

Extractive Industries Transparency Initiative (hereinafter – EITI) Supervisory Board of Kyrgyz Republic is publishing a report which includes data on financial revenues received from enterprises entered to the monitoring conducted within EITI implementation in Kyrgyzstan.

Extractive Industries Transparency Initiative was proclaimed by the UK Prime Minister Tony Blair at the World Summit on Sustainable Development in September 2002 in Johannesburg (South Africa). Its goal is increasing transparency of payments of enterprises to state, and transparency of revenues of states which doing their activities. EITI is supported by the World Bank, European Bank for Reconstruction and Development, UK Department for International Development (DFID), and few developing countries are participating in its implementation.

Kyrgyz Republic has joined to the Extractive Industries Transparency Initiative (EITI) according to the Decree of the Government of Kyrgyz Republic as of 14 May 2004 # 361 “On measures to provide transparency of extractive industries”.

In the Strategy of Country’s Development for 2008-2011 the Kyrgyz Government has put as an immediate task in mining industry the implementation of commitments within EITI. In order to further effective implementation of EITI principles the Decree of the Government of Kyrgyz Republic as of 16 July 2008 # 382 “On further measures to implement Extractive Industries Transparency Initiative” was adopted.

EITI Supervisory Board of Kyrgyz Republic was created (22 persons). Representatives of state bodies, Jogorku Kenesh (Parliament), civil society and mining companies are in the EITI Supervisory Board. For current organizational work of EITI Supervisory Board the EITI Secretariat in Kyrgyzstan is successfully operating.

EITI Supervisory Board approved a new form of departmental statistical reporting # 3-EITI (annual) “Report on financial streams from mining companies’ activities” approved by the Decree of the National Statistics Committee of Kyrgyz Republic on 16 September 2008 # 82. Form of reporting # 3-EITI is distributed for all mining companies.

State Agency on Geology and Mineral Resources under the Government of Kyrgyz Republic prepared the list of large mining companies, reports of which and appropriate data of state bodies were subject to independent auditing reconciliation. For providing comparison of companies’ data with state bodies’ data the presenting reports have carried out on the basis of money resources’ registration (on cash basis).

In this report the data on 26 industrial enterprises, the list of which was approved by the Decree of EITI Supervisory Board, are presented:

#	Name	Territory	Kind of activity
1	"Kumtor Gold Company" Closed Joint-Stock Company	Issyk-Kul Region	Production of precious metals

#	Name	Territory	Kind of activity
2	"Kyrgyzaltyn" Open Joint-Stock Company	Bishkek	Activity on management by holding-companies
3	"Jerooyaltyn" Closed Joint-Stock Company	Bishkek	Activity on conducting geological prospecting
4	"Altynten LLC"	Chuy Region	Activity on conducting geological prospecting
5	"Andash Mining Company LLC"	Bishkek	Activity on conducting geological prospecting
6	"Khaidarkan Mercury Joint-Stock Company" Open Joint-Stock Company	Batken Region	Production of other basic inorganic chemical substances
7	"Kadamjay Antimony Plant" Open Joint-Stock Company	Batken Region	Production of antimony and mercury
8	"Kara-Balta Mining Plant" Open Joint-Stock Company *	Chuy Region	Production of nuclear materials
9	"Saryjaz Mineral Mining Company"	Issyk-Kul Region	Mining of non-ferrous metals ores
10	"Bozymchak Mining Company"	Jalal-Abad Region	Mining of non-ferrous metals ores
11	"Full Gold Mining LLC"	Bishkek	Activity on conducting geological prospecting
12	"Kichi-Chaarat" Closed Joint-Stock Company	Bishkek	Activity on conducting geological prospecting
13	"Kyrgyzneftegaz" Open Joint-Stock Company	Jalal-Abad Region	Mining of crude oil and passing gas
14	"Besh-Sary-K LLC"	Naryn Region	Mining of charcoal
15	"Ak-Jol-Komur LLC"	Naryn Region	Mining of charcoal
16	"Razrez Ak-Ulak" State Joint-Stock Company	Naryn Region	Mining of charcoal
17	"Sharbon" Closed Joint-Stock Company	Bishkek	Mining of charcoal
18	"Razrez Buzurmankul-T LLC"	Naryn Region	Mining of coal
19	"Shakhta Jyrgalan" Open Joint-Stock Company	Issyk-Kul Region	Mining of coal
20	"Kok-Bel-Komur LLC"	Issyk-Kul Region	Mining of coal

