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**TuranAlem Finance B.V.**  
Rotterdam, The Netherlands.  
ANNUAL ACCOUNTS

2006

31-07-2007

ADDRESS:  
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Chamber of Commerce  
File number 24.321.412

## **TuranAlem Finance B.V.**

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## **TuranAlem Finance B.V.**

### **Management Report**

The Management herewith submits its annual accounts for the financial year ended 31 December 2006.

#### **Overview of activities**

TuranAlem Finance B.V. ("the Company") acts as a finance company. All shares are held by JSC Bank TuranAlem, Almaty, Kazakhstan.

During the year new Eurobonds for an amount of USD 1.8 billion and Syndicated Loans for an amount of USD 1.1 billion have been issued. The entire amount is on lent to and is guaranteed by the shareholder.

#### **Result for the year**

The profit for the year is USD 1,308,551. Although the volume of the loans has doubled compared to 2005, the average margin has decreased substantially causing the decrease in the net interest income.

#### **Risks**

The Company's risk management policies in relation to financial instruments, and the main risks are discussed in the notes to the annual accounts.

#### **Future outlook**

It is expected that the activities of the Company will remain unchanged.

#### **Post-balance sheet events**

On 22 January 2007 two further loan issues for a total amount of USD 1 billion, on 20 April 2007 an issue for the amount of JPY 58.9 billion and on 31 May 2007 an issue for the amount of JPY 30 billion have taken place. Further loan issues are anticipated during 2007.

#### **Activities in the field of research and development**

The company is not engaged in such activities.

#### **The Management,**

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Equity Trust Co. N.V.

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R. Solodchenko

Rotterdam, 26 June 2007

**TuranAlem Finance B.V.**

**Balance Sheet**

*(before appropriation of results and expressed in USD)*

	<b><u>Note</u></b>	<b><u>31 December 2006</u></b>	<b><u>31 December 2005</u></b>
<b>FINANCIAL FIXED ASSETS</b>			
Loans to parent company	3	4,671,258,450	1,650,000,000
Premium on loan	4	9,323,915	12,048,436
Shareholders account	5	606,233	344,333
		<u>4,681,188,598</u>	<u>1,662,392,769</u>
<b>CURRENT ASSETS</b>			
Loans to parent company	3	217,000,000	782,000,000
Interest receivable Eurobonds		79,033,482	26,667,113
Interest receivable on short term loans to parent company		3,366,360	9,524,479
VAT receivable		21,024	9,661
Cash at bank	6	670,234	1,842,361
		<u>300,091,100</u>	<u>820,043,614</u>
<b>CURRENT LIABILITIES</b>			
Loans third party maturing within one year	7	100,000,000	777,000,000
Loan facility third party		110,000,000	0
Loan third party		5,000,000	5,000,000
Interest payable Eurobonds		78,530,340	26,275,945
Interest payable loan third parties		3,299,793	9,389,799
Corporation income tax		6,510	159,851
Accruals		92,667	102,880
		<u>296,929,310</u>	<u>817,928,475</u>
<b>NET CURRENT ASSETS</b>		<u>3,161,790</u>	<u>2,115,139</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,684,350,388</u>	<u>1,664,507,908</u>
<b>LESS: LONG-TERM DEBT</b>			
Long-term loans third party	7	4,671,258,450	1,650,000,000
Premium on bonds	8	9,323,915	12,048,436
		<u>3,768,023</u>	<u>2,459,472</u>
<b>CAPITAL AND RESERVES</b>	9		
Share capital		23,735	21,292
Currency translation reserve		(8,111)	(5,668)
Retained earnings		2,443,848	1,058,071
Net profit for the year		1,308,551	1,385,777
		<u>3,768,023</u>	<u>2,459,472</u>

