Company No. LL04433

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

(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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Company No. LL04433

STEPPE CEMENT LTD
(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)
AND ITS SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

		The Group 6 months ended		The Company 6 months ended	
	Note	**30 June 2015 USD'000**	**30 June 2014 USD'000**	**30 June 2015 USD'000**	**30 June 2014 USD'000**
Revenue	6	44,698	51,810	50	50
Cost of sales		(31,426)	(36,969)	-	-
Gross profit		13,272	14,841	50	50
Selling expenses		(7,398)	(8,463)	-	-
General and administrative expenses		(4,326)	(5,199)	(235)	(296)
Operating income/(loss)		1,548	1,179	(185)	(246)
Interest income		1	1	-	-
Finance costs	7	(2,469)	(2,143)	-	-
Other expense, net	8	(1,372)	(5,441)	(11)	(39)
Loss before income tax		(2,292)	(6,404)	(196)	(285)
Income tax credit	9	51	2,285	-	-
Loss for the period		(2,241)	(4,120)	(196)	(285)
Attributable to:					
Shareholders of the Company		(2,241)	(4,120)	(196)	(285)
Loss per share:					
Basic (cent)	10	(1.0)	(1.9)		

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 2015 (UNAUDITED)

	The Group		**The Company**	
	6 months ended		**6 months ended**	
	30 June 2015	**30 June 2014**	**30 June 2015**	**30 June 2014**
	USD'000	**USD'000**	**USD'000**	**USD'000**
Loss for the period	(2,241)	(4,120)	(196)	(285)
Other comprehensive loss:				
Item that may be reclassified subsequently to profit or loss				
Exchange differences arising on translation of foreign subsidiary companies	(2,533)	(25,426)	-	-
Total other comprehensive loss for the period	(2,533)	(25,426)	-	-
Total comprehensive loss for the period	(4,774)	(29,546)	(196)	(285)
Attributable to:				
Shareholders of the Company	(4,774)	(29,546)	(196)	(285)

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 FINANCIAL POSITION AS AT 30 JUNE 2015 (UNAUDITED)

		The Group		The Company	
		Unaudited	Audited	Unaudited	Audited
		30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014
	Note	USD'000	USD'000	USD'000	USD'000
Assets					
Non-Current Assets					
Property, plant and equipment	11	142,329	151,695	-	-
Investment in subsidiary companies		-	-	30,500	30,500
Advances and prepaid expenses		815	51	-	-
Other assets	12	5,882	7,021	-	-
Total Non-Current Assets		149,026	158,767	30,500	30,500
Current Assets					
Inventories	13	22,780	22,113	-	-
Trade and other receivables	14	7,891	3,949	-	-
Income tax receivable		1,300	1,211	-	-
Amount owing by subsidiary companies		-	-	40,210	40,377
Advances and prepaid expenses		2,348	2,514	18	6
Cash and cash equivalents	15	5,870	9,296	26	2
Total Current Assets		40,189	39,083	40,254	40,385
Total Assets		189,215	197,850	70,754	70,885

(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 FINANCIAL POSITION AS AT 30 JUNE 2015 (UNAUDITED)

		The Group		The Company	
	Note	Unaudited 30 June 2015 USD'000	Audited 31 Dec 2014 USD'000	Unaudited 30 June 2015 USD'000	Audited 31 Dec 2014 USD'000
Equity and Liabilities					
Capital and Reserves					
Share capital		73,761	73,761	73,761	73,761
Revaluation reserve		3,442	3,986	-	-
Translation reserve		(53,092)	(50,559)	-	-
Retained earnings/ (Accumulated losses)		88,805	90,503	(4,412)	(4,216)
Total Equity		112,917	117,691	69,348	69,545
Non-Current Liabilities					
Borrowings	16	29,218	30,363	-	-
Deferred taxes		7,197	7,400	-	-
Provision for site restoration		88	84	-	-
Total Non-Current Liabilities		36,503	37,847	-	-
Current liabilities					
Trade and other payables		9,989	7,659	-	-
Accrued and other liabilities		8,567	6,639	1,406	1,334
Borrowings	16	20,575	27,089	-	-
Taxes payable		664	925	-	6
Total Current Liabilities		39,795	42,312	1,406	1,340
Total Liabilities		76,298	80,159	1,406	1,340
Total Equity and Liabilities		189,215	197,850	70,754	70,885