#	Name	Territory	Kind of activity
21	"Kyzyl-Kyia komur" Open Joint-Stock Company	Batken Region	Mining of charcoal
22	"Sulyukta-komur" Joint-Stock Company	Batken Region	Mining of charcoal
23	"Bishkekstroyaterialy" Open Joint-Stock Company	Bishkek	Production of brick, tiles and other construction wares from baked clay
24	"Kum-Shagyl" Open Joint-Stock Company	Bishkek	Production of ferroconcrete and concrete constructions and wares
25	"Tokmok Plant KSM" Open Joint-Stock Company	Chuy Region	Production of brick, tiles and other construction wares from baked clay
26	"Silikat" Open Joint-Stock Company	Chuy Region	Production of brick, tiles and other construction wares from baked clay
27	"Iygilik" Open Joint-Stock Company	Chuy Region	Production of brick, tiles and other construction wares from baked clay

*"Kara-Balta Mining Plant" Open Joint-Stock Company \* – did not provide the data because of absence of license to exploitation.*

In 2008 the enterprises, included to EITI monitoring, produced industrial production for amount of 37 631,8 mln. soms, that consisted 42,2 per cent from general volume of industrial production.

In 2008 they paid 2104,8 mln. soms of tax payments and 72,3 mln. soms of non-tax deductions to the revenue of state budget of the Kyrgyz Republic. Share of their payments by taxes, included into EITI monitoring, consisted 6,2 per cent from general volume of revenues to the budget on these taxes.

As a payments to the Social Fund of the Kyrgyz Republic the enterprises, included in EITI list, paid 486,4 mln. soms, that consisted 5,4 per cent from general volume of revenues of the Social Fund on insurance charges.

KINDS OF PAYMENTS (mln. soms)	Revenues to the state budget of the Kyrgyz Republic	from them: revenues from enterprises, included to EITI	
		payments to budget	share, %
<b>Tax payments</b>	<b>35 925,0</b>	<b>x</b>	<b>x</b>
<b>Revenues on taxes, included to EITI monitoring</b>	<b>33 804,9</b>	<b>2 104,8</b>	<b>6,2</b>
<b><i>PART 1. TAX НАЛОГОВЫЕ PAYMENTS</i></b>			
<b>Tax payments on activity conducted in the country</b>	<b>17 256,8</b>	<b>x</b>	<b>x</b>

KINDS OF PAYMENTS (mln. soms)	Revenues to the state budget of the Kyrgyz Republic	from them: revenues from enterprises, included to EITI	
		payments to budget	share, %
<b>Revenues on internal taxes included to EITI</b>	<b>15 136,6</b>	<b>1 861,0</b>	<b>12,3</b>
Income tax	2 603,1	47,1	1,8
Concession fee	53,1	53,1	100,0
Development and restoration of mineral base charges	828,4	828,0	100,0
Individual income tax	3 373,5	193,4	5,7
Withholding tax	556,3	113,0	20,3
VAT on internal products	3 598,9	132,8	3,7
Road tax	962,9	156,5	16,3
Excise tax on internal products	481,5	0,6	0,1
Emergency liquidation fund charges	1 916,6	284,7	14,9
Land tax	665,5	36,2	5,4
Local taxes	96,8	15,6	16,1
<b>PART 2. CUSTOMS PAYMENTS</b>			
<b>Tax payments on external economic activity</b>	<b>18 668,3</b>	<b>243,8</b>	<b>1,3</b>
Tax payments	4 633,6	176,4	3,8
Value added tax on imported products	12 941,1	50,3	0,4
Excise tax on imported products	1 093,6	17,1	1,6
<b>PART 3. OTHER MATERIAL PAYMENTS</b>			
<b>Other material payments</b>	<b>10 735,3</b>	<b>558,7</b>	<b>5,2</b>
Social Fund charges	9 054,2	486,4	5,4
Environmental charges	989,8	7,5	0,8
Payment to state agencies for services provided, acquisition of license, permits, agreements	357,3	11,4	3,2
Dividends according to the state share	334,0	53,4	16,0

It is necessary to note that more than 12 per cent of payments to the state budget of the country on internal taxes included to monitoring came on mining enterprises joined to EITI. All volume of revenues of concession fee and charges for development and restoration of mineral base to the state budget of the country were also made by mining enterprises joined to EITI.

The most significant proportion in payments to budget also made to taxes on withholding, road, emergency liquidation fund and land.