**TuranAlem Finance B.V.**

**Profit and loss account**

*(expressed in USD)*

	<b>Year ended 31 December 2006</b>	<b>Year ended 31 December 2005</b>
Interest income	283,377,941	142,813,026
Withholding Tax on interest income	(28,337,794)	(14,281,303)
Interest expense	(253,487,412)	(126,599,056)
Release premium on bonds	2,724,521	2,724,521
Release premium on loans	(2,724,521)	(2,724,521)
<b>NET INCOME</b>	<b>1,552,735</b>	<b>1,932,667</b>
General and administrative expenses	563,748	187,512
Expense agreement	(274,947)	0
<b>GENERAL EXPENSES</b>	<b>288,801</b>	<b>187,512</b>
<b>OPERATING RESULT</b>	<b>1,263,934</b>	<b>1,745,155</b>
Interest banks	37,487	1,613
Interest shareholder	16,606	11,644
Exchange differences	1,565	(3,651)
<b>FINANCIAL INCOME/(CHARGES)</b>	<b>55,658</b>	<b>9,606</b>
<b>OPERATING PROFIT BEFORE TAXATION</b>	<b>1,319,592</b>	<b>1,754,761</b>
<b>CORPORATE INCOME TAX</b>	<b>0</b>	<b>368,984</b>
<b>CORPORATE INCOME TAX PREVIOUS YEARS</b>	<b>11,041</b>	<b>0</b>
<b>NET PROFIT FOR THE YEAR</b>	<b>1,308,551</b>	<b>1,385,777</b>

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**TuranAlem Finance B.V.**

**Cash flow statement**  
(expressed in USD)

	<b>Year ended 31 December 2006</b>	<b>Year ended 31 December 2005</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year	1,308,551	1,385,777
Income tax expenses recognised in profit	11,041	368,984
	<u>1,319,592</u>	<u>1,754,761</u>
Movements in working capital		
(Increase) in interest receivable	(46,208,250)	(22,786,361)
Decrease in interest payable	46,164,389	22,465,050
(Increase)/decrease in current account shareholder	(261,900)	(11,644)
Increase/(decrease) in accrued expenses	(10,213)	47,725
	<u>1,003,618</u>	<u>1,469,531</u>
Cash generated from operations		
Taxes paid	(175,745)	(221,842)
	<u>827,873</u>	<u>1,247,689</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds and repayments from loans	2,451,533,929	1,329,275,479
Issuance and repayments of loans	(2,453,533,929)	(1,329,275,479)
	<u>(2,000,000)</u>	<u>0</u>
<b>NET INCREASE/(DECREASE) IN CASH</b>	<u>(1,172,127)</u>	<u>1,247,689</u>
Cash at banks beginning of the year	1,842,361	594,672
Cash at banks end of the year	<u>670,234</u>	<u>1,842,361</u>

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## **TuranAlem Finance B.V.**

### **Notes to the accounts as at 31 December 2006**

#### **1. General**

The Company is a private limited liability company established in Rotterdam on 22 May 2001. The Company acts as a finance company. The Company is a wholly owned subsidiary of OJSC Bank TuranAlem, 97 Zholdasbekov Street, Samal 2. Almaty, Kazakhstan. The compilation of the annual accounts is in USD as USD represents the economic reality of business activities.

With its parent company, OJSC Bank TuranAlem, the Company has entered into several loan agreements as well as an expense agreement.

#### **2. Summary of principal accounting policies**

##### **(a) General**

The accompanying accounts have been prepared in accordance with accounting principles generally accepted in the Netherlands and the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code.

The company's accounts are expressed in USD as the operations are denominated by this currency.

##### **(b) Foreign currencies**

All assets and liabilities expressed in currencies other than USD have been translated at the rates of exchange prevailing at the balance sheet date. All transactions in foreign currencies have been translated into USD at rates of exchange approximating to those ruling at the date of the transactions. Resulting exchange differences, if any, are recognised in the profit and loss account.

Translation results on the Company's issued share capital are transferred to reserves directly.

