Explanatory notes to
Consolidated Interim Financial Statements
SAT & Company JSC
For the period January 01 – June 30, 2012

Notes to consolidated interim financial statements January 01 – June 30, 2012.

General Information
Organization and principal activities

SAT & Company JSC (hereinafter Company) is a joint stock company in the meaning defined in the Civil Code of the Republic of Kazakhstan. The Company's registered office is at 241, Mukanov Str., Almaty, 050008, Republic of Kazakhstan. These consolidated financial statements comprise the financial statement of the Company and its subsidiaries.
The principal activities of the Company and its subsidiaries as of June 30, 2012 are as follows:

The Company/subsidiary	Principal activity
Sat &Company JSC	Investment activities
ShalkiyaZinc N.V	Subsurface use
Astananeftekhim LLP	Trading activity
Sat Petrochemicals LLP	Trading activity
Vostok Munai LLP	Trading activity
SAT&Co HOLDING A.S. JSC, Turkey	Trading activity
Mining Company SAT Komir LLP	Coal production and sale
FNP "Ertys" LLP	Nickel ore exploration
"CAICC" LLP	Metallurgical production, subsurface use
"Trade House SAT" LLC	Trading activity
"Temirtau Electro Metallurgical Plant" JSC (TEMP)	Metallurgical production / subsurface use
SAT SinoFerroAlloy B.V. /Netherlands/	Metallurgical production / subsurface use

"SAT&Company" LLP was established in October 2011. In 2006 the Company was reregistered as JSC.

Business environment
The Group operations are subject to economic, political and social risks inherent in doing business in Kazakhstan and abroad. These risks include matters arising from the policies of the government, economic conditions, the imposition of or changes to taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights.
The attached consolidated financial statements reflect management's assessment of the impact of the Kazakhstan business environment on the operations and financial position of the Group. The future business environment could marginally differ from management's current assessment.

Basis of preparation
The given financial statement have been prepared in accordance with International Financial Reporting Standards (interpretations IFRS and IFRIC), as issued by International Accounting Standards Board (IASB), including IAS Interim financial statements and also those parts of Kazakhstan legislation which are applicable to the Company, preparing its financial statements according to IFRS.
The management believes, that this consolidated financial statements include all the necessary adjustments for the fair presentation of the financial position of the Group, its operating results and the results of cash flows for 6 months of 2012.

New Accounting Regulations
Standards, corrections and interpretations became valid in Year 2011 and adopted by the Group:
Improvement of International Financial Reporting Standards (released in May 2010 and became valid on January 01, 2011). Improvements are the set of significant changes and clarifications on the standards and interpretations summarized herebelow and applicable to the Group:

- In compliance to revised IFRS 3 it is necessary to (i) ensure fair value assessment (unless it is required to run another kind of assessment by other IFRS standards) of non-controlled participation share which is not currently a participation giving a right to the holder for pro rata share of net assets in the event of dissolution, (ii) provide recommendations with regard to terms of payment on shares of acquired company which were not altered or voluntarily altered as the result of merge, and (iii) indicate that contingency fee (in the event of merge) existed before revised IFRS 3 became valid (namely January 2008) will be recognized as per requirements of previous IFRS 3 standard;