At the same time from revenues keeping in enterprises' disposal the mining companies joined to EITI made additional expenditures in 2008 to support education, social and industrial infrastructure and charges to recultivation fund in amount of 70,6 mln. soms.

“W. Jacobs-Audit” auditing company has conducted independent auditing reconciliation of data of state bodies on revenues to the state budget with data of mining companies for 2008 fiscal year and prepared summary report in the framework of EITI for 2008.

During conducting the auditing reconciliation “W. Jacobs-Audit” auditing company:

- identified discrepancy between data of state bodies and mining companies;
- identified and if possible eliminated the reasons of identified discrepancies;
- elaborated the recommendations on elimination/decreasing such discrepancies in future.

Equally with conducting the reconciliation of data “W. Jacobs-Audit” company prepared the general overview of the summary reports in the framework of EITI for 2004-2007.

EITI Supervisory Board of Kyrgyz Republic has agreed with recommendations of “W. Jacobs-Audit” independent auditing company, approved the report on reconciliation of data and preparation of summary report in the framework of EITI and taken a decision on publishing the report for informing the wide public circles of Kyrgyzstan.

## **INDEPENDENT AUDITOR’S REPORT ON ACTUAL RESULTS**

We, W. Jacobs-Audit CJSC, in accordance with the contract # 57 dated 21 July 2009 have performed the procedures agreed with the client and those specified below on reconciliation of information on payments to the republican budget received from state agencies with the information received from mining company and prepared in the framework of the Extractive Industries Transparency Initiative (EITI). The list of reporting companies included to the Terms of Reference to the contract includes 27 companies with different organizational and legal form.

Our work was performed in accordance with the International Standards on Related Services to be applied to engagement on agreed-upon procedures. The procedures were performed exclusively for the purpose to assist the client in assessment of the reason why the information provided by the company contradicts to the information provided by the state agencies.

In our report the following abbreviations are used:

- “EITI” – Extractive Industries Transparency Initiative;
- ”company/companies” – companies involved in the implementation of EITI;
- “The Report” – the report under the form # 3-EITI “Report on financial flows from the activity of mining companies” approved by the Decree of the National Statistics Committee of the Kyrgyz Republic dated 16.09.2008;
- “Data discrepancy” – deviation between the information provided in the companies’ reports and information provided by the state agencies;
- “State agencies” – state agencies specified in the Terms of Reference to the contract as the state agencies involved in EITI;

Agreed-upon procedures are the following:

1. We received the copies of the reports prepared and submitted by the companies to statistics agencies. The copies of the Reports were provided by the EITI Secretariat. The list of companies included to the Terms of Reference to the contract made up 27 companies with difference organizational and legal form.
2. We received the reports on financial flows from the activity of the mining companies submitted to the state agencies.
3. We compared the information presented in the companies’ reports with the data of the state agencies.

We compared all financial items (indicators) included to the reports of the companies, except for items presented in the Reports in the section 5 “Additional expenses of the company”. The items

included to the section 5 are the expenses of the company paid to both state agencies and different state institutes, public associations, individuals, etc. Therefore, the information from payees that is necessary for reconciliation is not available.

4. The reconciliation has showed that there is a significant discrepancy between the information presented in the reports of the companies and the data of the state agencies. We supposed that the discrepancy might occur due to both the errors made by the companies at preparation of the reports and errors in the reports of the state agencies. For checking the correctness of the reports of the companies, we inquired accounting documents supporting the transactions to the budget. Using these documents as well as the explanations provided by the company upon our request, we identified whether the company prepared the report correctly and found out the reasons of errors, if any.
5. Based on the information received by the result of the procedure 4, we recalculated the items of the companies' report. If the adjustment of the company information did not eliminate the data discrepancy, we checked the reports prepared by the state agencies. We sent the list of payments with dates, purpose and amounts processed by the companies with the request to explain the reason of discrepancy. We analyzed the responses received and, if necessary, we turned to the companies for explanations.
6. By the results of the above-stated procedures we prepared the EITI Summary Report presented in the Annex 1 to this report that demonstrates the summary of the companies' reports by items (indicators) that were reconciled by us, information presented by state agencies, the discrepancy amounts and breakdown of discrepancy by reasons: error made by the company at preparation of the report, error made by the state agencies at preparation of the information, amounts occurred as a result of uncertainty in items (indicators) of the reports and the amount of undisclosed discrepancy.

