

Company No. LL04433



**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021
(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 2021 (UNAUDITED)**

	Note	The Group 6 months ended		The Company 6 months ended	
		30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 USD'000	30 June 2020 USD'000
Revenue	7	39,534	33,786	691	701
Cost of sales		<u>(21,230)</u>	<u>(20,285)</u>	<u>-</u>	<u>-</u>
Gross profit		18,304	13,501	691	701
Selling expenses		(6,577)	(5,162)	-	-
General and administrative expenses		<u>(2,965)</u>	<u>(2,566)</u>	<u>(157)</u>	<u>(135)</u>
Operating profit		8,762	5,773	534	566
Interest income		78	112	-	[^]
Finance costs	8	(475)	(766)	-	-
Net foreign exchange (loss)/gain		(147)	(571)	(1)	3
Other income, net		<u>(511)</u>	<u>248</u>	<u>-</u>	<u>82</u>
Profit before income tax		7,707	4,796	533	651
Income tax expense	9	<u>(1,515)</u>	<u>(736)</u>	<u>-</u>	<u>-</u>
Profit for the period		<u>6,192</u>	<u>4,060</u>	<u>533</u>	<u>651</u>
Attributable to: Shareholders of the Company		6,192	4,060	533	651
Earnings per share:					
Basic and diluted (cents)	10	<u>2.8</u>	<u>1.9</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
2021(UNAUDITED)**

	The Group		The Company	
	6 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	USD'000	USD'000	USD'000	USD'000
Profit for the period	6,192	4,060	533	651
Other comprehensive loss:				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences arising on translation of foreign subsidiary companies	<u>(902)</u>	<u>(3,499)</u>	<u>-</u>	<u>-</u>
Total other comprehensive loss for the period	<u>(902)</u>	<u>(3,499)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>5,290</u>	<u>561</u>	<u>533</u>	<u>651</u>
Attributable to: Shareholders of the Company	<u>5,290</u>	<u>561</u>	<u>533</u>	<u>651</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 2021 (UNAUDITED)**

	Note	The Group		The Company	
		Unaudited 30 June 2021 USD'000	Audited 31 Dec 2020 USD'000	Unaudited 30 June 2021 USD'000	Audited 31 Dec 2020 USD'000
Assets					
Non-Current Assets					
Property, plant and equipment	11	49,461	48,856	-	-
Right-of-use assets		2,571	3,483	-	-
Investment in subsidiary companies		-	-	36,307	36,294
Loan to subsidiary company		-	-	30,100	30,110
Advances		11	-	-	-
Other assets	12	1,887	1,901	-	-
Total Non-Current Assets		<u>53,930</u>	<u>54,240</u>	<u>66,407</u>	<u>66,404</u>
Current Assets					
Inventories	13	11,766	11,098	-	-
Trade and other receivables	14	3,438	2,332	7,807	6,776
Other assets		-	305	-	-
Income tax receivable		1,037	1,435	-	-
Loans and advances to subsidiary companies		-	-	40	40
Advances and prepaid expenses		4,915	3,644	18	6
Cash and cash equivalents	15	13,470	8,214	846	1,353
Total Current Assets		<u>34,626</u>	<u>27,028</u>	<u>8,711</u>	<u>8,175</u>
Total Assets		<u><u>88,556</u></u>	<u><u>81,268</u></u>	<u><u>75,118</u></u>	<u><u>74,579</u></u>

(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 2021 (UNAUDITED)**

	Note	The Group		The Company	
		Unaudited 30 June 2021 USD'000	Audited 31 Dec 2020 USD'000	Unaudited 30 June 2021 USD'000	Audited 31 Dec 2020 USD'000
Equity and Liabilities					
Capital and Reserves					
Share capital		73,761	73,761	73,761	73,761
Revaluation reserve		2,222	2,370	-	-
Translation reserve		(119,416)	(118,514)	-	-
Retained earnings		106,665	100,325	1,164	631
Total Equity		<u>63,232</u>	<u>57,942</u>	<u>74,925</u>	<u>74,392</u>
Non-Current Liabilities					
Borrowings	16	3,587	2,368	-	-
Lease liabilities		1,057	2,077	-	-
Deferred taxes		4,728	4,560	-	-
Deferred income		1,762	1,492	-	-
Provision for site restoration		177	151	-	-
Total Non-Current Liabilities		<u>11,311</u>	<u>10,648</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables		5,116	4,075	-	-
Accrued and other liabilities		3,139	1,638	193	187
Borrowings	16	2,470	4,429	-	-
Lease liabilities		1,914	1,831	-	-
Taxes payable		1,374	705	-	-
Total Current Liabilities		<u>14,013</u>	<u>12,678</u>	<u>193</u>	<u>187</u>
Total Liabilities		<u>25,324</u>	<u>23,326</u>	<u>193</u>	<u>187</u>
Total Equity and Liabilities		<u>88,556</u>	<u>81,268</u>	<u>75,118</u>	<u>74,579</u>