- In compliance to revised IFRS 7 certain disclosure requirements are clarified, namely (i) keen attention to interrelation of quantitative and qualitative disclosure about nature and level of financial risks, (ii) a requirement to disclose balance value of financial assets was cancelled provided that mentioned assets terms were revised and would be otherwise overdue or impaired, (iii) requirement to disclose fair value of collateral replaced by more general requirement to disclose financial impact; (iv) it is clarified that the entity has to disclose amount of collateral being levied to the date of payment, but not the amount received during reporting period;
- Amendment to IAS 16 "Fixed Assets": The change of concept "net cost of sale" to fair value less costs". The Company has changed respectively its accounting policy, which didn't bring to changes in the financial position.
- Amendment to IAS 36 "Impairment of value": If discounted cash flow is used for assessment of fair value less costs then disclosure of additional information is required on discounting rate, and also the relative information the disclosure of which is required in use of discounting cash flows for assessment of "value in use" This amendment didn't influence the financial position of the Company in this reporting period.
- Changes to IFRS 24"Disclosure of Information on Related Entities" (released in November 2009 and become valid for annual terms starting from January 01, 2011 and afterwards). IFRS 24 was revised in 2009 and resulted with: (a) more simple and clear definition for related entity with controversies being eliminated and (b) partial release from disclosure liability for state companies was given. Application of revised standards resulted with only alterations to disclosure and did not impact the results of financial position of the Group.
- IFRS 27 clarifies transitional rules for changes to IFRS 21, 28 and 31 as provided by revision of IFRS 27 (with amendments introduced in January 2008). Those changes resulted only with additional disclosure or changes in disclosure did not impact significantly consolidated financial reporting of the Group.

The Company didn't apply the following IFRS and Interpretations IFRIC in view of the operations absence:

- Amendment to IFRS 5 "Noncurrent assets, assigned for sale and terminated activity" explains that requirements in relation to disclosure of the information on noncurrent assets and disposal groups, classified as assigned for sale and also for terminated activities are described exclusively in IFRS 5. The requirements in relation to disclosure of the information, containing in other IFRS shall be applied only in cases when specially discussed for such noncurrent assets and terminated activity.
- Amendment to IFRS 8 "Operating Segments". This standard establishes that assets and liabilities of the segment shall be reflected only in the case if these assets and liabilities are included in the assessment, used by executive body, responsible for adoption of operational decisions.
- Amendment to IAS 1 "Presentation of financial statements": Assets and liabilities, classified as withholding for provision of trading operations in accordance with IAS 39 "Financial instruments: recognition and assessment" are not classified automatically in the report of financial position as short term.
- IAS 18 "Revenue": The Board has included a guideline (supplementing the standard) to define if the Company is a principal or an agent.
- Amendment to IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance": According to the changes brought interest-free loans and loans provided with interest lower the market rate shall not be excluded from the sphere of requirement application on accruement of imputed interest. The imputed interest shall be accrued for loan, provided at rate lower the market.
- Amendment to IAS 23 "Borrowing costs": The definition of the expenses on loans was revised with aim of uniting two types of items, which were considered the components of expenses on loans, into one – interest expenses, calculated with use of interest rate method according to IFRS 39.
- Amendment to IAS 38 "Intangible assets": Expenses on advertisements and events on demand incentive are recognized in the expenses at the moment, when the Company has a right of access to the goods or receives the service.

Bases of Consolidation

These consolidated financial statements reflect the Group's financial position as at June 30, 2012 as well as the financial performance of the Group for the year ended June 30, 2011 and 2012.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists where the Group has the power, directly or indirectly, to govern the financial and operating policies of the entity in order to benefit from these activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date of actual transition of control to the date of its termination.

Associates

Associates are the entities over which the Group has significant control, but not control over financial and operating policies. The Consolidated financial statements include the Group's share in the recognized incomes and expenses of the associated entities on the base of equity method from the acquisition date of the considerable influence and up to the date when the considerable influence ceases. When the Group share of losses in an associate exceeds its interest in the associate, the interest carrying amount is written off and the Group does not recognize the further losses, unless it has incurred obligations on behalf of the associate.

Transactions eliminated at consolidation

All inter group accounts and transactions, as well as unrealized gains from inter group transactions are eliminated when preparing consolidated financial statements. Unrealized gains from transactions with associated entities and entities under joint control are eliminated in accordance with share of the Group in these entities. Unrealized gains from the transactions with associated entities are eliminated from investments into the associates. Unrealized losses are eliminated as unrealized gains but they are eliminated to the extent that there is no evidence of impairment.

Bases of measurement

These consolidated financial statements were prepared in accordance with historical cost principal.