The reasons of why the discrepancy was remained undisclosed:

- One company did not respond to our inquiry on provision of accounting documents supporting the information included to the report;
- Some companies as well as the state agencies provided incomplete information and did not respond to our inquiries in the scope sufficient for successful completion of the reconciliation;
- We were not able to complete the reconciliation of the information of some state agencies under separate items (indicators) by deadline determined for the agreed-upon procedures due to delays in provision of necessary information by the state agencies. Mainly these were state agencies that have regional subdivisions and reports were prepared through collection of information from regional subdivisions.

Below we describe the reasons of data discrepancy identified in the process of reconciliation.

### **Errors made by the companies at preparation of the reports**

#### *(i) Incorrect method of preparation of reports*

The report shall be prepared under cash accounting method that is stated in the instruction given on the front page of the Report. The cash accounting method supposes inclusion of actual payment made by the company to the reports. At performance of the agreed-upon procedures we identified that the majority of the companies prepared the reports under accrual method, i.e. the report did not include the actual payments but the amounts of tax and other liabilities accrued in 2008. At the same time the majority of state agencies (but not all of them) prepared their reports under cash accounting method, i.e. reflected actual amounts received from the companies. As a result, material discrepancy in financial flows as tax deductions, customs payments, contribution to the Social Fund occurred.

Big companies did not calculate and include small payment to state agencies (for example: license fee that is 300 som) to their reports. The state agencies included such payments to their reports. The cumulative effect of data discrepancy to the summary report is material.

#### *(ii) Errors in accounting books*

The companies, especially those that are in the regions, make cash payments depositing cash to the bank account of the state agencies directly. There were cases when such payments were not reflected in the accounting books, and therefore, were not included to the report as the report is prepared based on accounting reports.

*(iii) Errors made by personnel at preparation of the Report*

There were cases when the personnel of the companies responsible for preparation of the Report made errors at collection of information; in particular, actual payments were missed.

### **Errors made by the state agencies**

- (i) In accordance with the legislation of the Kyrgyz Republic, the companies that have subdivisions (branch offices, departments, enterprises located away from the head office of the company) pay some taxes and social insurance charges related to these subdivisions to the regional agencies of the State Committee on Taxes and Collections (hereinafter “SCTC”) and the Social Fund according to the location of the subdivision or the location of the taxable object, such as: land. At preparation of the reports the state agencies mentioned above included the payments made to the regional agencies according to the registration of the companies but did not include the payments made by the same companies to other regional agencies. As a result, the information on such payments as local taxes, income tax, land tax, Social Fund charges is incomparable. Similar error was made by the state agencies at preparation of the information by items (indicators) of the Report, line 32 “Reimbursement of losses of agricultural industry”, line 36 “Payments to the state agencies for services rendered, acquisition of licenses, permits and agreements”.
- (ii) In the reporting period, some companies changed their location, as well as the tax and social fund registration. The reports submitted to the SCTC and Social Fund included only the payments that were processed to the regional agency according to the company registration.
- (iii) Some state agencies prepared the Report under accrual method but not under cash accounting method as it is prescribed. If the company prepares the Report under cash accounting method, the discrepancy occurs (for example: line 34 “Dividends according to the state share”).
- (iv) The absolute majority of the state regional governances prepared their reports incorrectly. In our opinion, the regional governances should have included to the report only the payments that are withhold by the regional governances in accordance with the current legislation. Actually, the regional governances included to their reports all payments that were processed by the companies located in this region independent of to which state agency the payment was directed to. As a result, the payments were duplicated in the reports of the state agencies and the reports of the regional governances (for example: tax payments).  
Moreover, there were cases when reports included the payments for services rendered by agencies other than the state ones.
- (v) Errors of the personnel at preparation of the reports.

### **Uncertainty in items (indicators) of the Report**

In our opinion, one of the reasons of data discrepancy is uncertainty in items (indicators) of the Report; as a result the officers preparing the Report on behalf of the company and the state agency interpret their tasks differently. It was impossible to eliminate the uncertainty in the process of our work as necessary instructions in the documents that established the Report are not available.

We noted the following:

- (i) Many companies have VAT overpayments to the state budget. In accordance with the tax legislation that was effective in 2008 the overpayments were offset against other taxes by tax agencies and by customs – against import VAT.

