ENRC Finance Limited
(formerly ENRC Limited)

(Registered Number 6050675)

Financial Statements for the year ended 31 December 2008

Contents

ENRC Finance Limited

Directors' Report for the year ended 31 December 2008

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2008.

Business review and principal activities

The Company changed its name from "ENRC Limited" to "ENRC Finance Limited" on 30 September 2008.

The principal activities of the Company are acting as the treasury company for ENRC PLC and its subsidiaries (the "Group") and holding investments in subsidiary companies of the Group.

The results of the Company show a loss of US$152 million for the year ended 31 December 2008 and a loss of US$142 million for the period from 12 January 2007 (date of incorporation) to 31 December 2007. The Company has shareholders' funds of US$1,199 million as at 31 December 2008 (2007: US$1,359 million).

Share capital

On incorporation, the Company's authorised share capital was US$2,500 million divided into 250,000,000 shares of US$10 each. All the shares have been issued to ENRC PLC. On 9 July 2007, the Company reduced the par value of each share to US$0.01. At 31 December 2008 and 2007, the Company's authorised and issued share capital is US$2.5 million consisting of 250,000,000 shares of US$0.01 par value each.

Key performance indicators

Given the nature of the Company's business, the Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties and financial risk management

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. For ENRC PLC, these are discussed in the Group's annual report which does not form part of this report.

Directors

The Directors of the Company who served during the year were:

Dr Johannes Sittard
Miguel Perry
Jim Cochrane
Beat Ehrensberger

Qualifying third party indemnity provisions

The Company has entered into deeds of indemnity for the benefit of each Director of the Company in respect of liabilities to which they may become liable in their capacity as Director of the Company. These indemnities are qualifying third party indemnity provisions within the meaning given to that term by Section 309B of the Companies Act. These indemnity provisions remain in force at the time this report is approved.

Going Concern

Notwithstanding the fact that the Company has net current liabilities, the Directors have prepared the accounts on the going concern basis. The Directors have received confirmation from ENRC PLC, the Company's ultimate parent undertaking, of its intention to financially support the Company such that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the Directors' approval of these accounts.

ENRC Finance Limited

Directors' Report for the year ended 31 December 2008

Statement of Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss for the year then ended.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the Directors at the date of approval of this report confirms that:

1) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
2) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of relevant information and to establish that the Company's auditors are aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Auditors

The auditors are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the Board

Miguel Perry

ENRC Limited
16 St James's Street
London SW1A 1ER

7 April 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENRC FINANCE LIMITED

We have audited the financial statements of ENRC Finance Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its loss for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

7 April 2009

ENRC Finance Limited

Profit and Loss Account for the year ended 31 December 2008

In millions of US$	Notes	Year ended 31 December 2008	Period ended 31 December 2007
Continuing operations			
Turnover		-	-
Administrative expenses	3	(84)	(118)
Loss on ordinary activities before interest and taxation		(84)	(118)
Net interest payable and other charges	5	(65)	(24)
Loss on ordinary activities before taxation		(149)	(142)
Withholding tax on overseas income	6	(3)	-
Retained loss for the financial year		(152)	(142)

There is no difference between the result as reported and its historical cost equivalent.

ENRC Finance Limited

Balance Sheet as at 31 December 2008

In millions of US$	Notes	2008	As at 31 December 2007
Fixed assets			
Investments	8	**2,500**	2,500
Amounts owed by group companies	9	**275**	301
Amounts owed by joint ventures and joint venture partners	10	**24**	-
Intangible assets		**1**	1
Total fixed assets		**2,800**	2,802
Current assets			
Amounts owed by group companies	9	**157**	149
Accrued interest receivable		**12**	5
Other investments	11	**26**	170
Cash at bank	12	**1,557**	2,291
Total current assets		**1,752**	2,615
Creditors – amounts falling due within one year			
Amounts owed to group companies	13	**(3,338)**	(2,881)
Accrued interest payable		**(15)**	(46)
Total creditors – amounts falling due within one year		**(3,353)**	(2,927)
Net current liabilities		**(1,601)**	(312)
Total assets less current liabilities		**1,199**	2,490
Creditors – amounts falling due after more than one year			
Amounts owed to group companies	13	-	(1,131)
Net assets		**1,199**	1,359
Capital and reserves			
Called up share capital	14	**3**	3
Fair value reserve	15	**(8)**	-
Other reserves	15	**1,498**	1,498
Profit and loss account	15	**(294)**	(142)
Total capital employed		**1,199**	1,359

The financial statements on pages 5 to 14 were approved by the Board of Directors on 6 April 2009 and were signed on its behalf by:

Miguel Perry

ENRC Finance Limited

Statement of Total Recognised Gains and Losses for the year ended 31 December 2008

In millions of US$	Note	Year ended 31 December 2008	Period ended 31 December 2007
Loss for the year		**(152)**	(142)
Unrealised fair value loss in available for sale investments	15	**(8)**	-
Total recognised losses for the year		**(160)**	(142)

ENRC Finance Limited

Notes to the Financial Statements for the year ended 31 December 2008

1. **Principal Accounting Policies**

a) **Basis of accounting**

These financial statements are for the year ended 31 December 2008.