Functional currency and presentation currency

National currency of Kazakhstan is Kazakhstan Tenge (hereinafter "KzT") which is the functional currency of the Company as well as the currency used to prepare these consolidated financial statements in accordance with IFRS. All financial information is presented in thousands of tenge.

Use of estimates and judgments

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions. Those judgments, estimates and assumptions affect the reported amounts of assets and liabilities, as well as disclosures on potential and contingent assets and liabilities. Actual results obtained in future could differ from those estimates.

Assumptions and estimates made on the basis thereof are regularly reviewed for the need of making changes. Changes in estimates are recognized in the reporting period in which they were revised and in all subsequent periods affected by those changes.

Summary of significant accounting policy

When preparing financial statements in accordance with IFRS primary accounting policies were applied. Those accounting policies were applied consistently.

Foreign currency transactions

Foreign currency transactions are translated into tenge at the exchange rates effective at the date of transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated into tenge at the exchange rate effective at this reporting date. Non-monetary assets and liabilities denominated in foreign currency and carried at fair value are translated into tenge at the exchange rate effective at the date when fair value was determined. Gains and losses arising from translation are recognized in the income statement

Intangible assets

Goodwill

In case a subsidiary or interest in a joint venture or an associate is acquired as well as in case of joint operations, the acquisition cost is distributed on assets and liabilities based on their fair value as at the acquisition date. Goodwill on acquisition is the excess of the acquisition cost over the fair value off the Group's share of the net identifiable assets of the acquired entity. Goodwill is recognized at cost less impairment losses. Goodwill is not amortized but is annually tested for impairment. Goodwill is allocated to cash-generating units for the purpose of impairment testing which are expected to benefit from acquisition. Goodwill impairment losses are not recoverable.

Research and development

Costs for research and development performed with the purpose to receive new scientific and technical knowledge and experience are recognized in the consolidated income statement as expenses for the period.

Other intangible assets

Other intangible assets acquired by the Group and having a limited useful live are recognized at cost less accumulated depreciation and impairment losses. Expenses on generated goodwill and trademarks are included into the consolidated income statement as expenses for the period.

Amortization

Intangible assets except for goodwill are amortized using a straight line method over the useful lives starting from the date when those assets are ready for use. Useful live for intangible assets makes up 3-10 years.

Capital assets

Fixed assets

Fixed assets are shown at cost (or basic) cost less accumulated depreciation and impairment losses. The cost of self-made property includes property; plant and equipment include cost of materials, labor costs and respective manufacturing overheads. The cost of fixed assets main items as of as at 1 January 2005, IFRS transition date, was determined based on their fair value as at the specified date ("implied cost") according to IFRS 1.
Where an item of fixed assets consists of several components having different useful lives, such components are accounted for as separate items of fixed assets.

Construction in progress

Construction costs are capitalized as a separate construction in progress asset in Property, plant and equipment. Upon completion of construction the items are transferred to the corresponding category of fixed assets. Items of construction in progress are not depreciated.

Repairs and maintenance

Expenses on replacement of the component of fixed assets item which is separately accounted for are capitalized, and the carrying amount of the component replaced is written off. Other subsequent costs are capitalized only in case they increase future economic benefits from the use of such fixed assets item. All other expenses including technical control costs and current repairs are recognized in the income statement as expenses for the period.

Subsequent expenses

Expenses on replacement of the component of fixed assets which is separately accounted for are capitalized in the value of the component being replaced. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditures, including maintenance and capital repair costs, are recognized in the income statement as incurred expenses.

Depreciation

Fixed assets are depreciated on a straight-line basis to the Company's expenses throughout the estimated useful lives of separate assets. Depreciation starts with the acquisition date of the asset or, in respect to own construction, with the date when the asset was installed and ready for use. The land is not depreciated.
Estimated useful lives of fixed assets:

Buildings and constructions	15-50 years
Machinery and equipment	4-25 years
Other	3-15 years

Amortization methods, expected useful lives and residue value of fixed assets are analyzed at each reporting date.

