>0.09</u>	<u>0.07</u>

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 2007	3,464	43,500	10,270	2,170	2	9,380	68,786
Additions	1	378	3,157	195	12	27,465	31,208
Disposals/Transfers	-	(37)	(231)	(11)	-	(2,630)	(2,909)
Exchange differences	134	1,650	396	84	-	362	2,626
At 30 June 2007	3,599	45,491	13,592	2,438	14	34,577	99,711
Accumulated depreciation							
At 1 January 2007	-	11,233	898	717	1	-	12,849
Additions	-	945	436	147	1	-	1,529
Disposals/Transfers	-	(3)	(77)	(2)	-	-	(82)
Exchange differences	-	424	28	29	-	-	481
At 30 June 2007	-	12,599	1,285	891	2	-	14,777
Net Book Value							
At 30 June 2007	3,599	32,892	12,307	1,547	12	34,577	84,934

9. OTHER ASSETS

	The Group		The Company	
	As at 30.6.07 USD'000	As at 31.12.06 USD'000	As at 30.6.07 USD'000	As at 31.12.06 USD'000
VAT (reimbursable)	4,864	1,121	-	-
VAT deposit	2,402	-	-	-
Spare parts	-	158	-	-
Prepaid insurance	326	74	-	-
	<u>7,592</u>	<u>1,353</u>	<u>-</u>	<u>-</u>
Less: Discount on VAT (reimbursable)	<u>(490)</u>	<u>(255)</u>	<u>-</u>	<u>-</u>
	<u>7,102</u>	<u>1,098</u>	<u>-</u>	<u>-</u>

VAT (reimbursable) resulted from capital expenditure incurred and is expected to be recovered in future financial years.

10. INVENTORIES

	The Group		The Company	
	As at 30.6.07 USD'000	As at 31.12.06 USD'000	As at 30.6.07 USD'000	As at 31.12.06 USD'000
Work in progress	1,679	1,833	-	-
Finished goods	463	1,753	-	-
Raw materials	2,206	2,141	-	-
Spare parts	3,644	2,167	-	-
Construction materials	48	75	-	-
Other material	319	711	-	-
	<u>8,359</u>	<u>8,680</u>	<u>-</u>	<u>-</u>
Less: Provision for obsolete inventories	<u>(148)</u>	<u>(143)</u>	<u>-</u>	<u>-</u>
Net	<u>8,211</u>	<u>8,537</u>	<u>-</u>	<u>-</u>

11. TRADE RECEIVABLE, NET

	The Group		The Company	
	As at 30.6.07 USD'000	As at 31.12.06 USD'000	As at 30.6.07 USD'000	As at 31.12.06 USD'000
Trade receivables from third parties	1,005	1,158	-	-
Less: Provision for doubtful receivables	<u>(7)</u>	<u>(7)</u>	<u>-</u>	<u>-</u>
Net	<u>998</u>	<u>1,151</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 30.6.07 USD'000	As at 31.12.06 USD'000	As at 30.6.07 USD'000	As at 31.12.06 USD'000
Receivable from employees	127	91	-	-
Other receivables	562	711	42	-
Prepaid expenses	<u>364</u>	<u>423</u>	<u>-</u>	<u>1</u>
	1,053	1,225	42	1
Advances paid to third parties	<u>24,772</u>	<u>11,019</u>	<u>-</u>	<u>-</u>
	25,825	12,244	42	1
Advances paid to third parties – non-current portion	<u>(22,637)</u>	<u>(10,046)</u>	<u>-</u>	<u>-</u>
	<u>3,188</u>	<u>2,198</u>	<u>42</u>	<u>1</u>

Advances paid are mainly those advances incurred by subsidiaries for the purchase of machinery, equipment and construction work for the cement plant. Short-term advances are those incurred for the purchase of materials and other services by subsidiaries for cement production.

13. **SHORT-TERM INVESTMENTS**

During the period, the Group uplifted short-term investments of USD16.7 Million which include deposits placed in JSC Kazkommertsbank to finance the cost of refurbishment.

