

Company No. LL04433



**INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2020  
(Unaudited)  
(In United States Dollars)**

Company No. LL04433

**STEPPE CEMENT LTD**

(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)

**AND ITS SUBSIDIARY COMPANIES**

**INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

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**STEPPE CEMENT LTD**

(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)

**AND ITS SUBSIDIARY COMPANIES**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS  
FOR THE PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

	Note	The Group 6 months ended		The Company 6 months ended	
		30 June 2020 USD'000	30 June 2019 USD'000	30 June 2020 USD'000	30 June 2019 USD'000
Revenue	7	33,786	37,122	701	629
Cost of sales		<u>(20,285)</u>	<u>(23,515)</u>	<u>-</u>	<u>-</u>
Gross profit		13,501	13,607	701	629
Selling expenses		(5,162)	(6,584)	-	-
General and administrative expenses		<u>(2,566)</u>	<u>(2,563)</u>	<u>(135)</u>	<u>(147)</u>
Operating profit		5,773	4,460	566	482
Interest income		112	147	^	^
Finance costs	8	(766)	(554)	-	-
Net foreign exchange (loss)/gain		(571)	(36)	3	3
Other income, net		<u>248</u>	<u>148</u>	<u>82</u>	<u>-</u>
Profit before income tax		4,796	4,165	651	485
Income tax expense	9	<u>(736)</u>	<u>(1,083)</u>	<u>-</u>	<u>-</u>
Profit for the period		<u>4,060</u>	<u>3,082</u>	<u>651</u>	<u>485</u>
Attributable to: Shareholders of the Company		4,060	3,082	651	485
Earnings per share:					
Basic and diluted (cents)	10	<u>1.9</u>	<u>1.4</u>		

^ - insignificant amount.

The accompanying notes form an integral part of the Condensed Financial Statements.

**STEPPE CEMENT LTD**

(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)

**AND ITS SUBSIDIARY COMPANIES**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND  
OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2020  
(UNAUDITED)**

	<b>The Group</b>		<b>The Company</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
Profit for the period	4,060	3,082	651	485
Other comprehensive (loss)/income:				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences arising on translation of foreign subsidiary companies	<u>(3,499)</u>	<u>759</u>	<u>-</u>	<u>-</u>
Total other comprehensive (loss)/income for the period	<u>(3,499)</u>	<u>759</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>561</u>	<u>3,841</u>	<u>651</u>	<u>485</u>
Attributable to: Shareholders of the Company	<u>561</u>	<u>3,841</u>	<u>651</u>	<u>485</u>

The accompanying notes form an integral part of the Condensed Financial Statements.

**STEPPE CEMENT LTD**

(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)

**AND ITS SUBSIDIARY COMPANIES****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020 (UNAUDITED)**

	Note	The Group		The Company	
		Unaudited 30 June 2020 USD'000	Audited 31 Dec 2019 USD'000	Unaudited 30 June 2020 USD'000	Audited 31 Dec 2019 USD'000
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	11	51,614	55,808	-	-
Right-of-use assets		4,707	6,140	-	-
Investment in subsidiary companies		-	-	36,198	36,198
Loan to subsidiary company		-	-	30,140	30,140
Advances	12	12	6	-	-
Other assets	12	2,287	2,427	-	-
<b>Total Non-Current Assets</b>		<b>58,620</b>	<b>64,381</b>	<b>66,338</b>	<b>66,338</b>
<b>Current Assets</b>					
Inventories	13	9,668	10,812	-	-
Trade and other receivables	14	6,173	5,790	9,710	8,848
Lease receivable		12	-	-	-
Income tax receivable		432	405	-	-
Loans and advances to subsidiary companies		-	-	20	30
Advances and prepaid expenses		4,186	3,683	26	16
Cash and cash equivalents	15	9,567	9,014	68	262
<b>Total Current Assets</b>		<b>30,038</b>	<b>29,704</b>	<b>9,824</b>	<b>9,156</b>
<b>Total Assets</b>		<b>88,658</b>	<b>94,085</b>	<b>76,162</b>	<b>75,494</b>

(Cont'd)

**STEPPE CEMENT LTD**

(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)