Investments

Long-term investments are recognized in the Company's financial statements at cost. The Company reviews investments for impairment in cases when events or changes in events indicate that the carrying amount may not be recoverable. When there are impairment indicators, the Company evaluates recoverable amount. Where carrying amount of the investment exceeds its recoverable amount, such investment is considered impaired and is written down to its recoverable amount. The Group recognizes (cease recognition) investments when circumstances of investment acquiring (selling) arise.

Impairment

Carrying amount of long-term assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When there are impairment indicators the evaluation is carried out to determine whether the assets' carrying amount exceeds their recoverable amount or not. Such analysis is performed only in respect to each asset separately except for the assets which do not by themselves generate cash flows. This being the case such analysis is made at the level of cash generating division. Where the carrying amount of cash generating asset or division of assets exceeds its recoverable amount, a provision for recognition of the asset at the lower cost is formed. Impairment losses are recognized in the income statement.

Calculation of recoverable amount

Recoverable amount is the higher of value in use and fair value of the asset less selling expenses. When estimating the asset's value in use, expected future cash flows are discounted to their current value at the rate before taxes which reflects current market quotations of time value of money and risks associated with this asset. Recoverable amount of the assets which do not generate cash inflows by themselves is determined as part of the recoverable amount of the unit generating cash inflows to which those assets belong.

Reversal of impairment loss

Impairment loss is subject to reversal in case if any changes take place in the estimates used to determine the recoverable amount. Impairment loss is reversed only to the extent to which the carrying amount of the asset does not exceed the carrying amount which would have been determined less depreciation or amortization should the impairment loss has not been recognized.

Inventories

Inventories are stated at the lower of cost and net realizable value. Inventories' cost is based on average-weighted method and includes acquisition costs, production or processing costs and other expenses on bringing inventories to their location and appropriate condition. Cost of raw materials and consumables is the acquisition cost, while cost of finished products and construction in progress includes cost of production including the corresponding share of depreciation and overheads. Cost of construction in progress and finished products includes corresponding share of overheads calculated based on standard use of production capacities.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs for completion of works and selling costs.

Trade and other receivables

Trade and other receivables are recognized to the amount of the invoice issued (which is the fair value of funds receivable) less impairment provision for these receivables. Provision for impairment of receivable is formed when there is objective evidence that the Group will not recover all receivables on initial terms. Provision amount is the difference between initial carrying amount and recoverable amount which is the current value of expected cash flows discounted at initial effective interest rate for the financial instruments.

Cash and cash equivalent

Cash and cash equivalents include cash on hand and on bank accounts, short-term on-demand deposits or those with repayment period less than three months.

Borrowings

Borrowings are initially recognized at fair value of the funds received less transaction costs incurred in respect to those funds. Later on the borrowings are accounted for at depreciated cost using the effective interest rate method.

Provisions

Provisions are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. If the effect of time value of money is significant, provisions are calculated by discounting future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, if appropriate, risks specific to the liability. Provision discount amortization is recognized as finance costs.

Revenues

Revenues are recognized to the extent that it is more likely that economic benefits will flow to the Company and the amount of revenue may be reliably estimated. Proceeds from goods sold are recognized in the income statement at the time when all material risks and benefits from such ownership are transferred to the buyer, usually after transfer of title for the goods.

Finance income

Finance income comprises interest income from investments and proceeds from exchanges difference. Interest income is recognized as it accrues using the effective interest rate.

Finance expenses

Finance expenses include interest expenses on borrowings, discount amortization on provisions and exchange difference losses. All interest expenses and other expenses incurred on borrowings are charged to expenses incurred as a component of net finance expenses.

Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognized in the income statement except for the cases when it relates to items recognized directly to equity, in which cases it is recognized in equity.

Dividends

Dividends are recognized as liabilities in the period in which they were approved by the shareholders.

Financial instruments

Recognition

Financial assets and liabilities are recognized by the Group in the balance sheet when it becomes a party to the contract for a certain instrument.