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)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2015 (UNAUDITED)

		Non-distributable		Distributable	
The Group	**Share capital USD'000**	**Revaluation reserve USD'000**	**Translation reserve USD'000**	**Retained earnings USD'000**	**Total/Net USD'000**
Balance as at 1 January 2015	73,761	3,986	(50,559)	90,503	117,691
Loss for the period	-	-	-	(2,241)	(2,241)
Exchange differences arising on translation of foreign subsidiary companies	-	-	(2,533)	-	(2,533)
Total comprehensive loss for the period	-	-	(2,533)	(2,241)	(4,774)
Transfer of revaluation reserve relating to depreciation of property, plant and equipment through use	-	(544)	-	544	-
Balance as at 30 June 2015	73,761	3,442	(53,092)	88,806	112,917

(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 2015 (UNAUDITED)

		Non-distributable		Distributable	
The Group	**Share capital USD'000**	**Revaluation reserve USD'000**	**Translation reserve USD'000**	**Retained earnings USD'000**	**Total USD'000**
Balance as at 1 January 2014	73,761	5,604	(25,622)	100,883	154,626
Profit for the period	-	-	-	(4,120)	(4,120)
Exchange differences arising on translation of foreign subsidiary companies	-	-	(25,425)	-	(25,425)
Total comprehensive loss for the period	-	-	(25,425)	(4,120)	(29,545)
Transfer of revaluation reserve relating to depreciation of property, plant and equipment through use	-	(592)	-	592	-
Balance as at 30 June 2014	73,761	5,012	(51,047)	97,355	125,081

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 2015 (UNAUDITED)

The Company	**Share capital USD'000**	**Accumulated losses USD'000**	**Total USD'000**
Balance as at 1 January 2015	73,761	(4,216)	69,545
Total comprehensive loss for the period	-	(196)	(196)
Balance as at 30 June 2015	73,761	(4,412)	69,348
Balance as at 1 January 2014	73,761	(4,380)	69,381
Total comprehensive loss for the period	-	(285)	(285)
Balance as at 30 June 2014	73,761	(4,665)	69,096

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 2015 (UNAUDITED)

	The Group 6 months ended		The Company 6 months ended	
	30 June 2015 USD'000	30 June 2014 USD'000	30 June 2015 USD'000	30 June 2014 USD'000
OPERATING ACTIVITIES				
Loss before income tax	(2,292)	(6,404)	(196)	(285)
Adjustments for non-cash items	9,609	12,789	-	-
Operating Profit/(Loss) Before Working Capital Changes	7,317	6,385	(196)	(285)
(Increase)/ Decrease in:				
Inventories	(767)	(3,390)	-	-
Trade and other receivables, advances and prepaid expenses	(4,702)	(5,192)	(12)	(11)
Amount owing by subsidiary companies	-	-	167	6
Increase in:				
Trade and other payables, accrued and other liabilities	5,381	2,987	65	56
Cash Generated From/(Used In) Operations	7,229	790	24	(234)
Income tax paid	(94)	(1,135)	-	-
Interest paid	(2,432)	(2,058)	-	-
Net Cash Generated From/(Used In) Operating Activities	4,703	(2,403)	24	(234)

(Cont'd)

	The Group 6 months ended		The Company 6 months ended	
	30 June 2015 USD'000	**30 June 2014 USD'000**	**30 June 2015 USD'000**	**30 June 2014 USD'000**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(669)	(10,343)	-	-
Purchase of non-current assets	(33)	(2,225)	-	-
Interest received	1	1	-	-
Net Cash Used In Investing Activities	(701)	(12,567)	-	-
FINANCING ACTIVITIES				
Proceeds from borrowings	14,588	59,249	-	-
Repayment from borrowings	(21,829)	(44,853)	-	-
Net Cash (Used In)/Generated From Financing Activities	(7,241)	14,396	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,239)	(574)	24	(234)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(186)	(604)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	9,295	4,299	2	238
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (NOTE 15)	5,870	3,121	26	4

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 2013.