**AND ITS SUBSIDIARY COMPANIES****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020 (UNAUDITED)**

	Note	The Group		The Company	
		Unaudited 30 June 2020 USD'000	Audited 31 Dec 2019 USD'000	Unaudited 30 June 2020 USD'000	Audited 31 Dec 2019 USD'000
<b>Equity and Liabilities</b>					
<b>Capital and Reserves</b>					
Share capital		73,761	73,761	73,761	73,761
Revaluation reserve		1,859	2,016	-	-
Translation reserve		(116,785)	(113,286)	-	-
Retained earnings		104,603	100,386	2,228	1,577
<b>Total Equity</b>		<u>63,438</u>	<u>62,877</u>	<u>75,989</u>	<u>75,338</u>
<b>Non-Current Liabilities</b>					
Borrowings	16	2,300	3,893	-	-
Lease liabilities		3,147	4,307	-	-
Deferred taxes		4,828	4,652	-	-
Deferred income		1,308	1,421	-	-
Provision for site restoration		75	74	-	-
<b>Total Non-Current Liabilities</b>		<u>11,658</u>	<u>14,347</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade and other payables		4,351	6,204	-	-
Accrued and other liabilities		5,033	1,405	173	156
Borrowings	16	910	6,420	-	-
Lease liabilities		1,988	2,191	-	-
Deferred income		76	81	-	-
Taxes payable		1,204	560	-	-
<b>Total Current Liabilities</b>		<u>13,562</u>	<u>16,861</u>	<u>173</u>	<u>156</u>
<b>Total Liabilities</b>		<u>25,220</u>	<u>31,208</u>	<u>173</u>	<u>156</u>
<b>Total Equity and Liabilities</b>		<u>88,658</u>	<u>94,085</u>	<u>76,162</u>	<u>75,494</u>

The accompanying notes form an integral part of the Condensed Financial Statements.

Company No. LL04433

**STEPPE CEMENT LTD**

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**AND ITS SUBSIDIARY COMPANIES**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

<b>The Group</b>	<b>Share capital USD'000</b>	<b>Non-distributable Revaluation reserve USD'000</b>	<b>Translation reserve USD'000</b>	<b>Distributable Retained earnings USD'000</b>	<b>Total USD'000</b>
Balance as at 1 January 2020	73,761	2,016	(113,286)	100,386	62,877
Profit for the period	-	-	-	4,060	4,060
Other comprehensive loss	-	-	(3,499)	-	(3,499)
Total comprehensive (loss)/income for the period	-	-	(3,499)	4,060	561
Transfer of revaluation reserve relating to depreciation of property, plant and equipment through use	-	(157)	-	157	-
Balance as at 30 June 2020	<u>73,761</u>	<u>1,859</u>	<u>(116,785)</u>	<u>104,603</u>	<u>63,438</u>

(Cont'd)

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**AND ITS SUBSIDIARY COMPANIES**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

<b>The Group</b>	<b>Share capital USD'000</b>	<b>Non-distributable Revaluation reserve USD'000</b>	<b>Translation reserve USD'000</b>	<b>Distributable Retained earnings USD'000</b>	<b>Total USD'000</b>
Balance as at 1 January 2019	73,761	2,349	(116,266)	96,113	55,957
Profit for the period	-	-	-	3,082	3,082
Other comprehensive income	-	-	759	-	759
Total comprehensive income for the period	-	-	759	3,082	3,841
Dividend payable	-	-	-	(8,362)	(8,362)
Transfer of revaluation reserve relating to depreciation of property, plant and equipment through use	-	(167)	-	167	-
Balance as at 30 June 2019	<u>73,761</u>	<u>2,182</u>	<u>(115,507)</u>	<u>91,000</u>	<u>51,436</u>



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

<b>The Company</b>	<b>Share capital</b>	<b>Retained earnings/ (Accumulated losses)</b>	<b>Total</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
Balance as at 1 January 2020	73,761	1,577	75,338
Total comprehensive income for the period	-	651	651
Balance as at 30 June 2020	<u>73,761</u>	<u>2,228</u>	<u>75,989</u>
Balance as at 1 January 2019	73,761	399	74,160
Total comprehensive income for the period	-	485	485
Dividend payable	-	(8,362)	(8,362)
Balance as at 30 June 2019	<u>73,761</u>	<u>(7,478)</u>	<u>66,283</u>

**STEPPE CEMENT LTD**

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**AND ITS SUBSIDIARY COMPANIES**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**