Assessment

Financial assets and liabilities are initially recognized at fair value which is the paid or involved consideration including expenses directly attributable to the transaction. Income or expenses are initially recognized in the income and loss statement.

Recognition of Financial assets is ceased in case, when the Group loses control over the rights to this asset under the contract.

Segmental Information

The Group operates primarily in the territory of Kazakhstan and in the territory of Turkey, thus represents two geographic segments. Segment information is provided in respect to industry segments.

Segment is a separate component of the Group connected with the production of goods or services in a certain industry and exposed to risks and benefits other than those of other segments.

The management monitors financial performance for each industry segment separately in order to make investment decisions and evaluate operating activity. The segments are evaluated based on operating income or losses. Financing and taxation are planned at the Group level.

Notes to the consolidated statement of the financial position

Revenue

	6 month 2012	6 month 2011
Oil products	-	728 216
Metal	7 858 428	1 968 203
Coal	508 926	631 204
Income from services	102 627	187525
Total	**8 469 981**	**3 515 148**

Revenue by location

	6 month 2012	6 month 2011
Kazakhstan	3 312 402	1 444 882
Russia	3 280 735	2 055 126
China	1 575 816	
Other regions	301 028	15 140
Total	**8 469 981**	**3 515 148**

COGS

	6 month 2012	6 month 2011
Materials	4 162 645	1 199 410
Fuel	251 423	595 284
Electricity	1 719 465	394 975
Depreciation, amortization and depletion	240 357	78 354
Salary and related taxes	272 685	313 840
Taxes	48 619	54 991
Stripping costs	143 609	334 277
Rock mass excavation and transportation, refinery services	14 925	
Repair and maintenance	42 308	20 360
Auxiliary shops services	79 080	136 507
Operational lease	22 344	13 210
Transportation	40 621	10 613
Leases	13 841	1700
Overheads	393 209	134 051
Changes to finished goods and work in progress	-156 727	0
Other	100 759	30 745
Total	**7 389 163**	**3 318 317**

Selling Expenses

	6 month 2012	6 month 2011
Transportation	366 955	338 010
Wages	62 058	29 062
Supplies	61 199	80 299
Other	37 763	40 470
Total	**527 975**	**487 841**

G&A

	6 month 2012	6 month 2011
Rent	44 709	43 132
Payroll and related taxes	623 083	443 855
Depreciation and amortization	180 845	151 896
Security	76 363	54 563
Business trip expenses	52 967	32 264
Supplies	50 796	48 580
Sponsorship	90 459	83 838
Communication	33 491	13 208
Taxes	128 414	81 919
Bank services	47 246	84 520
Fines and penalties	9 896	13 232
Legal services, consultations, etc.	143 470	154 983
Other	250 618	93 520
Total	**1 732 357**	**1 299 510**

Other operating expenses

	6 month 2012	6 month 2011
Loss from disposal of fixed assets	26 938	59 002
Foreign exchange loss	672 236	67 590
Other	169 460	132 066
Total	**868 633**	**258 658**

Other operating income

	6 month 2012	6 month 2011
Foreign exchange gain	518 730	259 979
Income on sale of fixed assets	16 236	8 101
Other products sales	362 236	12 184
Other income	144 757	97 511
Total	**1 041 969**	**377 775**

Finance gains and costs

Finance income

	6 month 2012	6 month 2011
Income from deposits	4 491	12 120
Other	98 007	
Total	**102 498**	**12 120**

Finance costs

	6 month 2012	6 month 2011
Interest expenses – bank loans	1 030 287	923 304
Dividends	220 819	
Interest expenses – bonds	782 470	550 955
Other	109 345	
Total	**2 142 921**	**1 474 259**

Share of the organization in profit (loss) of associates and joint ventures accounted under the equity method

	6 month 2012	6 month 2011
Share in the loss of associates and joint ventures	- 65 390	- 207 066
Total	**-65 390**	**- 207 066**

Other non-operating income

	6 month 2012	6 month 2011
Income from business combinations	2 375 236	2 950 000
Other income	-	297 869
Total	**2 375 236**	**3 247 869**

Other non-operating expenses

	6 month 2012	6 month 2011
Cost of investments sold	0	1 587 296
Other expenses	0	231 608
Grand Total	**0**	**1 818 904**

Notes to consolidated statement of financial position

Current assets
Cash and Cash Equivalents

As of June 30, 2012 cash amounted to KzT 585 162 thousand kept on current accounts in the banks and not limited for disposal.