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

Company No. LL04433

STEPPE CEMENT LTD

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

AND ITS SUBSIDIARY COMPANIES

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021 (UNAUDITED)**

The Group	Share capital USD'000	Non-distributable Revaluation reserve USD'000	Translation reserve USD'000	Distributable Retained earnings USD'000	Total USD'000
As at 1 January 2021	73,761	2,370	(118,514)	100,325	57,942
Profit for the period	-	-	-	6,192	6,192
Other comprehensive loss	-	-	(902)	-	(902)
Total comprehensive income/(loss) for the period	-	-	(902)	6,192	5,290
Transfer of revaluation reserve relating to depreciation of property, plant and equipment through use	-	(148)	-	148	-
As at 30 June 2021	<u>73,761</u>	<u>2,222</u>	<u>(119,416)</u>	<u>106,665</u>	<u>63,232</u>

(Cont'd)

Company No. LL04433

STEPPE CEMENT LTD

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

AND ITS SUBSIDIARY COMPANIES

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021 (UNAUDITED)**

The Group	Share capital USD'000	Non-distributable Revaluation reserve USD'000	Translation reserve USD'000	Distributable Retained earnings USD'000	Total USD'000
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 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	-
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>

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AND ITS SUBSIDIARY COMPANIES

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021 (UNAUDITED)**

The Company	Share capital USD'000	Retained earnings USD'000	Total USD'000
As at 1 January 2021	73,761	631	74,392
Total comprehensive income for the period	<u>-</u>	<u>533</u>	<u>533</u>
As at 30 June 2021	<u>73,761</u>	<u>1,164</u>	<u>74,925</u>
As at 1 January 2020	73,761	1,577	75,338
Total comprehensive income for the period	<u>-</u>	<u>651</u>	<u>651</u>
As at 30 June 2020	<u>73,761</u>	<u>2,228</u>	<u>75,989</u>

STEPPE CEMENT LTD

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

AND ITS SUBSIDIARY COMPANIES**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2021 (UNAUDITED)**

	The Group		The Company	
	6 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	USD'000	USD'000	USD'000	USD'000
OPERATING ACTIVITIES				
Profit before income tax	7,707	4,796	533	651
Adjustments for:				
Depreciation of property, plant and equipment	3,733	3,559	-	-
Depreciation of right-of-use assets	1,031	1,446	-	-
Other non-cash items	478	1,192	(1,030)	(329)
Operating Profit/(Loss) Before Working Capital Changes	12,949	10,993	(497)	322
(Increase)/Decrease in:				
Inventories	(1,607)	541	-	-
Trade and other receivables, advances and prepaid expenses	(2,175)	(1,411)	(12)	(872)
Loans and advances from subsidiary companies	-	-	(3)	10
Increase in:				
Trade and other payables, accrued and other liabilities	3,317	2,251	5	16
Cash Generated From/(Used In) Operations	12,484	12,374	(507)	(524)
Income tax paid	(730)	(185)	-	-
Interest paid	(299)	(580)	-	-
Net Cash Generated From/(Used In) Operating Activities	11,455	11,609	(507)	(524)

(Cont'd)

	The Group		The Company	
	6 months ended		6 months ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	USD'000	USD'000	USD'000	USD'000
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(4,529)	(2,644)	-	-
Purchase of other assets	(18)	-	-	-
Interest received	78	112	-	330
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash (Used In)/Generated From Investing Activities	<u>(4,469)</u>	<u>(2,532)</u>	<u>-</u>	<u>330</u>
FINANCING ACTIVITIES				
Proceeds from borrowings	3,350	2,098	-	-
Repayment from borrowings	(4,089)	(9,003)	-	-
Payment of lease liabilities	(877)	(1,133)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Used In Financing Activities	<u>(1,616)</u>	<u>(8,038)</u>	<u>-</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,370	1,039	(507)	(194)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(114)	(486)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	8,214	9,014	1,353	262
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (NOTE 15)	<u>13,470</u>	<u>9,567</u>	<u>846</u>	<u>68</u>

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

STEPPE CEMENT LTD

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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 2020.