	<b>The Group</b>		<b>The Company</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
<b>OPERATING ACTIVITIES</b>				
Profit before income tax	4,796	4,165	651	485
Adjustments for:				
Depreciation of property, plant and equipment	3,559	3,355	-	-
Depreciation of right-of-use assets	1,446	-	-	-
Other non-cash items	<u>1,192</u>	<u>358</u>	<u>(329)</u>	<u>(631)</u>
Operating Profit/(Loss) Before Working Capital Changes	10,993	7,878	322	(146)
(Increase)/Decrease in:				
Inventories	541	1,531	-	-
Trade and other receivables, advances and prepaid expenses	(1,411)	(3,401)	(872)	(430)
Loans and advances from subsidiary companies	-	-	10	(27)
Increase in:				
Trade and other payables, accrued and other liabilities	<u>2,251</u>	<u>1,517</u>	<u>16</u>	<u>34</u>
Cash Generated From/(Used In) Operations	12,374	7,525	(524)	(569)
Income tax paid	(185)	(85)	-	-
Interest paid	<u>(580)</u>	<u>(420)</u>	<u>-</u>	<u>-</u>
Net Cash Generated From/(Used In) Operating Activities	<u>11,609</u>	<u>7,020</u>	<u>(524)</u>	<u>(569)</u>

(Cont'd)

	<b>The Group</b>		<b>The Company</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(2,644)	(844)	-	-
Purchase of other assets	-	(29)	-	-
Interest received	112	147	330	629
	<u>112</u>	<u>147</u>	<u>330</u>	<u>629</u>
Net Cash (Used In)/Generated From Investing Activities	<u>(2,532)</u>	<u>(726)</u>	<u>330</u>	<u>629</u>
<b>FINANCING ACTIVITIES</b>				
Proceeds from borrowings	2,098	4,515	-	-
Repayment from borrowings	(9,003)	(5,805)	-	-
Payment of lease liabilities	(1,133)	-	-	-
	<u>(1,133)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Used In Financing Activities	<u>(8,038)</u>	<u>(1,290)</u>	<u>-</u>	<u>-</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,039</b>	<b>5,004</b>	<b>(194)</b>	<b>60</b>
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(486)</b>	<b>54</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>9,014</b>	<b>5,719</b>	<b>262</b>	<b>23</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (NOTE 15)</b>	<b><u>9,567</u></b>	<b><u>10,777</u></b>	<b><u>68</u></b>	<b><u>83</u></b>

The accompanying notes form an integral part of the Condensed Financial Statements.

**STEPPE CEMENT LTD**

(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)

**AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

**1. GENERAL INFORMATION**

Steppe Cement Ltd (“the Company”) is incorporated and domiciled in Malaysia. The Company’s and its subsidiaries’ (“the Group”) principal place of business is located at Aktau village, Karaganda region, Republic of Kazakhstan. The Company’s shares are listed on the AIM Market of the London Stock Exchange plc.

The registered office of the Company is located at Brumby Centre, Lot 42, Jalan Muhibbah, 87000 Labuan FT, Malaysia.

**2. BASIS OF PREPARATION OF CONDENSED INTERIM FINANCIAL STATEMENTS**

**Basis of presentation**

The condensed interim financial statements of the Group and the Company are unaudited and have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited financial statements for the year ended 31 December 2019.

The condensed interim financial statements of the Group and the Company were authorised for issue by the Board of Directors on 11 September 2020.

**Use of estimates and assumptions**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Due to the inherent uncertainty in making those estimates, actual results reported in future periods could differ from such estimates.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention except the revaluation of land and building to fair values in accordance with IAS 16 “Property, Plant and Equipment” (Note 11).

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2019, except for the adoption of the following Standards:

IFRSs	Amendments to References to the Conceptual Framework in IFRS Standards
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of Business
Amendments to IAS 39, IFRS 9, and IFRS 7	Interest Rate Benchmark Reform

The adoption of these Standards, Amendments and Interpretations did not result in significant impact on the Group’s condensed consolidated interim financial statements.

