

**KAZKOMMERTS INTERNATIONAL B.V.**

Rotterdam, The Netherlands.

**Annual Report  
for the financial year ended 31 December 2007**

ADDRESS:  
Schouwburgplein 30-34  
3012 CL Rotterdam

Chamber of Commerce  
File number 24.278.506

1027659



# **Kazkommerts International B.V.**

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## **Kazkommerts International B.V.**

### **Management Report**

The Management herewith submits its annual report for the financial year ended 31 December 2007.

#### **Overview of activities**

The Company acts as a finance company. Details are set out in the notes to the financial statements. The company does not have any significant exposure with regard to interest rate or foreign currency risk. The company actively manages its credit risk with regard to its loan portfolio. All shares are held by JSC Kazkommertsbank, Almaty, Kazakhstan.

#### **Results for the year**

The net profit for the year after taxes is USD 4,492,398.

#### **Risk Management**

The company does not have any significant exposure with regard to interest rate or foreign currency risk. The company actively manages its credit risk with regard to its loan portfolio.

#### **Future outlook**

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

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

No major post-balance sheet events affecting the accounts herewith presented, have occurred to date.

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

The company does not engage in any such activities.

#### **The Management,**

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A. Timchenko

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Equity Trust Co. N.V.

Rotterdam, 28 July 2008

# Kazkommerts International B.V.

## Balance Sheet

(before appropriation of results and expressed in USD)

	Notes	31 December 2007	31 December 2006
<b>FIXED ASSETS</b>			
Financial fixed assets			
Loans to group companies	3	7,054,585,415	5,393,908,624
		<u>7,054,585,415</u>	<u>5,393,908,624</u>
<b>CURRENT ASSETS</b>			
Current account shareholder		295,456	295,456
Current account group companies		156,905	205,910
Interest receivable		187,076,583	54,330,022
Prepaid interest expenses		5,662,627	0
VAT receivable		4,124	995
Corporation tax		24,791	0
Cash at banks	4	12,682,706	10,653,513
		<u>205,903,192</u>	<u>65,485,896</u>
<b>CURRENT LIABILITIES</b>			
Prepaid interest income		5,662,627	506,236
Interest payable to third parties		185,442,738	53,918,207
Corporation tax		0	770,338
Accrued expenses		49,314	35,000
		<u>191,154,679</u>	<u>55,229,781</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>14,748,513</u>	<u>10,256,115</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,069,333,928</u>	<u>5,404,164,739</u>
Less: LONG-TERM DEBT			
Loans from third parties	5	7,054,585,415	5,393,908,624
		<u>14,748,513</u>	<u>10,256,115</u>
<b>CAPITAL AND RESERVES</b>	6		
Share capital		26,523	23,735
Currency translation reserve		(3,921)	(1,100)
Legal reserve		232	199
Share premium		497,000	497,000
Retained earnings		9,736,281	5,848,147
Result for the year		4,492,398	3,888,134
		<u>14,748,513</u>	<u>10,256,115</u>

**Kazkommerts International B.V.**

**Profit and loss account**

*(expressed in USD)*

	<b>year ended 31 December 2007</b>	<b>year ended 31 December 2006</b>
<b>FINANCIAL INCOME/(CHARGES)</b>		
Gross income on loans to group companies		
to group companies	540,314,931	334,231,845
withholding tax	(52,423,148)	(32,721,388)
Net interest income on loans		
to group companies	487,891,783	301,510,457
Interest expenses on loans		
from third parties	(482,879,861)	(296,949,562)
Net interest income on loans	5,011,922	4,560,895
Bank interest/(charges)	(337,667)	(653,782)
Exchange result	21,665	3,035
Total financial income/(charges)	<u>4,695,920</u>	<u>3,910,148</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Administrative expenses	77,088	46,319
Audit fees	36,449	28,984
Legal fees	7,517	27,331
General expenses	82,468	50,665
	<u>203,522</u>	<u>153,299</u>
<b>PROFIT BEFORE TAXATION</b>	4,492,398	3,756,849
<b>CORPORATION TAX</b>	0	(131,285)
<b>NET PROFIT FOR THE YEAR</b>	<u><u>4,492,398</u></u>	<u><u>3,888,134</u></u>