The condensed interim financial statements of the Group and the Company were authorised for issue by the Board of Directors on 15 September 2021.

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 2020, except for the adoption of the Interest Rate Benchmark Reform Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 effective from 1 January 2021.

The adoption of these Amendments did not have an impact on the Group’s condensed consolidated interim financial statements.

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

	USD
1 Pound Sterling	1.3850
1 Ringgit Malaysia	0.2408
1 Euro Dollar	1.1858
1 Kazakhstan Tenge (“KZT”)	<u>0.0023</u>
	KZT
1 US Dollar	<u>427.79</u>

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

The Group's revenue rose by 17% or USD5.7 million to USD39.5 million from USD33.8 million in first half of the year. Sales volume increased by 10% to 840,661 tonnes, from 764,752 tonnes while turnover saw an increase of 22% in KZT terms over the same period in 2020. The lower USD/KZT average rate by approximately 5% at 424.2 also had affected the turnover as compared to 404.6 reported in the first half of 2020. The Group sold cement at an average selling price of USD47 (KZT19,814) per tonne compared with USD44 (KZT17,884) per tonne. Ex-factory price for the current period was USD39 (KZT16,571) per tonne compared with USD36 (KZT14,727) per tonne.

The Group's gross profit margin was higher at 46% compared with 40% in the same period last year. Cost of sales increased by USD0.9 million or 5%. Selling expenses rose USD1.4 million or 27% to USD6.6 million while general & administration expenses increased by USD0.4 million to USD3 million.

The Group posted a 52% higher profit after tax of USD6.2 million or 2.8 cents earnings per share compared with a USD4 million or 1.9 cent earnings per share in the corresponding period in 2020.

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**

	The Group		The Company	
	6 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	USD'000	USD'000	USD'000	USD'000
Sales of manufactured goods	39,526	33,777	-	-
Transmission and distribution of electricity	8	9	-	-
Net interest income	-	-	691	701
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>39,534</u>	<u>33,786</u>	<u>691</u>	<u>701</u>

8. **FINANCE COSTS**

	The Group	
	6 months ended	
	30 June	30 June
	2021	2020
	USD'000	USD'000
Interest expense on:		
- bank loans	233	318
- lease liabilities	102	353
Other finance costs	135	95
Unwinding of discount	5	-
	<hr/>	<hr/>
Total	<u>475</u>	<u>766</u>

9. **INCOME TAX EXPENSE**

	The Group		The Company	
	6 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	USD'000	USD'000	USD'000	USD'000
Income tax expense	1,522	-	-	-
Deferred tax expense	(7)	736	-	-
	<u>1,515</u>	<u>736</u>	<u>-</u>	<u>-</u>

The Group's effective tax rate was impacted by the tax effects arising on USD0.5 million foreign exchange losses on intercompany loan deductible for tax purposes.

10. **EARNINGS PER SHARE**

	The Group	
	6 months ended	6 months ended
	30 June 2021	30 June 2020
	USD'000	USD'000
Profit attributable to ordinary shareholders	<u>6,192</u>	<u>4,060</u>
	6 months ended	6 months ended
	30 June 2021	30 June 2020
	'000	'000
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>2.8</u>	<u>1.9</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 2021 and 30 June 2020.

11. PROPERTY, PLANT AND EQUIPMENT, NET

The Group	Freehold land and land improvement	Buildings	Machinery and equipment	Railway Wagons	Other assets	Stand-by equipment and major spare parts	Construction in progress	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Cost								
At 1 January 2021	1,771	19,691	64,920	6,511	8,589	2,373	2,760	106,615
Additions	6	352	395	-	2,682	-	737	4,172
Transfers	-	1,582	842	24	84	-	(2,532)	-
Disposals	-	-	(53)	-	(27)	-	-	(80)
Reclassification from inventories	-	-	-	-	-	-	755	755
Exchange differences	(29)	(342)	(102)	(108)	(170)	(38)	(38)	(827)
At 30 June 2021	1,748	21,283	66,002	6,427	11,158	2,335	1,682	110,635
Accumulated depreciation								
At 1 January 2021	-	14,386	36,519	2,097	4,757	-	-	57,759
Charge for the period	-	885	2,361	162	325	-	-	3,733
Disposals	-	-	(40)	-	(26)	-	-	(66)
Exchange differences	-	(245)	109	(36)	(82)	-	-	(252)
At 30 June 2021	-	15,026	38,951	2,223	4,974	-	-	61,174
Net Book Value								
At 30 June 2020	1,748	6,257	27,051	4,204	6,184	2,335	1,682	49,461
At 31 December 2020	1,771	5,305	28,401	4,414	3,832	2,373	2,760	48,856