The overpayments were offset both as at the beginning of 2008 and within the reporting period. The companies and state agencies that prepared the Report under cash accounting method included the amounts offset by both tax agencies and customs in 2008 to the Report;

- (ii) One of the companies paid the concession fee in foreign currency and included it to the Report in Kyrgyz som under the exchange rate of National Bank of Kyrgyz Republic as at the date of transaction. The Treasury converted the received amount and remitted it to the account of the state agency in Kyrgyz som.

Within the period from the date of transaction and the date of remittance to the bank account of the state agency, the exchange rate changed and the state agency reflected the amount in Kyrgyz som according to the exchange rate as at the date of remittance. The exchange rate difference turned to be significant – approximately 589 thousand som;

- (iii) The company transfers payments during the last days of the year and includes them to the Report. The payment is delayed in the bank by some reason and remitted to the bank account of the state agency during the first days of a new year. The state agency does not include the payment to its report for 2008;

- (iv) One of the reasons of the data discrepancy is uncertainty in the contents of tax and customs payments – whether fines and penalties and other financial sanctions paid by the companies and related to different breach of tax and customs legislation should be included to the Report. Some companies as well as the state agencies include such payments to the Report and others do not.

- (v) The information under the line 36 “Payments to state agencies for rendered services, acquisition of license, permits, agreements” cannot be reconciled.

In the Report this line is described as specific non-tax payments related to execution of regulating and permitting functions by the state agencies (payment for licenses, permits, agreements) and the payments that are special funds received by state agencies for provision of paid services (for example: laboratory analysis and researches). Some companies included only payments for licenses and permits, others included the value of paid services rendered by not only the state agencies involved in EITI but other state agencies as well as state enterprises and institutes that provided services to the company within the reporting period (payment for vehicle registration with the State Auto Inspection, medical expertise, etc). The state agencies also dealt with the issue differently.

As a result, the report items turned to be incomparable and unadjustable.

## **Other**

The list of companies involved in implementation of EITI includes Kara-Balta Mining Plant CJSC. The company did not provide the Report explaining it by the fact that it is not a mining company and does not have development licenses. At that, the state agencies included the payments received from this company to their reports that entailed the discrepancy.

## **Recommendation on improvement of the process of collection and reconciliation of information**

As it is stated above, the data discrepancy occurred mainly because of misunderstanding of how the information shall be collected and prepared by report items by personnel of the companies and state agencies preparing the Reports. The summary information on the order of preparation of the report given on the front page is insufficient for correct preparation both by the companies and state agencies. In our opinion, the detailed instruction on the order of preparation of the report for the companies and state agencies as well as the educational training might resolve the issue.

As a minimum, the instruction shall include the following:

- (i) The instruction on presentation of the report under cash accounting method. At the level of state agencies coordinating the implementation of EITI, it is necessary to take decision on the following:



- Shall the report include the amounts of tax and customs payments offset against overpayment of other taxes;
  - How should the payments transferred by the companies but not remitted to the bank account of the state agency in the reporting period be reflected in the Report;
  - If the company pays in foreign currency, under which exchange rate shall these payments be translated to the national currency for the purpose of the Report;
- (ii) Instruction on payments included to the Report. At the state agency coordinating the implementation of the EITI, it is necessary to take a decision on the following:
- Consider the materiality criteria with regard to the information presented in the Report, in particular: is it necessary to include all payments without exception or small, insignificant amounts can be omitted;
  - determine the contents of the payments included to the Reports under the line 36 “Payments to the state agencies for services rendered, acquisition of licenses, permits, agreements”;
  - Determine the contents of payments under the line 35 “Receipts on sale of share, assets”.
- (iii) Instruction for the state agencies regarding on which payments they shall report;
- (iv) Instructions for the state agencies: by the end of the EITI reporting period, officers responsible for preparation of the report shall receive the information about subdivisions and their location from the company in order not to miss the information on payments processed by the company to the regional subdivisions of the state agencies.

7. The main report describing the results of our work performed in accordance with the assignment is the EITI Summary Report presented in the Annex 1. Our assignment did not include the receipt of new reports (both from companies and state agencies) adjusted according to the errors revealed by us at reconciliation. Nevertheless, we assumed that it was useful to provide the Client with the information on how the items (indicators) of the companies and state agencies would have been presented had the errors been avoided. The Annex 2 presents the items (indicators) recalculated by us taking into account the errors in amounts and presence of which we are sure of. Moreover, the information provided by the state agencies excludes the items of the companies that had not provided the Report (please see the item 6 “Other” of this report).
8. Our assignment included the review of the EITI Summary Report for 2004-2007 prepared by the National Statistics Committee of the Kyrgyz Republic and published on the website of the Committee.

