

Company No. LL04433



**INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2017
(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 2017 (UNAUDITED)**

	Note	The Group 6 months ended		The Company 6 months ended	
		30 June 2017 USD'000	30 June 2016 USD'000	30 June 2017 USD'000	30 June 2016 USD'000
Revenue	6	26,839	23,722	50	50
Cost of sales		<u>(20,050)</u>	<u>(18,388)</u>	<u>-</u>	<u>-</u>
Gross profit		6,789	5,334	50	50
Selling expenses		(4,145)	(3,891)	-	-
General and administrative expenses		<u>(2,195)</u>	<u>(2,200)</u>	<u>(138)</u>	<u>(114)</u>
Operating profit/(loss)		449	(757)	(88)	(64)
Interest income		16	5	[^]	-
Finance costs	7	(1,310)	(1,468)	-	-
Net foreign exchange gain/(loss)		572	368	(47)	97
Other income, net		<u>278</u>	<u>150</u>	<u>-</u>	<u>-</u>
Profit/(Loss) before income tax		5	(1,702)	(135)	33
Income tax (expense)/credit	8	<u>(346)</u>	<u>223</u>	<u>-</u>	<u>-</u>
(Loss)/Profit for the period		<u>(341)</u>	<u>(1,479)</u>	<u>(135)</u>	<u>33</u>
Attributable to:					
Shareholders of the Company		(341)	(1,479)	(135)	33
Loss per share:					
Basic and diluted (cents)	9	<u>(0.2)</u>	<u>(0.7)</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 COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

	The Group		The Company	
	6 months ended		6 months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	USD'000	USD'000	USD'000	USD'000
(Loss)/Profit for the period	(341)	(1,479)	(135)	33
Other comprehensive income:				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences arising on translation of foreign subsidiary companies	2,453	46	-	-
Total other comprehensive income for the period	2,453	46	-	-
Total comprehensive income/(loss) for the period	2,112	(1,433)	(135)	33
Attributable to: Shareholders of the Company	2,112	(1,433)	(135)	33

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 2017 (UNAUDITED)**

	Note	The Group		The Company	
		Unaudited 30 June 2017 USD'000	Audited 31 Dec 2016 USD'000	Unaudited 30 June 2017 USD'000	Audited 31 Dec 2016 USD'000
Assets					
Non-Current Assets					
Property, plant and equipment	10	71,695	71,887	-	-
Investment in subsidiary companies		-	-	26,500	26,500
Advances and prepaid expenses		132	459	-	-
Other assets	11	965	1,439	-	-
Deferred taxes		-	47	-	-
		<u>72,792</u>	<u>73,832</u>	<u>26,500</u>	<u>26,500</u>
Total Non-Current Assets					
Current Assets					
Inventories	12	18,517	16,162	-	-
Trade and other receivables	13	4,929	3,169	-	-
Income tax receivable		605	505	-	-
Loans and advances to subsidiary companies		-	-	39,622	39,710
Advances and prepaid expenses		3,006	1,077	20	9
Cash and cash equivalents	14	<u>1,753</u>	<u>1,023</u>	<u>130</u>	<u>74</u>
		<u>28,810</u>	<u>21,936</u>	<u>39,772</u>	<u>39,793</u>
Total Current Assets					
		<u>101,602</u>	<u>95,768</u>	<u>66,272</u>	<u>66,293</u>
Total Assets					

(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 2017 (UNAUDITED)**

	Note	The Group		The Company	
		Unaudited 30 June 2017 USD'000	Audited 31 Dec 2016 USD'000	Unaudited 30 June 2017 USD'000	Audited 31 Dec 2016 USD'000
Equity and Liabilities					
Capital and Reserves					
Share capital		73,761	73,761	73,761	73,761
Revaluation reserve		2,865	3,062	-	-
Translation reserve		(104,532)	(106,985)	-	-
Retained earnings/ (Accumulated losses)		88,059	88,203	(8,589)	(8,454)
Total Equity		<u>60,153</u>	<u>58,041</u>	<u>65,172</u>	<u>65,307</u>
Non-Current Liabilities					
Borrowings	15	14,341	15,453	-	-
Deferred taxes		245	-	-	-
Deferred income		1,555	1,525	-	-
Provision for site restoration		65	59	-	-
Total Non-Current Liabilities		<u>16,206</u>	<u>17,037</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables		6,188	7,578	-	-
Accrued and other liabilities		5,073	1,918	1,100	986
Borrowings	15	13,717	10,964	-	-
Taxes payable		265	230	-	-
Total Current Liabilities		<u>25,243</u>	<u>20,690</u>	<u>1,100</u>	<u>986</u>
Total Liabilities		<u>41,449</u>	<u>37,727</u>	<u>1,100</u>	<u>986</u>
Total Equity and Liabilities		<u>101,602</u>	<u>95,768</u>	<u>66,272</u>	<u>66,293</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 2017 (UNAUDITED)**