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

The Company is a wholly owned subsidiary of the ENRC PLC Group and is included in the consolidated financial statements of ENRC PLC Group which are publicly available. Consequently, the Company has taken advantage of the exemption provided by Section 228 of the Companies Act 1985 not to prepare group accounts. Therefore, these accounts include financial information about the Company as an individual undertaking rather than as a group.

The comparative prior period amounts presented in the financial statements were from 12 January 2007 (date of incorporation) to 31 December 2007.

The functional and presentational currency of the Company is US dollars. At 31 December 2008, the exchange rate was £1 = US$1.450 (2007: £1 = US$1.996) and the average rate for the period was £1 = US$1.855 (2007:£1 = US$2.004).

The Company has made certain presentational changes to improve comparability of its results. These changes, which have been applied retrospectively are listed below.

Foreign exchange losses are now reported as part of administrative expenses instead of net interest payable and other charges. In 2008 these were US$29 million (2007: US$11 million).

b) **Going Concern**

Notwithstanding the fact that the Company has net current liabilities, the Directors have prepared the accounts on the going concern basis. The Directors have received confirmation from ENRC PLC, the Company's ultimate parent undertaking, of its intention to financially support the Company such that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the Directors' approval of these accounts.

c) **Investments**

Investments in subsidiary undertakings are stated in the balance sheet at cost less provisions for impairment. Investments are tested for impairment when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the investment or by the discounted future earnings from the investment.

d) **Intangible assets**

Intangible assets are stated at historic cost less provision for amortisation. Acquired intangible assets are amortised over the estimated useful lives on a straight-line basis.

d) **Financial assets and liabilities**

Amounts owed by group companies and related parties, which are interest and non-interest bearing, are initially recorded at fair value and subsequently remeasured at amortised cost using the effective interest method. Finance income is accounted for on an accrual basis using the effective interest method.

Amounts owed to group companies, which are interest bearing are initially recorded at fair value, net of transaction costs incurred, and subsequently remeasured at amortised cost using the effective interest method.

Available for sale investments (included in other investments) are measured at fair value. Gains or losses arising from changes in fair value are recognised directly in fair value reserve (equity), until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss recognised in the fair value reserve is included in the profit and loss account for the period. Impairment losses recognised in the profit and loss account for equity investments classified as available for sale are not subsequently reversed through the profit and loss account.

Cash at bank comprises of cash at bank and deposits repayable on demand.

e) Foreign currencies

Transactions denominated in currencies other than US dollars are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in currencies other than US dollars are translated using the rate of exchange ruling at the balance sheet date. Exchange differences are charged or credited to the profit and loss account in the year in which they arise.

f) Taxation including deferred tax

Full provision is made for deferred taxation on all timing differences that have arisen but not reversed at the balance sheet date, except that deferred tax assets are only recognised to the extent that it is more likely than not that they will be recovered. Deferred tax is recognised on an undiscounted basis.

f) Dividends

Dividends payable are recognised when they meet the criteria of a present obligation.

2. Cash flow statement, related party and financial instruments disclosures

The Company is a wholly-owned subsidiary of ENRC PLC and is included in the consolidated financial statements of ENRC PLC, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised) and presenting financial instruments disclosures under the terms of FRS 29.

The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the ENRC PLC Group or investees of the ENRC PLC Group.

3. Administrative expenses

In millions of US$	**Year ended 31 December 2008**	Period ended 31 December 2007
Management fees	**47**	91
Foreign exchange loss	**29**	11
Irrecoverable VAT	**7**	16
Bank charges	**1**	-
Administrative expenses	**84**	118

The management fees represent recharges from ENRC Management (UK) Ltd for the head office cost of ENRC PLC. The management fees in 2007 include costs expensed in relation to the initial public offering of ENRC PLC.

The fee for the statutory accounts audit of the Company for 2008 is £15 thousand. This fee has been borne by a fellow Group Company and subsequently recharged to the Company.