The National Statistics Committee provided us with the companies’ reports the items of which were consolidated to the Summary Report. We reconciled the data by items (indicators) and compared the figures with the report items published by the National Statistics Committee. We did not find any material discrepancy.

We were not provided with the reports that would have been prepared by the state agencies and signed on behalf of the state agencies. The information on which payments were received by the state agencies was received from the National Statistics Committee in the form of summary data of the state committee on taxes and collections. We do not know how this information was prepared and whether it complies with the reports of the mentioned state agencies, but in the reconciliation it was presented as the data of the state agencies.

The Annex 3 to this report shows the reconciliation of the reports published by the National Statistics Committee and the data of the state agencies provided by the National Statistics Committee. The reconciliation is presented based on the financial information that was included to the published reports by the National Statistics Committee.

E. Morozova, CAP,  
Director of W. Jacobs-Audit CJSC

## Annex 1

### EITI Summary Report for 2008 (in thousand soms)

1	2	3	4	5	Reason of discrepancy					11
					6	7	8	9	10	
*Items (indicators)	Information of the EITI reports No. 3 prepared by the companies	Information presented in the reports of the state agencies	Difference between 3 and 4	The company did not provide the report (+)	The state agency did not provide the report (-)	Errors in the companies' report (overstatement - understatement +)	Errors in the reports of the state agencies (overstatement - understatement +)	Uncertainties (offset and foreign exchange difference)	Unclarified discrepancy	
<b>Section 1. Tax payments</b>										
1.	Income tax	46,870	48,919	(2,049)	1,808	-	240	-	-	-
2.	Development and restoration of mineral base charges	828,651	828,017	634	-	-	(825)	-	28	(164)
3.	Concession fee	52,472	53,061	(589)	-	-	(1)	-	589	-
4.	Individual income tax	266,244	192,733	73,511	5,076	-	(70,807)	(5,786)	-	1,994
5.	Withholding tax	116,265	112,317	3,948	55	-	(3,301)	(702)	-	-
6.	VAT on internal products	667,158	132,791	534,367	-	-	(534,255)	-	-	112
7.	Road tax	214,940	156,514	58,426	-	-	(58,589)	(2)	-	(164)
8.	Excise tax on internal products	570	570	-	-	-	-	-	-	-
9.	Emergency liquidation fund charges	404,138	284,746	119,393	2	-	(110,181)	(3)	-	9,211
10.	Land tax	107,031	34,928	72,103	744	-	(70,176)	(2,000)	-	671
11.	Local taxes	276,653	15,435	261,218	30	-	(260,964)	(239)	23	68
<b>Total tax payments</b>		<b>2,980,993</b>	<b>1,860,030</b>	<b>1,120,962</b>	<b>7,714</b>	<b>-</b>	<b>(1,108,858)</b>	<b>(8,731)</b>	<b>640</b>	<b>11,727</b>
<b>Section 2. Customs payments</b>										
1.	Customs duties	159,064	159,149	(85)	323	-	(53)	(360)	613	437
2.	Value added tax on imported products	43,117	53,734	(10,617)	12,429	-	(2,720)	(8,940)	11,197	1,350
3.	Excise tax on imported products	16,960	17,084	(124)	-	-	124	-	-	-
4.	Customs collections	26,205	20,468	5,737	3,880	-	(9,171)	(661)	12	(203)
<b>Total customs payments</b>		<b>245,346</b>	<b>250,434</b>	<b>(5,088)</b>	<b>16,631</b>	<b>-</b>	<b>(11,821)</b>	<b>(9,961)</b>	<b>11,822</b>	<b>1,584</b>
<b>Section 3. Other material payments</b>										
1.	Social Fund charges	723,452	416,381	307,071	27,712	-	(237,006)	(97,780)	-	(3)
2.	Environmental charges	15,486	7,665	7,820	199	-	(8,087)	-	-	(68)
3.	Reimbursement of agricultural losses	4,228	1,301	2,927	-	-	(3,047)	-	-	(119)
4.	Agricultural lost benefits	788	5,379	(4,591)	-	-	1,114	3,047	-	(430)