12. **OTHER ASSETS**

	The Group		The Company	
	As at 30 June 2021 USD'000	As at 31 Dec 2020 USD'000	As at 30 June 2021 USD'000	As at 31 Dec 2020 USD'000
VAT recoverable	1,731	1,760	-	-
Site restoration fund	156	141	-	-
Total	1,887	1,901	-	-

13. **INVENTORIES**

	The Group		The Company	
	As at 30 June 2021 USD'000	As at 31 Dec 2020 USD'000	As at 30 June 2021 USD'000	As at 31 Dec 2020 USD'000
Finished goods	2,742	3,130	-	-
Spare parts	5,786	5,025	-	-
Work in progress	438	399	-	-
Raw materials	2,799	2,249	-	-
Other materials	1,367	1,529	-	-
Packing materials	514	648	-	-
Goods held for resale	9	39	-	-
Total	13,655	13,019	-	-
Less: Provision for obsolete inventories	(1,889)	(1,921)	-	-
Net	11,766	11,098	-	-

No additional provision for obsolete inventories is necessary based on current conditions as at 30 June 2021.

14. **TRADE AND OTHER RECEIVABLES**

	The Group		The Company	
	As at 30 June 2021 USD'000	As at 31 Dec 2020 USD'000	As at 30 June 2021 USD'000	As at 31 Dec 2020 USD'000
Trade receivables	3,684	2,849	-	-
Less: Loss allowances	<u>(1,318)</u>	<u>(1,340)</u>	<u>-</u>	<u>-</u>
Net	2,366	1,509	-	-
Other receivables:				
VAT recoverable	683	421	-	-
Receivable from employees	67	86	-	-
Others	322	316	-	-
Dividend receivable	-	-	6,611	6,611
Interest receivable	<u>-</u>	<u>-</u>	<u>1,196</u>	<u>165</u>
Total	<u>3,438</u>	<u>2,332</u>	<u>7,807</u>	<u>6,776</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 2021.

15. **CASH AND CASH EQUIVALENTS**

	The Group	
	As at 30 June 2021 USD'000	As at 31 Dec 2020 USD'000
Cash in hand and at banks	8,708	5,984
Short-term deposit	<u>4,762</u>	<u>2,230</u>
Total	<u>13,470</u>	<u>8,214</u>

16. **BORROWINGS**

	The Group	
	As at 30 June 2021 USD'000	As at 31 Dec 2020 USD'000
Current portion:		
Bank loans	2,470	4,429
Non-current portion:		
Bank loans	<u>3,587</u>	<u>2,368</u>
Total borrowings	<u>6,057</u>	<u>6,797</u>

Undrawn loan amounts

As at 30 June 2021, the Group has USD6.8 million working capital facilities available for 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 2021 and 2020:

	Purchase of services	
	30 June 2021	30 June 2020
	USD'000	USD'000
Other related party		
Office rental	5	4
	<u>5</u>	<u>4</u>

The following balance with related parties is included in the condensed consolidated statement of financial position as of 30 June 2021 and 31 December 2020:

	Payable to related parties	
	30 June 2021	31 Dec 2020
	USD'000	USD'000
Other related party		
Office rental	5	-
	<u>5</u>	<u>-</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 2021 USD'000	30 June 2020 USD'000	30 June 2021 USD'000	30 June 2020 USD'000
Short-term benefits	435	464	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 2020. 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 2021 and 2020, 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 2020.

20. **SUBSEQUENT EVENTS**

On 7 July 2021, the shareholders of the Company approved the proposed dividends of 2.5 pence per ordinary share of no par value each amounting to GBP5,475,000 in respect of the financial year ended 31 December 2020 at the Annual General Meeting. On 30 July 2021, 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 2021.