The principal closing rates used in translation of foreign currency amounts are as follows:

	<b>USD</b>
1 Pound Sterling	1.2401
1 Ringgit Malaysia	0.2335
1 Euro Dollar	1.1234
1 Kazakhstan Tenge (“KZT”)	<u>0.0025</u>
	<b>KZT</b>
1 US Dollar	<u><u>403.83</u></u>

#### 4. **REVIEW OF RESULTS FOR THE PERIOD**

The Group's revenue decreased by 9% or USD3.3 million to USD33.8 million from USD37.1 million in first half of 2019. The decrease was mainly attributable to the decline in sales volume and turnover. Sales volume dropped by 2% to 764,752 tonnes, from 780,315 tonnes while turnover saw a decrease of 3% in KZT terms over the same period in 2019. The USD/KZT average rate depreciated by approximately 7% to 404.6 also affected the turnover as compared to 379.31 reported in the first half of 2019. The Group sold cement at an average selling price of USD44 (KZT17,884) per tonne compared with USD48 (KZT18,042) per tonne. Ex-factory price for the current period was USD36 (KZT14,727) per tonne compared with USD40 (KZT15,148) per tonne.

The Group achieved a higher gross profit margin at 40% compared with 37% in the first half of 2019. Cost of sales decreased by USD3.3 million or 14%. Selling expenses reduced by 1.4 million or 22% to USD5.1 million while general & administration expenses remained flat at USD2.6 million.

The Group incurred USD0.6 million in foreign exchange losses of which USD0.3 million was due to losses on its USD denominated loan.

The Group posted a higher profit after tax of USD4 million or 1.9 cents earnings per share compared with a USD3.1 million profit after tax or 1.4 cent earnings per share in the corresponding period in 2019.

#### 5. **SEASONAL OR CYCLICAL FACTORS**

The Group's revenue is closely linked to the construction sector which experiences seasonal, significant slow-down in construction activities due to extreme, cold temperature especially during the months of December, January and February in most parts of Kazakhstan. Each year, the Group's sales improve after winter and typically peak during the summer months.

#### 6. **SEGMENTAL REPORTING**

No industry and geographical segmental reporting are presented as the Group's primary business is in the production and sale of cement which is located in Karaganda region, Republic of Kazakhstan.

7. **REVENUE**

	<b>The Group</b>		<b>The Company</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
Sales of manufactured goods	33,777	37,116	-	-
Transmission and distribution of electricity	9	6	-	-
Net interest income	-	-	701	629
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>33,786</u>	<u>37,122</u>	<u>701</u>	<u>629</u>

8. **FINANCE COSTS**

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>
	<b>USD'000</b>	<b>USD'000</b>
Interest expense on:		
- bank loans	413	550
- lease liabilities	353	-
Unwinding of discount	-	4
	<hr/>	<hr/>
Total	<u>766</u>	<u>554</u>

9. **INCOME TAX EXPENSE**

	<b>The Group</b>		<b>The Company</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
Income tax expense	-	126	-	-
Deferred tax expense	736	957	-	-
	<u>736</u>	<u>1,083</u>	<u>-</u>	<u>-</u>

The Group's effective tax rate was impacted by the tax effects arising on foreign exchange losses on intercompany loan deductible for tax purposes.

10. **EARNINGS PER SHARE**

	<b>The Group</b>	
	<b>6 months ended</b>	<b>6 months ended</b>
	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>USD'000</b>	<b>USD'000</b>
Profit attributable to ordinary shareholders	<u>4,060</u>	<u>3,082</u>
	<b>6 months ended</b>	<b>6 months ended</b>
	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>'000</b>	<b>'000</b>
Number of ordinary shares in issue at beginning and at end of period	<u>219,000</u>	<u>219,000</u>
Weighted average number of ordinary shares at beginning and at end of period	<u>219,000</u>	<u>219,000</u>
Earnings per share, basic and diluted (cents)	<u>1.9</u>	<u>1.4</u>

The basic earnings per share is calculated by dividing the consolidated profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial period.

There are no dilutive instruments in issue as at 30 June 2020 and 30 June 2019.