*Items (indicators)	Information of the EITI reports No. 3 prepared by the companies	Information presented in the reports of the state agencies	Difference between 3 and 4	Reason of discrepancy						
				The company did not provide the report (+)	The state agency did not provide the report (-)	Errors in the companies' report (overstatement - understatement +)	Errors in the reports of the state agencies (overstatement - understatement +)	Uncertainties (offset and foreign exchange difference)	Unclarified discrepancy	
1	2	3	4	5	6	7	8	9	10	11
5. Dividends according to the state share	53,402	66,180	(12,779)	-	-	-	12,779	-	-	-
6. Receipts on sale of share, assets	-	-	-	-	-	-	-	-	-	-
7. Payment to state agencies for services provided, acquisition of license, permits, agreements	10,548	8,247	2,302	3	(309)	(2,656)	416	-	-	(245)
8. Payment for possession of mining license	1,000	-	1,000	-	-	(1,000)	-	-	-	-
<b>Total other material payments</b>	<b>808,904</b>	<b>505,153</b>	<b>303,751</b>	<b>27,913</b>	<b>(309)</b>	<b>(250,683)</b>	<b>(81,538)</b>	<b>-</b>	<b>-</b>	<b>(867)</b>

\* Items (indexes) mentioned in this report are stated as in the EITI report No. 3

## Annex 2

### EITI Reconciliated Summary Report for 2008 (in thousand soms)

1	*Items indicators	3	4	5	Reasons of discrepancy		
					6	7	8
		Information f the EITI reports No. 3 prepared by the companies (including adjustments)	Information presented in the reports of the state agencies (incl. adjustments)	Difference between 3 and 4	State agencies did not provide the report (-)	Uncertainties (offset and foreign exchange difference)	Unclarified discrepancy
<b>Section 1. Tax payments</b>							
1.	Income tax	47,111	47,111	-	-	-	-
2.	Deductions for development and restoration of the mineral base	827,825	828,017	(192)	-	28	(164)
3.	Concession fee for subsoil use	52,472	53,061	(589)	-	589	-
4.	Individual income tax	195,436	193,443	1,994	-	-	1,994
5.	Withholding tax	112,965	112,965	-	-	-	-
6.	VAT on internal products	132,903	132,791	112	-	-	112
7.	Road tax	156,352	156,516	(164)	-	-	(164)
8.	Excise tax on internal products	570	570	-	-	-	-
9.	Emergency liquidation deductions	293,958	284,746	9,211	-	-	9,211
10.	Land tax	36,855	36,184	671	-	-	671
11.	Local taxes	15,689	15,644	45	-	23	68
<b>Total tax payments</b>		<b>1,872,135</b>	<b>1,861,048</b>	<b>11,087</b>	-	<b>640</b>	<b>11,727</b>
<b>Section 2. Customs payments</b>							
1.	Customs duties	159,011	159,186	(175)	-	613	437
2.	Value added tax on imported products	40,398	50,245	(9,848)	-	11,197	1,350
3.	Excise tax on imported products	17,084	17,084	-	-	-	-
4.	Customs collections	17,034	17,249	(215)	-	12	(203)
<b>Total customs payments</b>		<b>233,526</b>	<b>243,764</b>	<b>(10,238)</b>	-	<b>11,822</b>	<b>1,584</b>
<b>Section 3. Other material payments</b>							
1.	Social Fund charges	486,445	486,449	(3)	-	-	(3)
2.	Environmental charges	7,398	7,467	(68)	-	-	(68)
3.	Reimbursement of agricultural losses	1,182	1,301	(119)	-	-	(119)
4.	Agricultural lost benefits	1,902	2,332	(430)	-	-	(430)
5.	Dividends according to the state share	53,402	53,402	-	-	-	-
6.	Receipts on sale of share, assets	-	-	-	-	-	-

1	*Items indicators	Information f the EITI reports No. 3 prepared by the companies (including adjustments)	Information presented in the reports of the state agencies (incl. adjustments)	Difference between 3 and 4	Reasons of discrepancy		
					State agencies did not provide the report (-)	Uncertainties (offset and foreign exchange difference)	Unclarified discrepancy
2	3	4	5	6	7	8	
7.	Payment to state agencies for services provided, acquisition of license, permits, agreements	7,892	7,828	64	(309)	-	(245)
8.	Payment for possession of mining license	-	-	-	-	-	-
<b>Total other material payments</b>		<b>558,221</b>	<b>558,779</b>	<b>(558)</b>	<b>(309)</b>	<b>-</b>	<b>(867)</b>

#### Section 4. Economical indexes

**The volume of produced products under current prices	20,361,092	37,631,726	(17,270,634)	-	-	-
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#### \*\* Section 5. Additional expenses of the company

1.	Education support	10,737				
2.	Support of social and industrial infrastructure	49,793				
3.	Recultivation fund charges	10,081				
<b>Total</b>		<b>70,610</b>				

\* Items (indexes) mentioned in this report are stated as in the EITI report No. 3

\*\* Reconciliation was not performed.