Available-for-sale financial assets

Includes securities held for sale in amount of KzT 6 thousand.

Short-term trade and other receivables

	As of June 30 2012	As of June 30 2011
Trade receivables	919 409	2 045 459
Short-term receivables from employees	50 990	200 049
Financial aid	9 966 098	2 769 728
Receivables for securities	813 170	
Receivable for rent	72 190	53 233
Other receivables	901 320	323 691
Provision for doubtful debts	-3 052 988	-3 546 517
Total	9 670 189	**1 845 643**

Inventory

	As of June 30 2012	As of June 30 2011
Raw materials	1 815 739	1 160 825
Work in progress	312 728	46 294
Finished products	1 197 215	1 034 571
Goods for sale	236 820	87 982
Provision for obsolete inventory	- 651 541	-43 043
Total	2 910 961	2 286 629

Other current assets

	As of June 30 2012	As of June 30 2011
Input VAT	1 696 500	1 371 655
Other current taxes	82 700	95 636
Advances paid	1 196 432	769 030
Deferred expenses	747 834	511 921
Other	39 469	1 259
Provision for doubtful debts	-2 704	-178 874
Total	**3 760 230**	**2 570 627**

Non-current assets

Financial assets at fair value through profit or loss

	As of June 30 2012	As of June 30 2011
Investments in PRC	0	1 040 470
Total	**0**	**1 040 470**

Long-term trade and other receivables

	As of June 30 2012	As of June 30 2011
Long-term receivables	4 253 134	2000
Long-term receivables from employees	21 047	315 522
Other long-term receivables	305,977	337 969
Provision for doubtful debt	(161 789)	
Total	**4 418 369**	**655 491**

Investments, accounted for using the equity method

	As of June 30 2012	As of June 30 2011
Investments to associates	7 654 894	3 642 379
Total	**7 654 894**	**3 642 379**

Exploration and evaluation assets

	As of June 30 2012	As of June 30 2011
Exploration and evaluation assets at the beginning of the period	3 781 538	7 892 371
Depreciation of exploration and evaluation assets		-19 853
Additions to exploration and evaluation assets	260 303	
Exploration and evaluation assets at the end of the period	4 041 841	7 872 518

Intangible assets

	As of June 30 2012	As of June 30 2011
Software		
Licenses, subsurface use right	75 497	1 747 291
Other	34 819	13 648
Total	**110 316**	**1 760 939**

Property, plant and equipment

	Mining Assets	Land	Buildings and Construction	Machinery and Equipment	Transport, furniture, computers and other office equipment	Construction in progress	Total
Initial cost	**594 580**	**3 374 780**	**26 688 382**	**7 881 441**	**713 167**	**3 494 830**	**42 747 180**
Accumulated depreciation and impairment	-34 717		-1 185 206	-1 260 352	-261 381		-2 741 656
Book value at the beginning of the period	**559 863**	**3 374 780**	**25 503 176**	**6 621 089**	**451 786**	**3 494 830**	**40 005 524**
Additions	-	-	12 273	707 245	148 407	920 654	1 788 580
Additions through business combinations		2 526	347 350	6 239 644	315 297	577 780	7 206 703
Disposals	-	-	-	-154 230	-46 478	-	-200 708
Depreciation	-4 667	-	-142 328	-376 929	-119 158	-	-643 083
Depreciation on disposals	-	-	1 603	3 185	35	-	10 864
Book value at the end of the period	**555 196**	**3 377 306**	**25 722 073**	**13 040 004**	**755 931**	**4 993 264**	**48 167 881**

As of June 30, 2012 fixed assets of KzT 25 310 182 thousand are pledged as bank collateral.