##### **(c) Other assets and liabilities**

Unless otherwise indicated assets and liabilities are stated at face value.

##### **(d) Revenue recognition**

Expenses and income are accounted for under the accrual basis.

##### **(e) Corporation tax**

The taxable profit of the Company is based on the Advance Pricing Agreements. As a result of this the taxable result can deviate substantially from the commercial result.

##### **(f) Cash flow statement**

The cash flow statement is prepared according to the indirect method. Corporate income taxes, interest received and paid are stated under the cash flow from operating activities as a result of the nature of the company's activities.

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**TuranAlem Finance B.V.**

**Notes to the accounts as at 31 December 2006**

**2. Summary of principal accounting policies (continued)**

**(g) *Premium on loans and premium on bonds***

Premium on loans and premium on bonds, as a result of placement above par, is valued at face value less straight-line depreciation based on the remaining economic lives of the loan or bond concerned. Discounts are not capitalised but recognised immediately and set off against one and other. The discount in 2006 amounted to USD 19,338,086 (2005: USD 6,306,000)

**(h) *Disclosure of management of financial risks***

The financial risks for the company are limited. All incoming loans and bonds issued are guaranteed by the shareholder. The risk the Company bears is therefore limited to the capital and reserves, which according to the Advanced Pricing Agreements made with the fiscal authorities should be at a minimum of EUR 2,000,000. The objective of the Company is not to bear any more financial risks. The Company's principal financial instruments comprise amounts due from the parent company, loans third parties and cash. The estimated market values of these financial instruments as at 31 December 2006 approximate their book value.

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**TuranAlem Finance B.V.**

**Notes to the accounts as at 31 December 2006**

**3. Loans to Parent Company**

Loans to Parent Company consists of the following as at 31 December:

<b>Long-term Issued</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>2006</b>	<b>2005</b>
29 May 2002	29 May 2007	11.161%	0	100,000,000
2 June 2003	2 June 2010	8.800%	225,000,000	225,000,000
24 March 2004	24 March 2014	8.939%	100,000,000	100,000,000
24 March 2004	24 March 2014	8.939%	300,000,000	300,000,000
30 November 2004	2 June 2010	8.800%	375,000,000	375,000,000
10 February 2005	10 February 2015	9.495%	350,000,000	350,000,000
23 November 2005	23 November 2008	7.851%	200,000,000	200,000,000
25 January 2006	25 January 2016	9.211%	400,000,000	0
31 March 2006	31 March 2011	8.941%	65,789,474	0
25 April 2006	25 April 2009	8.657%	250,000,000	0
2 May 2006	2 May 2009	8.625%	100,000,000	0
20 September 2006	20 March 2008	6.489%	530,900,000	0
20 September 2006	20 March 2008	6.822%	580,100,000	0
28 September 2006	28 September 2011	8.545%	634,750,000	0
20 December 2006	20 December 2009	7.477%	391,530,000	0
28 December 2006	28 December 2016	4.780%	168,188,976	0
			<b>4,671,258,450</b>	<b>1,650,000,000</b>

<b>Short-term Issued</b>	<b>Maturity</b>	<b>Interest Rate</b>	<b>2006</b>	<b>2005</b>
13 December 2003	19 May 2006	6.4100%	0	5,000,000
6 October 2005	20 September 2006	5.6138%	0	777,000,000
29 May 2002	29 May 2007	11.161%	100,000,000	0
7 July 2006	7 July 2007	6.715%	110,000,000	0
7 December 2006	7 June 2007	7.130%	5,000,000	0
26 July 2006		7.778%	1,500,000	0
24 August 2006		7.778%	500,000	0
			<b>217,000,000</b>	<b>782,000,000</b>

## TuranAlem Finance B.V.

### Notes to the accounts as at 31 December 2006

#### 3. Loans to Parent Company (continued)

Loans to the parent Company, evidenced by deposit receipts, represent the pass through of the net proceeds of debt issued by the Company plus direct issuance costs. Loans to the parent Company are subject to a Guarantee Agreement, an Expenses Agreement and a Deposit Agreement. Under these various agreements, the Parent Company has unconditionally guaranteed the return of all principal plus interest, payment of direct issuance costs and, if necessary, to fund any cash operating deficits. Interest rates on the loans are directly related to the interest rates paid on the related debt issued by the Company. As agreed interest on cash loan is equal to the rate paid on the related debt issued plus a spread, grossed up for any withholding taxes held at the source.