## Annex 3

## EITI Summary Report for 2004-2007 (in thousand soms)

Table I. INDICATORS IN ACCORDANCE WITH THE MINIMAL REPORTING STANDARDS IN THE FRAMEWORK OF EITI

Item (indicators)	Line code	2004			2005			2006			2007		
		Information provided in the company reports	Information of the state agencies	Discrepancy	Information provided in the company reports	Information of the state agencies	Discrepancy	Information provided in the company reports	Information of the state agencies	Discrepancy	Information provided in the company reports	Information of the state agencies	Discrepancy
A	B												
<b>I.1. Budget receipts</b>													
Income tax	101	37,699	36,560	1,139	22,261	22,261	-	7,472	7,472	-	65,237	65,237	-
Property tax	102	-	-	-	-	-	-	-	-	-	-	-	-
Customs duties	103	2,974	2,172	803	85,757	5,696	80,061	92,985	79,202	13,783	107,748	109,563	(1,815)
Tax on development and restoration of the mineral base	104	546,222	546,228	(6)	475,434	476,595	(1,161)	371,807	371,734	73	346,950	373,950	(27,000)
Concession fee	105	123,801	123,596	205	89,887	89,889	(2)	56,136	56,136	-	42,012	42,032	(20)
Royalty	1051	14,761	-	14,761	-	-	-	-	-	-	-	-	-
Dividends according to the state share	106	2,329	-	2,329	11,377	6,322	5,055	9,649	-	9,649	19,409	7	19,402
Payment for license, permits	107	11,408	45	11,363	16,462	-	16,462	26,191	10	26,181	22,935	-	22,935
Receipts from rent and lease activity	108	420	-	420	511	-	511	485	-	485	248	-	248
Receipts on sale of share, assets	109	3,538,338	-	3,538,338	-	-	-	395	-	395	-	-	-
Repayment of budget loans and interest	110	6,681	-	6,681	20	-	20	745	-	745	565	-	565
<b>I.2. Receipts to the budget of the Social Fund</b>													
Social Fund charges	120	251,186	-	251,186	247,292	-	247,292	269,136	-	269,136	305,058	-	305,058

**Table II. INDICATORS SHWOING OTHER INFLOW TO THE BUDGET**

Item (indicators)	Line code	2004			2005			2006			2007		
		Information provided in the company reports	Information of the state agencies	Discrepancy	Information provided in the company reports	Information of the state agencies	Discrepancy	Information provided in the company reports	Information of the state agencies	Discrepancy	Information provided in the company reports	Information of the state agencies	Discrepancy
A	B												
Individual income tax	201	155,380	155,249	130	176,894	178,139	(1,245)	113,274	113,269	5	113,477	113,470	7
Withholding tax	202	80,980	81,002	(22)	81,197	79,386	1,812	69,150	69,149	-	53,385	53,385	-
VAT	203	76,010	69,215	6,795	74,833	48,931	25,902	71,475	73,135	(1,660)	56,992	52,179	4,814
including:													
– Internal product	204	34,227	31,375	2,853	55,631	22,583	33,048	44,524	44,620	(97)	27,111	27,111	-
– Imported product	205	41,783	37,841	3,942	19,202	26,348	(7,146)	26,951	28,515	(1,563)	29,881	25,068	4,813
Road tax	206	99,368	99,402	(34)	93,315	93,313	2	79,100	79,022	78	69,840	59,839	10,001
Land tax	207	9,901	7,717	2,184	5,467	5,543	(77)	50,646	50,583	62	45,626	45,597	29
Other local taxes	208	4,978	4,707	271	4,198	4,731	(533)	4,388	4,363	25	6,034	6,050	(16)
Excise tax	209	9,530	6,918	2,612	9,372	4,607	4,765	10,293	9,682	611	13,946	15,373	(1,427)
including:													
– Internal product	210	757	757	-	451	451	-	462	462	-	995	995	-
– Imported product	211	8,773	6,161	2,612	8,921	4,156	4,765	9,831	9,220	611	12,950	14,378	(1,427)
Emergency liquidation deductions	212	165,787	165,654	133	179,114	179,111	3	146,491	146,466	25	132,288	115,288	17,000