Other long-term assets

	As of June 30 2012	**As of June 30 2011**
Advances paid for fixed assets	2 903 283	1 030 297
Deposits on banks	2 600 000	2 600 000
Advances paid for assets exploration and evaluation assets	371 664	
Long-term part of input VAT	1 452 199	710 080
Advances paid for other long-term assets	371 091	13 363
Other long-term assets	448 583	383 359
Provisions	-	
Total	**8 146 820**	**4 737 099**

Current liabilities

Borrowings

This note discloses information about loans and credit arrangements of the Group.

Short-term loans	**As of June 30 2012**	**As of June 30 2011**
SberBank of Russia	5 464 050	3 820 673
ExIm Bank Kazakhstan	2 600 000	
Alliance Bank	2 500 000	
VTB Bank	985 071	4 102 473
Eurasian bank	63 728	63 728
Bank "Bank RBK" Kazakhstan Branch	220 000	
Tsesna Bank	70 500	
NurBank	75 000	
Other	25 249	675 089
Total short-term loans	**12 003 598**	**8 661 963**

Other short-term financial liabilities

	As of June 30 2012	As of June 30 2011
Accrued dividends on preferred shares	385 659	0
Bonds as part of other short-term financial liabilities	770 702	0
Other liabilities	11 833	0
Total	**1 168 194**	**0**

Short-term trade and other payables

	As of June 30 2012	As of June 30 2011
Trade payables to suppliers	2 500 036	2 900 777
Payables for rent	518	205 440
Interest payable	1 205 446	1 248 379
Other payables	4 344 613	626 338
Total	**8 050 613**	**4 980 933**

Other current liabilities

	As of June 30 2012	As of June 30 2011
Advances received	1 472 338	553 212
Short-term part of deferred income	109 312	
Other current liabilities	186 259	160 720
Taxes payable	147 937	151 742
Total	**1 915 846**	**865 673**

Non-current liabilities.

Borrowings

	As of June 30 2012	As of June 30 2011
Long-term loans		
SberBank of Russia	7 657 846	4 155 406
Exim Bank		2600 000
Eurasian Bank	84 971	212 427
Other loans	13 679	139 011
Total loans	**7 756 496**	**7 106 844**

Other Long-term financial liabilities

Issued bonds

On January 3, 2008 the Company issued 150 million of unsecured coupon bonds, with nominal value of KzT 100. Bonds are subject to repayment in seven years from the date of issue at their nominal value. Payment of coupon is performed twice a year, on January 3 and on June 3. Coupon rate for 9-coupon period ending July 03 of 2012 is 9,4% annual. As of June 30, 2012 the bonds are placed in the quantity of 126 094 463.
Company recognized bonds the discount. Discount is depreciated using effective interest rate method; the interest rate is defined at each coupon payment date.

	As of June 30 2012	As of June 30 2011
Bonds at nominal value	12 609 446	11 243 982
Discount	- 1 034 525	-1 524 327
Bonds part of other short-term financial liabilities	770 702	
Total	10 804 219	9 719 655

Long-term trade and other payables

	As of June 30 2012	As of June 30 2011
Other payables	3 225 643	932 059
Total	3 225 643	932 059

Deferred tax liabilities

	As of June 30 2012	As of June 30 2011
Deferred tax liabilities	4 776 169	6 852 016

Other long-term liabilities

	As of June 30 2012	As of June 30 2011
Long-term advances received	-	
Debt component of preferred shares	3 659 755	912 907
Commercial discovery bonus	803 405	212 036
Deferred income	2 987 851	
Employee benefits	49 767	
Other long-term liabilities	107 770	833
Total	7 608 548	1 125 776

Equity

The equity of the Group amounting to KzT **30 636 110** thousand, consists of share capital, debt component of preferred shares, treasury equity, reserves, retained earnings and non-controlling interests as of the reporting date.
Total number of authorized ordinary stocks amounts to 3 000 000 000 (three billion).
The number of the preferred shares amounts to 750 000 000 (seven hundred fifty million) pcs;
The share capital amounts to KzT 28 106 651 thousand.