4. Directors' emoluments and employee costs

The Directors are employed by another Group company and are remunerated by that company in respect of their services as Group employees. They received no emoluments from the Company in respect of qualifying services. There were no employees employed by the Company during the year.

5. Net interest payable and other charges

In millions of US$	Year ended 31 December 2008	Period ended 31 December 2007
Finance income		
Interest income – group companies	42	25
Interest income – related parties	7	-
Interest income – banks	61	7
	110	32
Finance expense		
Interest expense – group companies	(175)	(56)
	(175)	(56)
Net interest payable and other charges	(65)	(24)

6. Taxation on profit on ordinary activities

In millions of US$	Year ended 31 December 2008	Period ended 31 December 2007
Reconciliation of current tax charge		
Loss on ordinary activities before taxation	(149)	(142)
Notional tax on loss on ordinary activities at the standard tax rate of 28.5% in 2008 (2007: 30%)	(42)	(43)
Effects of:		
Expenses not deductible for tax purposes	1	3
Group relief for nil payment	1	-
Tax losses carried forward	40	40
Withholding tax on overseas income	(3)	-
Tax on profit on ordinary activities	-	-
Withholding tax on overseas income	(3)	-

Tax legislation in the UK may impose additional tax liabilities due to the low rate of tax in certain jurisdictions in which the Group operates. Management believe they will be successful in defending any challenge from these tax authorities and therefore no provision for potential liabilities is required.

The Company has unrecognised deferred tax assets in respect of deductible temporary differences of US$57 million for the year ended 31 December 2008 (2007: US$40 million). It is probable that future taxable profit will not be available to utilise the benefits of these temporary differences.

The standard rate of corporation tax in the UK changed to 28% on 1 April 2008.

7. Dividends

In millions of US$	Year ended 31 December 2008	Period ended 31 December 2007
Equity – Ordinary		
Interim dividend – paid: US$4 per share	-	1,000
Total dividends	-	1,000

8. Investments

In millions of US$	At 31 December 2008	2007
Cost and net book value		
ENRC NV	2,500	2,500
ENRC Credit LLP	-	-

In March 2007, the Company acquired 100% of the share capital of ENRC NV (a Dutch company) from ENRC PLC in exchange for 100% of the share capital of the company.

In September 2008, the Company acquired 0.0011% of the share capital of ENRC Credit LLP, a group company incorporated in Kazakhstan for a total nominal amount of US$8,300.

9. Amounts owed by group companies

	At 31 December	
In millions of US$	**2008**	2007
Aluminium of Kazakhstan	**182**	-
Eurasian Energy Corporation JSC	**135**	-
ENRC NV	**75**	-
Industrial Metals	**25**	-
ENRC Management (UK) Limited	**15**	49
ENRC Credit LLP	**-**	401
Total amounts owed by group companies	**432**	450
The amounts owed by group companies are repayable		
Due within one year	**157**	149
Due in more than one year	**275**	301
Total amounts owed by group companies	**432**	450

The amount due from Aluminium of Kazakhstan bears interest at LIBOR plus 2.81% and is repayable by instalments to June 2013.

The amount due from Eurasian Energy Corporation JSC ('EEC') relates to the investment agreement entered into during the year with ENRC PLC and EEC (refer to note 16). The loan bears interest at LIBOR plus 2.81% and is repayable by instalments to August 2018.

The amount due from ENRC NV bears interest at LIBOR plus 2.181% and is repayable on demand.

The amount due from Industrial Metals bears interest at LIBOR plus 2.81% and was repayable in March 2009.

The interest rate margins can be changed quarterly by agreement of the parties.

At 31 December 2007, the amount due from ENRC Management (UK) Limited comprised of US$108 million payable pertaining to management recharge and a loan receivable of US$157 million, which bore interest at LIBOR plus 2.181% and was repayable on demand. In April 2008, the Company entered into a settlement agreement with ENRC Management (UK) Limited, whereby the loan was settled and the remaining balance considered as an ordinary receivable. The balance at 31 December 2008 relates to management recharges and cash advances for working capital requirements. It is interest free and repayable on demand.

The amount due from ENRC Credit LLP in December 2007 bore interest at LIBOR plus 2.31%. This was fully repaid in December 2008.