The Group	Share	Non-distributable		Distributable	Total
	capital	Revaluation	Translation	Retained	
	USD'000	reserve	reserve	earnings	USD'000
		USD'000	USD'000	USD'000	
Balance as at 1 January 2017	73,761	3,062	(106,985)	88,203	58,041
Loss for the period	-	-	-	(341)	(341)
Other comprehensive income	-	-	2,453	-	2,453
Total comprehensive income/(loss) for the period	-	-	2,453	(341)	2,112
Transfer of revaluation reserve relating to depreciation of property, plant and equipment through use	-	(197)	-	197	-
Balance as at 30 June 2017	<u>73,761</u>	<u>2,865</u>	<u>(104,532)</u>	<u>88,059</u>	<u>60,153</u>

(Cont'd)

Company No. LL04433

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AND ITS SUBSIDIARY COMPANIES

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2016 (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
Balance as at 1 January 2016	73,761	3,443	(108,124)	87,646	56,726
Loss for the period	-	-	-	(1,479)	(1,479)
Other comprehensive income	-	-	46	-	46
Total comprehensive (loss)/income for the period	-	-	46	(1,479)	(1,433)
Transfer of revaluation reserve relating to depreciation of property, plant and equipment through use	-	(187)	-	187	-
Balance as at 30 June 2016	<u>73,761</u>	<u>3,256</u>	<u>(108,078)</u>	<u>86,354</u>	<u>55,293</u>

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

The Company	Share capital USD'000	Accumulated losses USD'000	Total USD'000
Balance as at 1 January 2017	73,761	(8,454)	65,037
Total comprehensive loss for the period	<u>-</u>	<u>(135)</u>	<u>(135)</u>
Balance as at 30 June 2017	<u>73,761</u>	<u>(8,589)</u>	<u>65,172</u>
Balance as at 1 January 2016	73,761	(8,428)	65,333
Total comprehensive income for the period	<u>-</u>	<u>33</u>	<u>33</u>
Balance as at 30 June 2016	<u>73,761</u>	<u>(8,395)</u>	<u>65,366</u>

STEPPE CEMENT LTD

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AND ITS SUBSIDIARY COMPANIES

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2017 (UNAUDITED)**

	The Group		The Company	
	6 months ended		6 months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	USD'000	USD'000	USD'000	USD'000
OPERATING ACTIVITIES				
Profit/(Loss) before income tax	5	(1,702)	(135)	33
Adjustments for non-cash items	4,898	4,509	47	(93)
	<u>4,903</u>	<u>2,807</u>	<u>(88)</u>	<u>(60)</u>
Operating Profit/(Loss) Before Working Capital Changes				
(Increase)/Decrease in:				
Inventories	(1,741)	301	-	-
Trade and other receivables, advances and prepaid expenses	(2,878)	(838)	(11)	(11)
Loans and advances to subsidiary companies	-	-	88	119
Increase/(Decrease) in:				
Trade and other payables, accrued and other liabilities	1,234	959	67	(278)
	<u>1,518</u>	<u>3,229</u>	<u>56</u>	<u>(230)</u>
Cash Generated From/(Used In) Operations				
Income tax paid	(51)	(80)	-	-
Interest paid	(1,303)	(1,389)	-	-
	<u>164</u>	<u>1,760</u>	<u>56</u>	<u>(230)</u>
Net Cash Generated From/(Used In) Operating Activities				

(Cont'd)

	The Group		The Company	
	6 months ended		6 months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	USD'000	USD'000	USD'000	USD'000
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(740)	(3,410)	-	-
Purchase of other assets	(32)	(34)	-	-
Interest received	16	5	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Used In Investing Activities	<u>(756)</u>	<u>(3,439)</u>	<u>-</u>	<u>-</u>
FINANCING ACTIVITIES				
Proceeds from borrowings	13,611	13,618	-	-
Repayment from borrowings	(12,319)	(11,854)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Generated From Financing Activities	<u>1,292</u>	<u>1,764</u>	<u>-</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	700	85	56	(230)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	30	4	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>1,023</u>	<u>2,406</u>	<u>74</u>	<u>338</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (NOTE 14)	<u>1,753</u>	<u>2,495</u>	<u>130</u>	<u>108</u>

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

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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 2016.

The condensed interim financial statements of the Group and the Company were authorised for issue by the Board of Directors on 12 September 2017.