Number of outstanding ordinary shares as of the reporting date amounts to 1 200 820 395, totaling to KzT 16 142 358 thousand.

No ordinary shares were placed within the reporting period.

Number of placed preferred shares as of reporting date amounts to 385 659 516 totaling to KzT 11 964 093 thousand.

55 977 863 preferred shares were placed within reporting period for the amount of KzT 1 748 189 thousands.

Debt component totaling to KzT 3 659 755 thousands was comprised from preferred shares.

Total number of treasury shares in the quantity of 9 240 177 totals to KzT 555 757 thousand as at the date of the reporting date.

7 425 872 ordinary shares were repurchased during the reporting period in the amount of KzT 427 048 thousand.
Reserves include foreign currency translation reserve and other reserves totaling to KzT 11 600 606 thousand.

Retained earnings amount to KzT 16 643 659 thousand as at the reporting date.
Non-controlling interests share in equity equals to KzT 1 702 118 thousand.

Balance value of one ordinary share

	As of June 30 2012	As of June 30 2011
Total assets	89 702 125	74 161 418
Intangible assets	110 306	-1 760 939
Liabilities as of June 30, 2012	59 066 015	-41 545 972
Preferred shares	11 964 093	-3 200 000
Net assets for ordinary shares	**18 561 711**	27 654 507
Number of ordinary shares, thousand pcs.	1 200 820	1 173 737
Balance value, KzT	**15,46**	**23,56**

Balance value of one ordinary share is calculated as proportion of net assets for ordinary shares to the number of ordinary shares as of reporting date.
Net assets are calculated as difference between assets and liabilities, less intangible assets and less preferred shares.

Balance value of one preferred share as of June 30, 2012

	As of June 30 2012	As of June 30 2011
Accrued dividends	385 660	
Preferred shares	11 964 093	3 200 000
Including debt component of the preferred shares	3 659 755	912 907
Number of preferred shares, pcs	385 659 516	106 666 667
Balance value, KzT	32,02	30,0

Balance value of one preferred share is calculated as proportion of balance of preferred shares including accrued dividends liabilities and debt component of the preferred shares to the number of preferred shares as at the reporting date.

Company owners:

Shareholders possessing ten and more percent of placed ordinary shares of the JSC (less the shares repurchased by the Company) as of reporting date.

- Rakishev Kenges Khamituly - 61.77%

Profit per Share

Profit per share is calculated as relation of the net profit to weighted average number of ordinary shares as at the reporting date. Profit per share takes into accounts the split of shares of November 20, 2008. The Company doesn't have potential ordinary shares with dilution effect.

	As of June 30 2012	As of June 30 2011
Net income attributable to shareholders	-741 536	-1 722 333
Weighted average number of ordinary shares in thousands	1 193 315	1 173 630
Profit (loss) per share attributed to JSC shareholders (KzT)	-0,62	-1,47

Capital Management

Management of the Group keeps the capital leverage which is sufficient to ensure confidence of the investors, creditors and market as a whole, and to provide business growth rate in the future. Group Management controls the return on investments ratio and tries to keep the balance between high profitability (which is possible with higher borrowings level) and advantages and security of the stable capital funds. There were no changes in the Group's capital management policy during the reporting period.

Actions at Law

In the main course of the business the Group faces the litigations and claims. Management believes that total liabilities, if such will appear, arising as a result of such proceedings and claims, will not have a significant negative influence on the financial position of the Group.
As of June 30, 2012 the Group was not involved into any significant litigation issues including arbitration considerations.

R. Sagitova
Deputy Chairman of the Board on Finance and Investments

. Sharabok
Chief Accountant