10. Amounts owed by joint ventures and joint venture partners

	At 31 December	
In millions of US$	2008	2007
Bahia Minerals BV	12	-
Ardilla Investments NV	12	-
Total amounts owed by joint ventures and joint venture partners	**24**	-
The amounts owed by related parties are repayable as follows:		
Due within one year	-	-
Due in more than one year	24	-
Total amounts owed by joint ventures and joint venture partners	**24**	-

The amount due from Bahia Minerals B.V. (a joint venture of another group company) is interest free. The amount is repayable out of the profits and free cash flow of the joint venture company prior to making any other distribution or dividend payment to its shareholders.

The amount due from Ardilla Investments NV (a joint venture partner of another group company) bears interest at LIBOR plus 4.5% and is repayable in August 2011. The total amount of interest income recognised in 2008 relating to Ardilla Investments NV is £205 thousand.

11. Other investments

	At 31 December	
In millions of US$	2008	2007
Bank guarantees	20	-
Available for sale investments	6	-
Short term investments	-	170
Total other investments	**26**	170

The bank guarantees represent cash collateral held by the Company on behalf of ENRC NV. The bank guarantees have a maturity of more than 90 days but less than one year.

The available for sale investment represents the fair value of the Company's investment in a publicly traded company. The fair value is calculated by reference to the market value of the equity shares held with the company. The total amount of unrealised fair value loss recognised in the revaluation reserve at 31 December 2008 is US$8 million.

The short term investments at 31 December 2007 were repayable in more than 90 days. Upon maturity of the investments, these were re-invested to cash and cash equivalents in 2008.

12. Cash at bank

	At 31 December	
In millions of US$	2008	2007
Deposits repayable on demand	1,557	1,929
Cash at bank	-	362
Total cash at bank	**1,557**	2,291

Deposits are held in highly liquid short term investments and are repayable on demand.

13. Amounts owed to group companies

In millions of US$	2008	At 31 December 2007
ENRC PLC	2,299	2,401
ENRC Marketing AG	1,039	1,572
ENRC NV	-	39
Total amounts owed to group companies	**3,338**	4,012
The amounts owed to group companies are repayable		
Due within one year	**3,338**	2,881
Due in more than one year	-	1,131
Total amounts owed to group companies	**3,338**	4,012

The amounts due to ENRC PLC and ENRC Marketing AG bear interest at LIBOR plus 2.056% and are repayable on demand. The amount due to ENRC NV in December 2007 bore interest at LIBOR plus 2.056%. It was repaid in January 2008.

14. Called up share capital

In millions of US$	2008	At 31 December 2007
Authorised, allotted and issued:		
250,000,000 shares of US$0.01 each	**3**	3

The Company was incorporated on 12 January 2007 with a share capital of 250,000,000 shares of US$10 par value each which were issued and fully paid. On 9 July 2007, the Company reduced the par value of each US$10 share to US$0.01 each and the difference of US$2,498 million between the initial share capital and the reduced value was credited to reserves.

15. Reserves

In millions of US$	Notes	Fair value reserve	Other reserves	Profit and loss account
At 12 January 2007		-	-	-
Increase in other reserves arising from reduction in share capital	14	-	2,498	-
Loss for the period		-	-	(142)
Dividends paid during period	7	-	(1,000)	
At 31 December 2007		-	1,498	(142)
Loss for the year		-	-	(152)
Unrealised fair value loss on available for sale investments	11	(8)	-	-
At 31 December 2008		(8)	1,498	(294)

16. Guarantees and commitments

In October 2008, the Company also provided guarantees to third party contractors, in relation to the supply of equipment to Kazakhstan Aluminium Smelter, another group company, amounting to a total of EUR46 million.

In October 2007, the Company provided an undertaking to the Ministry of Industry and Trade of Republic of Kazakhstan in relation to a railway project. The Board of Directors approved the management's cost of US$911 million for the project. Depending on the results of the ongoing feasibility study, the Company has committed that sufficient funds will be made available to finance the project up to the amount approved by the Board of Directors.

In September 2007, ENRC PLC, parent company, entered into a financing agreement with EEC to finance the expansion of its production capacity, including that of its operating divisions, amounting to a total of US$309 million until 2011. In April 2008, the Company entered into an agreement with ENRC PLC and EEC, whereby the Company undertook obligations to carry out on behalf of ENRC PLC, its financing commitments to EEC.

17. Ultimate parent company

The Company's ultimate parent company and controlling party is ENRC PLC which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of that company's consolidated financial statements are available from its registered office at 16 St James's Street, London SW1A 1ER.

18. Events after the balance sheet date

The Company has declared on 23 March 2009 and paid on 24 March 2009 a dividend of US$300 million. In accordance with FRS 21, these financial statements do not reflect this dividend payable at 31 December 2008, which will be accounted for as an appropriation of Other Reserves in 2009.