#### 4. Premium on loan

Per November 30th 2004 a USD 375 million loan has been issued at 104%. This resulted in a received discount of USD 15 million.

The movements in can be summarised as:

	31 December 2006	31 December 2005
At beginning of period	12,048,436	14,772,957
Release premium on loan	(2,724,521)	(2,724,521)
<b>At end of period</b>	<b>9,323,915</b>	<b>12,048,436</b>
Premium to be released within a year	(2,724,521)	(2,724,521)

#### 5. Shareholder's account

The movements in can be summarised as:

	31 December 2006	31 December 2005
Shareholder's account		
At beginning of year	344,333	332,689
Movements	261,900	11,644
<b>At end of year</b>	<b>606,233</b>	<b>344,333</b>

#### 6. Cash at bank

Cash at banks consists of current account balances, which are available on demand.

## TuranAlem Finance B.V.

### Notes to the accounts as at 31 December 2006

#### 7. Long-term loans

Long-term debt consist of the following as at 31 December:

Long-term Issued	Maturity	Interest Rate	2006	2005
29 May 2002	29 May 2007	10.000%	0	100,000,000
2 June 2003	2 June 2010	7.875%	225,000,000	225,000,000
24 March 2004	24 March 2014	8.000%	100,000,000	100,000,000
24 March 2004	24 March 2014	8.000%	300,000,000	300,000,000
30 November 2004	2 June 2010	7.875%	375,000,000	375,000,000
10 February 2005	10 February 2015	8.500%	350,000,000	350,000,000
23 November 2005	23 November 2008	7.020%	200,000,000	200,000,000
25 January 2006	25 January 2016	8.250%	400,000,000	0
31 March 2006	31 March 2011	8.047%	65,789,474	0
25 April 2006	25 April 2009	7.750%	250,000,000	0
2 May 2006	2 May 2009	7.724%	100,000,000	0
20 September 2006	20 March 2008	5.789%	530,900,000	0
20 September 2006	20 March 2008	6.089%	580,100,000	0
28 September 2006	28 September 2011	7.640%	634,750,000	0
20 December 2006	20 December 2009	6.678%	391,530,000	0
28 December 2006	28 December 2016	4.250%	168,188,976	0
			4,671,258,450	1,650,000,000

Ad1) On 29 May 2002 the Company issued a Note of USD 100,000,000 principal amount, which bears interest at a fixed rate 10 per cent. The Trustee of this Note is The Deutsche Trustee Company Limited, New York. The Guarantor is OJSC Bank TuranAlem, 97 Zholdasbekov str., Samal-2, Almaty 480099, Kazakhstan. The Note is due for repayment one Business Day prior to 29 May 2007.

Ad 2) On 02 June 2003 the Company issued a Note of USD 225,000,000 principal amount, which bears interest at a fixed rate 7.875 per cent. The Trustee of this Note is J.P. Morgan Corporate Trustee Services Limited, London. The Guarantor is OJSC Bank TuranAlem, 97 Zholdasbekov str., Samal-2, Almaty 480099, Kazakhstan. The Note is due for repayment in 2010.

Ad 3) On 24 March 2004 the Company issued a Note of USD 100,000,000 principal amount, which bears interest at a fixed rate 8 per cent. The Trustee of this Note is J.P. Morgan Corporate Trustee Services Limited, London. The Guarantor is OJSC Bank TuranAlem, 97 Zholdasbekov str., Samal-2, Almaty 480099, Kazakhstan. The Note is due for repayment in 2010.