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 10).

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 2016, except for the adoption of the following Standards:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

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:

	USD
1 Pound Sterling	1.3025
1 Ringgit Malaysia	0.2329
1 Euro Dollar	1.0517
1 Kazakhstan Tenge (“KZT”)	<u>0.0031</u>
	KZT
1 US Dollar	<u>321.46</u>

3. REVIEW OF RESULTS FOR THE PERIOD

During the period, the Group recorded an increase in revenue by 13% or USD3.1 million from USD23.7 million to USD26.8 million. The revenue increase was mainly due to the higher selling price of 32% (22% in local currency) during the period. Sales volume declined by 15% to 650,333 tonnes from 761,771 tonnes in the same period in 2016. The Group sold cement at an average sales price at USD41 (KZT13,151) per tonne compared with USD31 (KZT10,751) per tonne in the corresponding period in 2016.

During the period, the local currency, KZT, strengthened by almost 8% compared with the corresponding period in 2016.

The Group achieved a higher gross profit margin at 25% compared with the same period of last year. Cost of sales increased by 9% during the period. Selling expenses rose by 7% to USD4.1 million as general & administration expenses remained stable at USD2.2 million.

The Group posted a lower loss after tax for the period of USD0.3 million or 0.2 cent loss per share compared with a USD1.48 million loss after tax or 0.7 cent loss per share in the previous period.

4. 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.

5. 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.

6. REVENUE

	The Group		The Company	
	6 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	USD'000	USD'000	USD'000	USD'000
Sales of manufactured goods	26,834	23,716	-	-
Transmission and distribution of electricity	5	6	-	-
Management fee receivable from subsidiary company	-	-	50	50
Total	26,839	23,722	50	50

7. **FINANCE COSTS**

	The Group	
	6 months ended	
	30 June	30 June
	2017	2016
	USD'000	USD'000
Interest expense on:		
- loans from financial institutions	1,044	1,226
- debt securities	238	216
Amortisation of discount on bonds issued	20	20
Unwinding of discount	4	3
Other finance costs	4	3
	<u>1,310</u>	<u>1,468</u>
Total		

8. **INCOME TAX (EXPENSE)/CREDIT**

	The Group		The Company	
	6 months ended		6 months ended	
	30 June	30 June	30 June	30 June
	2017	2016	2017	2016
	USD'000	USD'000	USD'000	USD'000
Deferred tax				
(expense)/credit	(346)	223	-	-
	<u>(346)</u>	<u>223</u>	<u>-</u>	<u>-</u>

There have been no changes in the major elements of temporary differences that give rise to the deferred tax liabilities and assets, mainly comprising property, plant and equipment. No tax is estimated to be payable for the parent company and the subsidiary company incorporated in Labuan FT, Malaysia.

9. **LOSS PER SHARE**

	The Group	
	6 months ended 30 June 2017 USD'000	6 months ended 30 June 2016 USD'000
Loss attributable to ordinary shareholders	<u>(341)</u>	<u>(1,479)</u>
	6 months ended 30 June 2017 '000	6 months ended 30 June 2016 '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>
Loss per share, basic and diluted (cents)	<u>(0.2)</u>	<u>(0.7)</u>

The basic loss per share is calculated by dividing the consolidated loss 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 2017 and 30 June 2016.

10. 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 2017	2,148	22,560	73,768	8,247	7,021	2,986	4,007	120,737
Additions	9	171	102	-	119	161	523	1,085
Transfers	-	52	1,368	-	95	(487)	(1,028)	-
Disposals	(11)	(176)	(87)	-	(56)	-	(223)	(553)
Exchange differences	79	829	2,936	303	257	110	155	4,669
At 30 June 2017	2,225	23,436	78,087	8,550	7,436	2,770	3,434	125,938
Accumulated depreciation and impairment losses								
At 1 January 2017	-	13,663	30,246	1,007	3,934	-	-	48,850
Charge for the period	-	414	2,783	215	313	-	-	3,725
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	(55)	-	(43)	-	-	(98)
Exchange differences	-	499	1,090	35	142	-	-	1,766
At 30 June 2017	-	14,576	34,064	1,257	4,346	-	-	54,243
Net Book Value								
At 30 June 2017	2,225	8,860	44,023	7,293	3,090	2,770	3,434	71,695
At 31 December 2016	2,148	8,896	43,521	7,240	3,088	2,987	4,007	71,887