14. **SHARE CAPITAL**

	The Group and the Company As at 30.6.07 USD'000
Authorised:	
Ordinary shares of USD0.01 each	<u>5,000</u>
Issued and fully paid:	
Ordinary shares of USD0.01 each	
At beginning of period	1,140
Issued during the period	<u>-</u>
At end of period	<u><u>1,140</u></u>

15. **RESERVES**

	The Group and the Company As at 30.6.07 USD'000
Non-distributable reserves:	
Share premium	
Balance at beginning of the period	26,647
Shares issued at a premium	<u>-</u>
	26,647
Less: Utilisation of share premium	<u>-</u>
Balance at end of the period	<u><u>26,647</u></u>

(Cont'd)

	The Group and the Company As at 30.6.07 USD'000
Revaluation reserve	
Balance at beginning of the period	6,492
Depreciation transfer of revaluation reserve	<u>(897)</u>
Balance at end of the period	<u><u>5,595</u></u>

	The Group As at 30.6.07 USD'000
Translation reserve account	
Balance at beginning of the period	1,531
Exchange differences on translation of foreign subsidiary companies	<u>2,735</u>
Balance at end of the period	<u><u>4,266</u></u>

Share premium

Share premium arose from the issuance of ordinary shares at prices above the par value of USD0.01 each.

Translation reserve account

Exchange differences arising from the translation of assets and liabilities of foreign subsidiary companies, are taken to the translation reserve account.

16. **BONDS**

	The Group	
	As at 30.6.07 USD'000	As at 31.12.06 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
	<u>21,294</u>	<u>21,294</u>
Exchange differences	822	-
Discount on bonds issued	(496)	(478)
Amounts of accrued interest on bonds issued	<u>794</u>	<u>761</u>
Total	<u><u>22,414</u></u>	<u><u>21,577</u></u>

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.

17. **OTHER PAYABLES AND ACCRUED LIABILITIES**

	The Group		The Company	
	As at 30.6.07 USD'000	As at 31.12.06 USD'000	As at 30.6.07 USD'000	As at 31.12.06 USD'000
Liquidation fund accruals	30	29	-	-
Accruals	2,723	1,006	411	363
Advances received	<u>1,722</u>	<u>479</u>	<u>-</u>	<u>-</u>
	<u>4,475</u>	<u>1,514</u>	<u>411</u>	<u>363</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.

18. TAXES PAYABLE

	The Group		The Company	
	As at	As at	As at	As at
	30.6.07	31.12.06	30.6.07	31.12.06
	USD'000	USD'000	USD'000	USD'000
Corporate income tax	1,179	6	-	-
Property tax	77	48	-	-
Personal income tax	27	58	-	-
Other taxes	1,338	132	-	-
Total	<u>2,621</u>	<u>244</u>	<u>-</u>	<u>-</u>

19. LOANS

	Interest Rate (p.a.)	The Group		The Company	
		As at	As at	As at	As at
		30.6.07	31.12.06	30.6.07	31.12.06
		USD'000	USD'000	USD'000	USD'000
JSC Kazkommertsbank	12%	<u>8,130</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>8,130</u>	<u>-</u>	<u>-</u>	<u>-</u>

The loan balance of USD 8.1 Million as at 30 June 2007 is provided by JSC Kazkommertsbank on a non-revolving basis and is disbursed in three tranches. Each tranche is repayable in full in 3 months with the final repayment of USD4 Million due in September 2007. The final tranche is secured against the receivable due from a major customer.

20. **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.

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	
	As at 30.6.07 USD'000	As at 31.12.06 USD'000	As at 30.6.07 USD'000	As at 31.12.06 USD'000
Remunerations	184	277	148	243
Short-term benefit	-	97	-	-
Post-employment benefit	-	-	-	-
Total	184	374	148	243

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

21. **SIGNIFICANT EVENT**

On 12 July 2007, the Company and the Group's subsidiaries, Karcement JSC, Central Asia Cement JSC, Central Asia Cement Holding B.V., Steppe Cement Holdings B.V. and Steppe Cement (M) Sdn Bhd, the sponsors and European Bank for Reconstruction and Development ("EBRD") entered into the Amended Agreement to the existing Guarantee and Support Undertaking Agreement and Loan Agreement concluded between Karcement JSC and EBRD dated 13 December 2005. The loan facility limit has been revised to USD 42 Million.