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## **TuranAlem Finance B.V.**

### **Notes to the accounts as at 31 December 2006**

#### **7. Long-term loans (continued)**

Ad 4) On 24 March 2004 the Company issued a Note of USD 300,000,000 principal amount, which bears interest at a fixed rate 8 per cent. The Trustee of this Note is J.P. Morgan Corporate Trustee Services Limited, London. The Guarantor is OJSC Bank TuranAlem, 97 Zholdasbekov str., Samal-2, Almaty 480099, Kazakhstan. The Note is due for repayment in 2010.

Ad 5) On 30 November 2004 the Company issued a Note of USD 375,000,000 principal amount, which bears interest at a fixed rate 7.875 per cent. The Trustee of this Note is J.P. Morgan Corporate Trustee Services Limited, London. The Guarantor is OJSC Bank TuranAlem, 97 Zholdasbekov str., Samal-2, Almaty 480099, Kazakhstan. The Note is due for repayment in 2 June 2010.

Ad 6) On 10 February 2005 the Company issued a Note of USD 350,000,000 principal amount, which bears interest at a fixed rate 8.5 per cent. The Trustee of this Note is J.P. Morgan Corporate Trustee Services Limited, London. The Guarantor is OJSC Bank TuranAlem, 97 Zholdasbekov str., Samal-2, Almaty 480099, Kazakhstan. The Note is due for repayment in 2 June 2010.

Ad 7) On 4 November 2005 the Company and its shareholder established a "Global Medium Term Note" programme, with a maximum aggregate nominal amount outstanding not exceeding USD 3,000,000,000 (or its equivalent in other currencies). Based on the programme the Company may from time to time issue senior or subordinated notes, the proceeds of which will be deposited with the shareholder.

On 23 November 2005 the Company issued under the "USD 3,000,000,000 Global Medium Term" program a Note of USD 200,000,000 principal amount, which bears interest at a floating rate, a 3 months LIBOR rate plus 1.65%. The Guarantor is OJSC Bank TuranAlem, 97 Zholdasbekov str., Samal-2, Almaty 480099, Kazakhstan. The Note is due for repayment on 23 November 2008.

Ad 8) On 25 January 2006 the Company received a loan of USD 400,000,000 principal amount, which bears interest at a fixed rate 8.25 per cent from BTA Finance Luxembourg S.A., 46A Avenue J.F. Kennedy, 1855 Luxembourg.

Ad 9) On 4 November 2005 the Company and its shareholder established a "Global Medium Term Note" programme, with a maximum aggregate nominal amount outstanding not exceeding USD 3,000,000,000 (or its equivalent in other currencies). Based on the programme the Company may from time to time issue senior or subordinated notes, the proceeds of which will be deposited with the shareholder.

On 31 March 2006 the Company issued a Note of PLZ 200,000,000 principal amount, which bears interest at a floating rate, a 3 months LIBOR rate plus 2.68%. On 31 March this amount was swapped into USD 65,789,474. The Guarantor is OJSC Bank TuranAlem, 97 Zholdasbekov str., Samal-2, Almaty 480099, Kazakhstan. The Note is due for repayment in 31 March 2011.

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## **TuranAlem Finance B.V.**

### **Notes to the accounts as at 31 December 2006**

#### **7. Long-term loans (continued)**

Ad 10) On 4 November 2005 the Company and it's shareholder established a "Global Medium Term Note" programme, with a maximum aggregate nominal amount outstanding not exceeding USD 3,000,000,000 (or it's equivalent in other currencies). Based on the programme the Company may from time to time issue senior or subordinated notes, the proceeds of which will be deposited with the shareholder.

On 25 April 2006 the Company issued under the "USD 3,000,000,000 Global Medium Term" program a Note of USD 250,000,000 principal amount, which bears interest at a fixed rate 7.75 per cent. The Guarantor is OJSC Bank TuranAlem, 97 Zholdasbekov str., Samal-2, Almaty 480099, Kazakhstan. The Note is due for repayment on 25 April 2009.