**Kazkommerts International B.V.**

**Cash Flow Statement**

*(expressed in USD)*

	<b>year ended 31 December 2007</b>	<b>year ended 31 December 2006</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the year	4,492,398	3,888,134
Income tax expenses recognised in profit	0	(131,285)
	<u>4,492,398</u>	<u>3,756,849</u>
Movements in working capital		
decrease in prepaid expenses	(506,236)	(1,435,000)
Increase in interest receivable	(132,746,561)	(21,065,515)
Increase in interest payable	131,524,531	20,920,562
(Increase)/decrease in current account shareholder	0	(7,661)
(Increase)/decrease in current account group companies	49,005	(119,628)
(Increase)/decrease VAT receivable	(3,129)	1,941
Increase in accrued expenses	14,314	0
	<u>2,824,322</u>	<u>2,051,548</u>
Cash generated from operations	2,824,322	2,051,548
Taxes paid	(795,129)	(232,237)
	<u>2,029,193</u>	<u>1,819,311</u>
Net cash used in operating activities	2,029,193	1,819,311
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds/(repayments) from loans issued	1,660,676,791	1,594,983,513
(Issuance)/repayment of bonds/loans	(1,660,676,791)	(1,594,983,513)
	<u>0</u>	<u>0</u>
Net cash generated by financing activities	0	0
<b>NET INCREASE/(DECREASE) IN CASH</b>	<u><b>2,029,193</b></u>	<u><b>1,819,311</b></u>
Cash at banks beginning of the year	10,653,513	8,834,202
Cash at banks end of the year	<u>12,682,706</u>	<u>10,653,513</u>

## **Kazkommerts International B.V.**

### **Notes to the accounts as at 31 December 2007**

#### **1. General**

The Company is a private limited liability company established in Rotterdam on 1 October 1997. The Company acts as a finance company. JSC Kazkommertsbank, Almaty, Kazakhstan is the sole shareholder of the company.

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

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

The accompanying accounts have been prepared in accordance with EU Directives as implemented in Part 9, Book 2 of the Dutch Civil Code.

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

As per 1 January 2004 the Company has changed its reporting currency to USD which is the functional currency of the company. The company reports in USD because its major transactions are nominated in USD. 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.

##### **(c) Financial fixed assets**

The loans and other receivables are valued at face value after deduction of any provisions.

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

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

##### **(e) Revenue recognition**

Expenses and income are accounted for under the accrual basis.

##### **(f) Corporation tax**

Corporate income tax is calculated on the basis of the net result shown in the Profit and Loss account, taking into account tax allowances and tax adjustments. The Company has concluded several APA/ATR agreements with the Dutch tax authorities with respect to its group finance activities.

##### **(g) Financial Instruments**

As finance company financial instruments are used. The financial instruments are recognised at the balance sheet in the fixed assets, current assets and current liabilities. The accounting principles of the financial instruments are described in item (c)."

## **Kazkommerts International B.V.**

### **Notes to the accounts as at 31 December 2007**

#### ***(h) Cash flow statement***

The cash flow statement is prepared according to the indirect method. The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered as highly liquid investments. Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement. Corporate income taxes, issuance of share capital, interest received and dividends received are presented under the cash flow from operating activities. Interest paid and dividends paid are presented under the cash flow from financing activities.

#### ***(i) 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. In addition thereto, the shareholders and the Company have concluded an intercompany guarantee agreement. Under the intercompany guarantee agreement, the shareholder has undertaken to pay to the Company the amounts due and payable by the Company to the creditors of its financial indebtedness, less an amount of EUR 2 million, being its equity at risk to comply with the Dutch tax practice for group finance companies. 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.