The condensed interim financial statements of the Group and the Company were authorised for issue by the Board of Directors on 7 September 2015.

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 2014, except for the adoption of the following Standard and Interpretations:

Amendments to IAS 19 Defined Benefit Plans - Employee Contributions[1]
Amendments to IFRSs contained in the document entitled Annual Improvements to IFRSs 2010 - 2012 Cycle
Amendments to IFRSs contained in the document entitled Annual Improvements to IFRSs 2011 - 2013 Cycle

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	1.5712
1 Ringgit Malaysia	0.2650
1 Euro Dollar	1.1147
1 Kazakhstan Tenge	0.0054

	KZT
1 US Dollar	186.21

3. REVIEW OF RESULTS FOR THE PERIOD

During the period, the Group’s revenue declined by 14% or USD7.1 million from USD51.8 million to USD44.7 million mainly due to lower sales price. The Group sold cement at an average sales price that was 10% lower at USD62 (KZT11,533) per tonne compared with USD73 (KZT12,862) per tonne in the corresponding period in 2013. During the period, sale volume rose by 1% from 709,459 tonnes to 717,654 tonnes. Despite the lower pricing, the Group’s gross margins improved marginally to 30% compared with 29% in the same period last year due to due to full replacement of wet production lines by the cost-efficient dry production line 5 and various cost-cutting measures.

The Group posted a lower net loss for the period of USD2.2 million compared with a USD4.1 million loss after tax in the same period in 2014.

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 6 months ended		**The Company 6 months ended**	
	30 June 2015 USD'000	**30 June 2014 USD'000**	**30 June 2015 USD'000**	**30 June 2014 USD'000**
Sales of manufactured goods	44,687	51,780	-	-
Transmission and distribution of electricity	11	30	-	-
Management fee receivable from subsidiary company	-	-	50	50
Total	44,698	51,810	50	50

7. FINANCE COSTS

	The Group 6 months ended	
	30 June 2015 USD'000	30 June 2014 USD'000
Interest expense on:		
- loans from financial institutions	2,006	1,580
- debt securities	403	419
Amortisation of discount on bonds issued	34	33
Unwinding of discount	5	-
Other finance costs	21	111
Total	2,469	2,143

8. OTHER EXPENSE, NET

Included in other expense, net is foreign exchange loss of USD0.7 million (6 months ended 30 June 2014: USD5.9 million).

9. INCOME TAX CREDIT

	The Group 6 months ended		The Company 6 months ended	
	30 June 2015 USD'000	30 June 2014 USD'000	30 June 2015 USD'000	30 June 2014 USD'000
Income tax credit:				
- current income tax expense	-	-	-	-
- deferred income tax benefit	51	2,285	-	-
	51	2,285	-	-

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 income tax is estimated for the parent company and the subsidiary company incorporated in Labuan FT, Malaysia.

10. LOSS PER SHARE

	The Group	
	6 months ended 30 June 2015 USD'000	6 months ended 30 June 2014 USD'000
Loss attributable to ordinary shareholders	(2,241)	(4,120)

	6 months ended 30 June 2015 '000	6 months ended 30 June 2014 '000
Number of ordinary shares in issue at beginning and at end of period	219,000	219,000
Weighted average number of ordinary shares at beginning and at end of period	219,000	219,000
Loss per share (cent)	(1.0)	(1.9)

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 2015 and 30 June 2014.

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 2015	3,412	42,520	137,832	15,073	14,045	5,345	776	229,103
Additions	-	-	1	-	53	-	615	669
Transfers	-	152	317	-	157	-	(626)	-
Reclassification	-	-	-	-	-	(358)	-	(358)
Disposals	-	-	(163)	-	(81)	-	-	(244)
Exchange differences	(70)	(881)	(2,988)	(312)	(277)	(111)	(16)	(4,655)
At 30 June 2015	3,342	41,791	134,999	14,761	13,897	4,876	749	214,415
Accumulated depreciation								
At 1 January 2015	-	21,626	37,307	333	8,042	-	-	67,308
Charge for the period	-	916	4,459	371	591	-	-	6,337
Transfers	-	-	-	-	-	-		-
Disposals	-	-	(75)	-	(68)	-	-	(143)
Exchange differences	-	(453)	(787)	(9)	(167)	-	-	(1,416)
At 30 June 2015	-	22,089	40,904	695	8,398	-	-	72,086
Net Book Value								
At 30 June 2015	3,342	19,702	94,095	14,066	5,499	4,876	749	142,329
At 31 December 2014	3,412	20,893	100,524	14,740	6,004	5,345	777	151,695