**11. PROPERTY, PLANT AND EQUIPMENT, NET**

<b>The Group</b>	<b>Freehold land and land improvement</b>	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Railway Wagons</b>	<b>Other assets</b>	<b>Stand-by equipment and major spare parts</b>	<b>Construction in progress</b>	<b>Total</b>
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
<b>Cost</b>								
At 1 January 2020	1,873	20,621	73,062	7,187	6,866	2,750	3,120	115,479
Additions	1	-	293	-	139	-	2,341	2,774
Transfers	-	8	377	-	1,991	-	(2,376)	-
Disposals	-	-	(9)	-	(113)	-	-	(122)
Reclassification from inventories	-	(120)	-	-	-	-	(132)	(252)
Exchange differences	(105)	(1,157)	(4,237)	(403)	(381)	(151)	(178)	(6,612)
<b>At 30 June 2020</b>	<b>1,769</b>	<b>19,352</b>	<b>69,486</b>	<b>6,784</b>	<b>8,502</b>	<b>2,599</b>	<b>2,775</b>	<b>111,267</b>
<b>Accumulated depreciation</b>								
At 1 January 2020	-	14,479	38,412	1,956	4,824	-	-	59,671
Charge for the period	-	529	2,603	169	259	-	-	3,560
Disposals	-	^	(4)	-	(114)	-	-	(118)
Exchange differences	-	(811)	(2,270)	(109)	(270)	-	-	(3,460)
<b>At 30 June 2020</b>	<b>-</b>	<b>14,197</b>	<b>38,741</b>	<b>2,016</b>	<b>4,699</b>	<b>-</b>	<b>-</b>	<b>59,653</b>
<b>Net Book Value</b>								
At 30 June 2020	1,769	5,155	30,745	4,768	3,803	2,599	2,775	51,614
At 31 December 2019	1,873	6,142	34,650	5,231	2,042	2,750	3,120	55,808

^ - Insignificant amount.

## 12. OTHER ASSETS

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30 June 2020 USD'000</b>	<b>As at 31 Dec 2019 USD'000</b>	<b>As at 30 June 2020 USD'000</b>	<b>As at 31 Dec 2019 USD'000</b>
VAT recoverable	1,952	2,069	-	-
Quarry stripping costs	183	194	-	-
Site restoration costs	31	33	-	-
Site restoration fund	121	131	-	-
<b>Total</b>	<b>2,287</b>	<b>2,427</b>	<b>-</b>	<b>-</b>

## 13. INVENTORIES

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30 June 2020 USD'000</b>	<b>As at 31 Dec 2019 USD'000</b>	<b>As at 30 June 2020 USD'000</b>	<b>As at 31 Dec 2019 USD'000</b>
Finished goods	3,216	3,813	-	-
Spare parts	5,043	5,119	-	-
Work in progress	575	632	-	-
Raw materials	2,010	1,502	-	-
Other materials	334	1,286	-	-
Packing materials	524	586	-	-
Fuel	35	22	-	-
Goods held for resale	2	49	-	-
<b>Total</b>	<b>11,739</b>	<b>13,009</b>	<b>-</b>	<b>-</b>
Less: Provision for obsolete inventories	(2,071)	(2,197)	-	-
<b>Net</b>	<b>9,668</b>	<b>10,812</b>	<b>-</b>	<b>-</b>

No additional provision for obsolete inventories is necessary based on current conditions as at 30 June 2020.

## 14. TRADE AND OTHER RECEIVABLES

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30 June 2020 USD'000</b>	<b>As at 31 Dec 2019 USD'000</b>	<b>As at 30 June 2020 USD'000</b>	<b>As at 31 Dec 2019 USD'000</b>
Trade receivables	5,155	5,659	-	-
Less: Loss allowances	<u>(591)</u>	<u>(626)</u>	<u>-</u>	<u>-</u>
Net	4,564	5,033	-	-
Other receivables:				
VAT recoverable	172	239	-	-
Receivable from employees	-	31	-	-
Others	1,437	487	-	-
Dividend receivable	-	-	8,679	8,679
Interest receivable	<u>-</u>	<u>-</u>	<u>1,031</u>	<u>169</u>
Total	<u>6,173</u>	<u>5,790</u>	<u>9,710</u>	<u>8,848</u>

The Company enters into sales contracts with trade customers on cash terms. Some customers with good payment history are granted certain credit periods on their cement purchases which are secured against bank guarantee or other credit enhancements.

The recoverability of trade accounts receivable depends to a large extent on the Group's customers' ability to meet their obligations and other factors which are beyond the Group's control. The recoverability of the Group's trade accounts receivable is determined based on conditions prevailing and information available as at reporting date. The directors have reviewed the trade receivables and considered no further loss allowances for trade receivables is necessary based on conditions prevailing and available information as at 30 June 2020.