### **3. Loans to shareholder/Deferred premium on loans provided**

This item reflects the following loans to shareholder:

1. a dollar term deposit facility to the amount of USD 500,000,000. The repayment date of the loan is 16 April 2013. The loan consists of two tranches: Tranche A USD 350 million and Tranche B USD 150 million. Tranche A bears deposit interest at a nominal rate of 9.445% (8.625% + withholding tax compensation). Tranche B also bears deposit interest at a nominal rate of 9.445 (8.625% + withholding tax compensation). The borrower shall pay to the Company interest from time to time.
2. a dollar term deposit facility to the amount of USD 400,000,000. The repayment date of the loan is 7 April 2014. The loan bears deposit interest at a nominal rate of 8.89% (8% + withholding tax compensation). The borrower shall pay to the Company interest from time to time.
3. a dollar term deposit facility to the amount of USD 500,000,000. The repayment date of the loan is 3 November 2009. The loan bears deposit interest at a nominal rate of 7.84% (7.125% + withholding tax compensation). The borrower shall pay to the Company interest from time to time.
4. a dollar term deposit facility to the amount of USD 500,000,000. The repayment date of the loan is 4 November 2015. The loan bears deposit interest at a nominal rate of 8.96% (8.063% + withholding tax compensation). The borrower shall pay to the Company interest from time to time.



**Kazkommerts International B.V.**

**Notes to the accounts as at 31 December 2007**

**3. Loans to shareholder/Deferred premium on loans provided (Cont'd)**

5. a dollar term deposit facility to the amount of USD 276,190,476. The repayment date of the loan is 14 December 2008. The loan bears deposit interest at a nominal rate of LIBOR + 1.025% (+ withholding tax compensation). The borrower shall pay to the Company interest from time to time.

6. a EUR term deposit facility to the amount of EUR 300,000,000. The repayment date of the loan is 23 March 2011. The loan bears deposit interest at a nominal rate of 5.741% (5.167% + withholding tax compensation). The borrower shall pay to the Company interest from time to time.

7. a SGD term deposit facility to the amount of SGD 100,000,000. The repayment date of the loan is 24 February 2009. The loan bears deposit interest at a nominal rate of 4.772% (4.295% + withholding tax compensation). The borrower shall pay to the Company interest from time to time.

8. a USD term deposit facility to the amount of USD 450,000,000. The repayment date of the loan is 28 February 2008. The loan bears deposit interest at a nominal rate of LIBOR + 0.39425% (+ withholding tax compensation). The borrower shall pay to the Company interest from time to time.

9. a USD term deposit facility to the amount of USD 500,000,000. The repayment date of the loan is 29 November 2016. The loan bears deposit interest at a nominal rate of 8.392% (7.553% + withholding tax compensation). The borrower shall pay to the Company interest from time to time.

10. a USD term deposit facility to the amount of USD 300,000,000. The repayment date of the loan is 18 December 2019. The loan bears deposit interest at a nominal rate of LIBOR + 0.651% (+ withholding tax compensation). The borrower shall pay to the Company interest from time to time.

11. a GBP term deposit facility to the amount of GBP 350,000,000. The repayment date of the loan is 13 February 2012. The loan bears deposit interest at a nominal rate of 8.526% (7.673% + withholding tax compensation). The borrower shall pay to the Company interest from time to time.

12. a EUR term deposit facility to the amount of EUR 750,000,000. The repayment date of the loan is 13 February 2017. The loan bears deposit interest at a nominal rate of 7.692% (6.923% + withholding tax compensation). The borrower shall pay to the Company interest from time to time.

13. a USD term deposit facility to the amount of USD 250,000,000. The repayment date of the loan is 16 May 2008. The loan bears deposit interest at a nominal rate of 6.477% (6.471% + withholding tax compensation).

# Kazkommerts International B.V.

## Notes to the accounts as at 31 December 2007

### 3. Loans to shareholder/Deferred premium on loans provided (Cont'd)

14. a JPY term deposit facility to the amount of JPY 25,000,000,000. The repayment date of the loan is 6 July 2009. The loan bears deposit interest at a nominal rate of 3 month JPY LIBOR + 1.551% (+ withholding tax compensation). The borrower shall pay to the Company interest from time to time.

15. a USD term deposit facility to the amount of USD 600,000,000. The repayment date of the loan is 31 August 2008. The loan bears deposit interest at a nominal rate of 1-month LIBOR + 0.301% (+ withholding tax compensation). The borrower shall pay to the Company interest from time to time.

16. a USD term deposit facility to the amount of USD 125,000,000. The repayment date of the loan is 18 December 2012. The loan bears deposit interest at a nominal rate of 14.34% (12.906% + withholding tax compensation). The borrower shall pay to the Company interest from time to time.