11. **OTHER ASSETS**

	The Group		The Company	
	As at 30 June 2017 USD'000	As at 31 Dec 2016 USD'000	As at 30 June 2017 USD'000	As at 31 Dec 2016 USD'000
VAT recoverable	635	1,133	-	-
Quarry stripping costs	181	181	-	-
Site restoration costs	44	43	-	-
Site restoration fund	105	82	-	-
Total	965	1,439	-	-

12. **INVENTORIES**

	The Group		The Company	
	As at 30 June 2017 USD'000	As at 31 Dec 2016 USD'000	As at 30 June 2017 USD'000	As at 31 Dec 2016 USD'000
Spare parts	8,091	8,165	-	-
Work in progress	8,078	6,256	-	-
Raw materials	1,616	1,841	-	-
Finished goods	780	367	-	-
Other materials	348	713	-	-
Packing materials	12	5	-	-
Fuel	802	-	-	-
Goods held for resale	40	39	-	-
Construction materials	-	7	-	-
Consumables	2,066	1,993	-	-
Total	21,833	19,386	-	-
Less: Provision for obsolete inventories	(3,316)	(3,224)	-	-
Net	18,517	16,162	-	-

13. **TRADE AND OTHER RECEIVABLES**

	The Group		The Company	
	As at 30 June 2017 USD'000	As at 31 Dec 2016 USD'000	As at 30 June 2017 USD'000	As at 31 Dec 2016 USD'000
Trade receivables	2,803	1,041	-	-
Less: Provision for doubtful receivables	<u>(24)</u>	<u>(24)</u>	<u>-</u>	<u>-</u>
Net	2,779	1,017	-	-
Other receivables:				
VAT recoverable	1,858	1,610	-	-
Receivable from related party	-	61	-	-
Receivable from employees	43	78	-	-
Others	<u>249</u>	<u>403</u>	<u>-</u>	<u>-</u>
Total	<u><u>4,929</u></u>	<u><u>3,169</u></u>	<u><u>-</u></u>	<u><u>-</u></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 provision for trade receivables is necessary based on conditions prevailing and available information as at 30 June 2017.

14. **CASH AND CASH EQUIVALENTS**

	The Group	
	As at 30 June 2017 USD'000	As at 31 Dec 2016 USD'000
Cash in hand and at banks	<u>1,753</u>	<u>1,023</u>

15. **BORROWINGS**

	The Group	
	As at 30 June 2017 USD'000	As at 31 Dec 2016 USD'000
Current portion:		
Bonds	4,666	4,477
Bank loans	<u>9,051</u>	<u>6,487</u>
	<u>13,717</u>	<u>10,964</u>
Non-current portion:		
Bank loans	<u>14,341</u>	<u>15,453</u>
	<u>14,341</u>	<u>15,453</u>
Total borrowings	<u>28,058</u>	<u>26,417</u>

VTB Bank (Kazakhstan) JSC working capital facility

During the period, Karcement JSC signed a short-term loan agreement of KZT1 billion, approximately USD3.1 million, with VTB Bank (Kazakhstan) JSC to fund its working capital requirements. Interest of 12.5% p.a. is payable on this facility and the facility expires on 29 September 2017.

As at 30 June 2017, Karcement JSC has fully utilised the working capital loan facilities with VTB Bank JSC.

Undrawn loan amounts

As at 30 June 2017, the Group has USD2.2 million available for working capital requirements drawdown under the Halyk Bank JSC short-term loan facilities.

16. 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 2017 and 2016:

	Purchase of services	
	30 June 2017	30 June 2016
	USD'000	USD'000
Other related party		
Opera Holding LLP	6	6
	<u>6</u>	<u>6</u>

The following balance with related parties is included in the condensed consolidated statement of financial position as of 30 June 2017 and 31 December 2016:

	Payable to related parties	
	30 June 2017	31 Dec 2016
	USD'000	USD'000
Other related party		
Opera Holding LLP	*	-
	<u>*</u>	<u>-</u>

* Less than USD1,000.

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 2017 USD'000	30 June 2016 USD'000	30 June 2017 USD'000	30 June 2016 USD'000
Remuneration	283	308	48	50
Short-term benefits	62	40	-	-
Total	345	348	48	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.

17. 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 2016. 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 2017 and 2016, the fair values of financial assets and short-term financial liabilities approximate their carrying values.

18. **CONTIGENCIES**

There are no significant changes in the contingencies since the financial year ended 31 December 2016.

19. **SUBSEQUENT EVENTS**

In July 2017, the Group signed a loan agreement with Halyk Bank JSC on terms subsidized under government programs for a KZT580 million (equivalent of USD1.8 million) loan at 6% interest rate per annum to fund the installation of a new packing plant to double the existing capacity.

The Group fully repaid its current short-term loans of USD7 million in August 2017.