Ad 11) On 4 November 2005 the Company and it's shareholder established a "Global Medium Term Note" programme, with a maximum aggregate nominal amount outstanding not exceeding USD 3,000,000,000 (or it's equivalent in other currencies). Based on the programme the Company may from time to time issue senior or subordinated notes, the proceeds of which will be deposited with the shareholder.

On 2 May 2006 the Company issued under the "USD 3,000,000,000 Global Medium Term" program a Note of USD 100,000,000 principal amount, which bears interest at a floating rate, at year-end 7.72%. The Guarantor is OJSC Bank TuranAlem, 97 Zholdasbekov str., Samal-2, Almaty 480099, Kazakhstan. The Note is due for repayment on 2 May 2009.

Ad 12) On 20 September 2006 the Company issued a Note of USD 530,900,000 principal amount, which bears interest at a fixed rate 5.79 per cent. The Guarantor is OJSC Bank TuranAlem, 97 Zholdasbekov str., Samal-2, Almaty 480099, Kazakhstan. The Note is due for repayment in 20 March 2008.

Ad 13) On 20 September 2006 the Company issued a Note of USD 580,100,000 principal amount, which bears interest at a fixed rate 6.09 per cent. The Guarantor is OJSC Bank TuranAlem, 97 Zholdasbekov str., Samal-2, Almaty 480099, Kazakhstan. The Note is due for repayment in 20 March 2008.

Ad 14) On 4 November 2005 the Company and it's shareholder established a "Global Medium Term Note" programme, with a maximum aggregate nominal amount outstanding not exceeding USD 3,000,000,000 (or it's equivalent in other currencies). Based on the programme the Company may from time to time issue senior or subordinated notes, the proceeds of which will be deposited with the shareholder.

On 28 September 2006 the Company issued a Note of EUR 500,000,000 principal amount, which bears interest at a fixed rate 7.64 per cent. On same date this amount was swapped into USD 634,750,000. The Guarantor is OJSC Bank TuranAlem, 97 Zholdasbekov str., Samal-2, Almaty 480099, Kazakhstan. The Note is due for repayment in 28 September 2011.

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## TuranAlem Finance B.V.

### Notes to the accounts as at 31 December 2006

#### 7. Long-term loans (continued)

Ad 15) On 4 November 2005 the Company and it's shareholder established a "Global Medium Term Note" programme, with a maximum aggregate nominal amount outstanding not exceeding USD 3,000,000,000 (or it's equivalent in other currencies). Based on the programme the Company may from time to time issue senior or subordinated notes, the proceeds of which will be deposited with the shareholder.

On 20 December 2006 the Company issued a Note of GBP 200,000,000 principal amount, which bears interest at a fixed rate 6.68 per cent. On same date this amount was swapped into USD 391,530,000. The Guarantor is OJSC Bank TuranAlem, 97 Zholdasbekov str., Samal-2, Almaty 480099, Kazakhstan. The Note is due for repayment in 20 December 2009.

Ad 16) On 28 December 2006 the Company issued a Note of JPY 20,000,000,000 principal amount, which bears interest at a fixed rate 4.25 per cent. The Guarantor is OJSC Bank TuranAlem, 97 Zholdasbekov str., Samal-2, Almaty 480099, Kazakhstan. The Note is due for repayment in 28 December 2016.

#### 8. Premium on bonds

Per 30 November 2004 a USD 375 million eurobond has been issued at 104%. This resulted in a received premium of USD 15 million.

The movements in can be summarised as:

	31 December 2006	31 December 2005
At beginning of period	12,048,436	14,772,957
Release premium on bonds	(2,724,521)	(2,724,521)
At end of period	<u>9,323,915</u>	<u>12,048,436</u>
Premium to be released within a year	(2,724,521)	(2,724,521)

#### 9. Capital and reserves

The authorised share capital of the Company consists of 900 shares of EUR 100 each, amounting to EUR 90,000. As at balance sheet date 180 shares of EUR 100 were issued and fully paid-up.