17. a USD term deposit facility to the amount of USD 110,000,000. The repayment date of the loan is 5 January 2009. The loan bears deposit interest at a nominal rate of 6.091% (5.482% + withholding tax compensation). The borrower shall pay to the Company interest from time to time.

In the loans to shareholder an amount of USD 1,576,190,476 will be received in twelve months. Loans to be received over five years or afterwards amount to USD 3,305,125,000.

	Loans to shareholder	
	Long term	Short term
Book value 1 January 2007	3,886,765,767	1,507,142,857
Loans issued	2,092,918,033	850,000,000
Reclassification	(726,190,476)	726,190,476
Repayment loans	0	(1,507,142,857)
Exchange result	224,901,616	0
Book value 31 December 2007	5,478,394,939	1,576,190,476

	Loans to shareholder	
	Short term	Long Term
Book value 1 January 2006	2,582,258,444	1,216,666,667
Loans issued	2,770,698,971	0
Reclassification	(1,507,142,857)	1,507,142,857
Repayment loans	0	(1,216,666,667)
Exchange result	40,951,209	0
Book value 31 December 2006	3,886,765,767	1,507,142,857

## **Kazkommerts International B.V.**

### **Notes to the accounts as at 31 December 2007**

#### **4. Cash at bank**

Cash at banks consists of current account balances and deposit balances at different banks (ING-bank, ABN AMRO bank and Kazkommertsbank) which are available on demand.

#### **5. Issued Bonds/Deferred interest income on bonds**

This refers to the following items:

1. Bonds were issued in the amount of USD 500 million with an interest percentage of 8.5%. The repayment date of the bonds is 16 April 2013.

2. Bonds were issued in the amount of USD 400 million with an interest percentage of 7.875%. The repayment date of the bonds is 7 April 2014.

3. Bonds were issued in the amount of USD 500 million with an interest percentage of 7%. The repayment date of the bonds is 3 November 2009.

4. Bonds were issued in the amount of USD 500 million with an interest percentage of 8%. The repayment date of the bonds is 4 November 2015.

5. Bonds were issued in the amount of USD 276.19 million with an interest percentage of LIBOR + 0.9%. The repayment date of the bonds is 14 December 2008.

6. Bonds were issued in the amount of EUR 300 million with an interest percentage of 5.125%. The repayment date of the bonds is 23 March 2011.

7. Bonds were issued in the amount of SGD 100 million with an interest percentage of 4.25%. The repayment date of the bonds is 24 February 2009.

8. A syndicated loan was issued in the amount of USD 450 million with an interest percentage of LIBOR + 0.35%. The repayment date of the bonds is 28 February 2008.

9. Bonds were issued in the amount of USD 500 million with an interest percentage of 7.5%. The repayment date of the bonds is 29 November 2016.

10. A syndicated loan was issued in the amount of USD 300 million, with an interest percentage of LIBOR + 0.6%. The repayment date is 18 December 2019.

11. Bonds were issued in the amount of GBP 350 million with an interest percentage of 7.625%. The repayment date of the bonds is 13 February 2012.

12. Bonds were issued in the amount of EUR 750 million with an interest percentage of 6.875%. The repayment date of the bonds is 13 February 2017.

13. Zero coupon notes were issued in the amount of EUR 250 million with an interest percentage of 6.42%. The repayment date of the bonds is 16 may 2008.

## Kazkommerts International B.V.

### Notes to the accounts as at 31 December 2007

#### 5. Issued Bonds/Deferred interest income on bonds (cont'd)

14. Bonds were issued in the amount of JPY 25 billion with an interest percentage of 3 month JPY LIBOR + 1.5%. The repayment date of the bonds is 6 July 2009.

15. Bonds were issued in the amount of USD 600 million with an interest percentage of 1 month LIBOR. The repayment date of the bonds is 31 August 2008.

16. Bonds were issued in the amount of USD 125 million with an interest percentage of 12.85%. The repayment date of the bonds is 18 December 2012.

17. Bonds were issued in the amount of USD 110 million with an interest percentage of 5.43%. The repayment date of the bonds is 15 January 2009.

The shareholder guarantees due and punctual observance and performance of all terms, conditions and covenants on the part of Kazkommerts International B.V. in the agreements. In the long term debt an amount of USD 1,576,190,476 will be repaid within in twelve months. Loans to be repaid over five years or afterwards amount to USD 3,305,125,000.