15. **CASH AND CASH EQUIVALENTS**

	<b>The Group</b>	
	<b>As at 30 June 2020 USD'000</b>	<b>As at 31 Dec 2019 USD'000</b>
Cash in hand and at banks	9,319	1,940
Short-term deposit	248	7,074
	<u>9,567</u>	<u>9,014</u>

16. **BORROWINGS**

	<b>The Group</b>	
	<b>As at 30 June 2020 USD'000</b>	<b>As at 31 Dec 2019 USD'000</b>
Current portion:		
Bank loans	910	6,420
Non-current portion:		
Bank loans	<u>2,300</u>	<u>3,893</u>
Total borrowings	<u>3,210</u>	<u>10,313</u>

**Undrawn loan amounts**

As at 30 June 2020, the Group has USD7.5 million available for working capital requirements drawdown under the Altyn Bank JSC and Halyk Bank JSC short-term loan facilities.

17. **RELATED PARTIES**

Related parties include shareholders, directors, affiliates and entities under common ownership, over which the Group has the ability to exercise a significant influence.

Other related parties include entities which are controlled by a director, which a director of the Group has ownership interests and exercises significant influence.

Balances and transactions between the Company and its subsidiary companies, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

The following transactions with related parties are included in the condensed consolidated income statement as of 30 June 2020 and 2019:

	<b>Purchase of services</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>Other related party</b>		
Office rental	4	4
	<u>4</u>	<u>4</u>

The following balance with related parties is included in the condensed consolidated statement of financial position as of 30 June 2020 and 31 December 2019:

	<b>Payable to related parties</b>	
	<b>30 June 2020</b>	<b>31 Dec 2019</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>Other related party</b>		
Office rental	(5)	(10)
	<u>(5)</u>	<u>(10)</u>

### Compensation of key management personnel

Included in the staff costs are remuneration of directors and other members of key management during the financial period as follows:

	The Group		The Company	
	30 June 2020 USD'000	30 June 2019 USD'000	30 June 2020 USD'000	30 June 2019 USD'000
Remuneration	418	342	50	50
Short-term benefits	46	47	-	-
Total	464	389	50	50

The remuneration of directors and key executives is determined by the remuneration committees of the Company and subsidiary companies having regard to the performance of individuals and market trends.

## 18. FINANCIAL INSTRUMENTS

### Financial Risk Management Objectives and Policies

The operations of the Group are subject to various financial risks which include foreign currency risk, credit risk and liquidity risk.

The condensed interim financial statements of the Group do not include all financial risk management information and disclosures required in the annual financial statements. There has been no change in the financial risk management objectives and policies since the previous financial year ended 31 December 2019. The Group continuously manages its exposures to risks and/or costs associated with the financing, investing and operating activities of the Group.

### Fair Value of Financial Assets and Financial Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition regardless of whether that price is directly observable or estimated using another valuation technique. As no readily available market exists for a large part of the Group's financial instruments, judgement is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument. The fair value of the instruments presented herein is not necessarily indicative of the amounts the Group could realise in a market exchange from the sale of its full holdings of a particular instrument.

The following methods and assumptions were used by the Group to estimate the fair value of financial instruments:

Cash and cash equivalents

The carrying value of cash and cash equivalents approximates their fair value due to the short-term maturity of these financial instruments.

Trade and other receivables and payables and accrued and other liabilities

For assets and liabilities with maturity less than twelve months, the carrying value approximate fair value due to the short-term maturity of these financial instruments.

Borrowings

The fair values of the borrowings are estimated by discounting expected future cash flows at market interest rates prevailing at the end of the relevant period with similar maturities adjusted by credit risk.

As at 30 June 2020 and 2019, the fair values of financial assets and short-term financial liabilities approximate their carrying values.

19. **CONTINGENCIES**

There are no significant changes in the contingencies since the financial year ended 31 December 2019.

20. **SUBSEQUENT EVENTS**

On 8 July 2020, the shareholders of the Company approved the proposed dividends of 3 pence per ordinary share of no par value each amounting to GBP6,570,000 in respect of the financial year ended 31 December 2019 at the Annual General Meeting. On 31 July 2020, the Company paid the dividends to shareholders and the dividends paid shall accounted for in the Statement of Equity in respect of the financial year ending 31 December 2020.

In August 2020, the Group's subsidiary, Karcement JSC, has fully settled the Halyk Bank JSC Facility B principal repayments in advance of the maturity date in November 2021.