The exchange rate used at 31 December 2006 for conversion of the share capital into United States Dollars was USD 1 = EUR 0.7584 (2005: 0.8454)

**TuranAlem Finance B.V.**

**Notes to the accounts as at 31 December 2006**

**9. Capital and reserves (continued)**

The movements in capital and reserves can be summarised as:

	<b>31 December 2006</b>	<b>31 December 2005</b>
<b>Share capital</b>	<u>23,735</u>	<u>21,292</u>
<b>Currency translation reserve</b>		
At beginning of period	(5,668)	(8,955)
Movement during the period	<u>(2,443)</u>	<u>3,287</u>
<b>At end of period</b>	<u>(8,111)</u>	<u>(5,668)</u>
<b>Retained Earnings</b>		
At beginning of period	1,058,071	465,661
Result last year	<u>1,385,777</u>	<u>592,410</u>
<b>At end of period</b>	<u>2,443,848</u>	<u>1,058,071</u>
<b>Net result for the year</b>	<u>1,308,551</u>	<u>1,385,777</u>
<b>Total capital and reserves</b>	<u><u>3,768,023</u></u>	<u><u>2,459,472</u></u>

**10. Foreign withholding tax**

This relates to withholding taxes on interest receivable from the shareholder located in the Republic of Kazakhstan. The available carry forward balance in the amount of USD 19 million has not been capitalised in the balance sheet, as it is very unlikely that this carry forward will be utilised in the near future.

**11. Related party transactions**

Apart from the transactions already disclosed in the notes to the accounts, the Company did not enter into other transactions with related parties.

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**TuranAlem Finance B.V.**

**Notes to the accounts as at 31 December 2006**

**12. Staff numbers and employment costs**

The Company has no employees, other than its directors, and hence incurred no wages, salaries, pension costs and other social security premiums during the year under review or the previous year.

**13. Directors**

The Company has two directors and no supervisory directors. One of the directors received a remuneration of USD 4,322 (2005: USD 4,829). No other benefits were paid to the present directors during the year under review or the previous year.

Rotterdam, 26 June 2007

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Equity Trust Co. N.V.

\_\_\_\_\_  
R. Solodchenko

31-07-2007



## **TuranAlem Finance B.V.**

### **Supplementary information to the Accounts as at 31 December 2006**

#### **Audit**

These accounts have been audited. We refer to the Auditors' report.

#### **Retained earnings**

Subject to the provisions under Dutch law that no dividends can be declared until all losses have been recovered, retained earnings, less the amount of the currency translation reserve, are at the disposal of the shareholder in accordance with the Articles of Association of the Company.

#### **Proposal appropriation of result**

The management proposes that the result of the company during the period under review be carried forward.

#### **Post balance sheet events**

On 22 January 2007 two further loan issues for a total amount of USD 1 billion, on 20 April 2007 an issue for the amount of JPY 58.9 billion and on 31 May 2007 an issue for the amount of JPY 30 billion have taken place. Further loan issues are anticipated during 2007.

31-07-2007

To: the General Meeting of Shareholders of TuranAlem Finance B.V.

## AUDITOR'S REPORT

### Report on the financial statements

We have audited the accompanying financial statements 2006 of TuranAlem Finance B.V., Rotterdam, which comprise the balance sheet as at December 31, 2006, the profit and loss account for the year then ended and the notes.

#### *Management's responsibility*

Management is responsible for the preparation and fair presentation of the financial statements, in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of TuranAlem Finance B.V. as at December 31, 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

## **Report on other legal and regulatory requirements**

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, June 26, 2007

for Ernst & Young Accountants

signed by P.W.J. Laan

31-07-2007