#### 6. Capital and reserves

The authorised share capital of the Company consisted of 200 shares of EUR 450 each, amounting to EUR 90,000. As at balance sheet date 40 shares were issued and fully paid-up. At balance sheet date the issued share capital has been translated to USD at an exchange rate of USD 1.4735. The movements in capital and reserves can be summarised as follows:

	31 December 2007	31 December 2006
Issued share capital	26,523	23,141
Currency translation reserve	(3,921)	(506)
Legal (non-distributable) reserve	232	199
	<u>22,834</u>	<u>22,834</u>
Share premium	<u>497,000</u>	<u>497,000</u>
Retained earnings/(Accumulated deficit):		
-position as at the beginning of the year	9,736,281	5,848,147
-profit/(loss) for the year	4,492,398	3,888,134
-position as at the end of the year	<u>14,228,679</u>	<u>9,736,281</u>
Total capital and reserves	<u><u>14,748,513</u></u>	<u><u>10,256,115</u></u>

All shares are held by JSC Kazkommertsbank, Almaty, Kazakhstan.

## **Kazkommerts International B.V.**

### **Notes to the accounts as at 31 December 2007**

#### **7. Auditors' fees**

The total auditors' fees accounted for during this financial year are USD 36,449. No other services were provided in the financial year.

#### **8. Related party transactions**

There are no related party transactions besides the loans mentioned in note 3 and the interest receivable on these notes.

#### **9. Staff numbers and employment costs**

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

#### **10. Taxation**

The effective tax rate for 2007 is 0% compared to a marginal tax rate of 25.5%. The alleviation in tax rate is caused by compensation of withholding tax paid on interest income.

#### **11. Directors**

The Company has two directors and no supervisory directors. Neither remuneration nor any other benefits were paid to the present directors during the year under review or the previous year.

#### **Signing of the financial statements**

Rotterdam, 28 July 2008

\_\_\_\_\_  
A. Timchenko

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Equity Trust Co. N.V.

## **Kazkommerts International B.V.**

### **Supplementary information to the Accounts as at 31 December 2007**

#### **Retained earnings**

Article 20 of the Articles of Association provides that the profit established shall be at the disposal of the General Meeting of Shareholders who may apply such profit in whole or in part towards the creation of or as an allocation to one or several general or special reserve funds, or for payment of bonuses and/or for payment of dividends. Insofar as there is a profit in the Company the Board of Directors may, subject to approval by the Annual General Meeting of Shareholders, decide to declare an interim dividend. Furthermore Dutch law prescribes that no dividends can be declared until all losses, if any, have been recovered.

#### **Appropriation of result for the financial year 2006**

The annual report is determined in the general meeting of shareholders held on 7 August 2007. The general meeting of shareholders has determined the appropriation of result in accordance with the proposal being made to that end.

#### **Proposed appropriation of result for the financial year 2007**

The Management proposes that the result of the Company during the year under review be carried forward. This proposal is not (yet) reflected in the financial statements.

#### **Auditors' Report**

Reference is made to the auditors' report included hereafter.

To the shareholders of:  
Kazkommerts International B.V.  
Rotterdam

Datum  
July 30, 2008

Behandeld door  
G.J.W. Ros

Ons kenmerk  
3100256991/OP9998/svs

## Auditor's report

### Report on the financial statements

We have audited the accompanying financial statements 2007 of Kazkommerts International B.V., Rotterdam, which comprise the balance sheet as at December 31, 2007, 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 and for the preparation of the management board report, both 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.

July 30, 2008

3100256991/OP9998/svs

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.

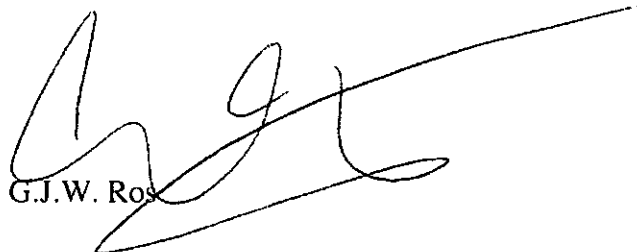
## **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Kazkommerts International B.V. as at December 31, 2007, 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.

Deloitte Accountants B.V.



G.J.W. Ros