12. OTHER ASSETS

	The Group		The Company	
	As at 30 June 2015 USD'000	As at 31 Dec 2014 USD'000	As at 30 June 2015 USD'000	As at 31 Dec 2015 USD'000
VAT (recoverable)	5,397	6,558	-	-
Quarry stripping costs	373	382	-	-
Site restoration costs	112	81	-	-
	5,882	7,021	-	-

13. INVENTORIES, NET

	The Group		The Company	
	As at 30 June 2015 USD'000	As at 31 Dec 2014 USD'000	As at 30 June 2015 USD'000	As at 31 Dec 2014 USD'000
Spare parts	15,388	11,665	-	-
Work in progress	7,856	6,693	-	-
Raw materials	1,913	5,331	-	-
Finished goods	673	1,683	-	-
Other material	575	557	-	-
Packing materials	70	317	-	-
Fuel	381	238	-	-
Goods held for resale	60	69	-	-
Construction materials	-	46	-	-
	26,916	26,599		
Less: Provision for obsolete inventories	(4,136)	(4,486)	-	-
	22,780	22,113	-	-

14. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	As at 30 June 2015 USD'000	As at 31 Dec 2014 USD'000	As at 30 June 2015 USD'000	As at 31 Dec 2014 USD'000
Trade receivables	5,045	946	-	-
Less: Allowance for doubtful receivables	(472)	(482)	-	-
	4,573	464	-	-
Other receivables:				
VAT recoverable	2,730	2,742	-	-
Receivable from related party	-	89	-	-
Receivable from employees	15	12	-	-
Others	573	642	-	-
	7,891	3,949	-	-

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

In determining the recoverability of trade receivables, the directors consider any change in the credit quality of the trade receivables from the date the credit was initially granted up to the end of the financial period. The directors have reviewed the trade receivables and considered no further provision for trade receivables is necessary based on prevailing conditions and available information as at 30 June 2015.

15. CASH AND CASH EQUIVALENTS

	The Group	
	As at 30 June 2015 USD'000	As at 31 Dec 2014 USD'000
Cash in hand and at banks	5,834	9,259
Short-term deposit	36	36
	5,870	9,295

16. BORROWINGS

	The Group	
	As at 30 June 2015 USD'000	As at 31 Dec 2014 USD'000
Current portion:		
Bonds	88	89
Bank loans	20,487	26,999
	20,575	27,088
Non-current portion:		
Bonds	7,813	7,945
Bank loans	21,405	22,419
	29,218	30,364
Total borrowings	49,793	57,452

Central Asia Cement JSC

During the period, CAC JSC repaid USD15.9 million in outstanding principals and made additional drawdown of USD13.8 million from Halyk Bank JSC.

As at 30 June 2015, CAC JSC had a total undrawn loan of USD9 million under the loan facility from Halyk Bank JSC.

Karcement JSC

The availability period of Tranche C of USD15 million under the USD60 million credit facility agreement with VTB Bank expired on 30 June 2015.

During the period, Karcement JSC repaid USD1.1 million in outstanding principals under Tranche B to VTB Bank.

On 9 April 2015, Karcement JSC signed an extension of a credit line agreement for working capital financing with Altyn Bank JSC, maturing on 9 April 2016 with an increased limit of USD9 million. On 8 August 2015, Karcement JSC and Altyn Bank JSC mutually agreed to reduce this limit to USD4 million (Note 20).

During the period, Karcement JSC repaid USD4.9 million in outstanding principals to and made an additional drawdown of USD0.8 million from Altyn Bank JSC.

As at 30 June 2015, Karcement had a total undrawn loan of USD9 million under working capital line from Altyn Bank JSC.

Central Asia Cement JSC and Karcement JSC

On 19 June 2015 Steppe's operating subsidiaries (Central Asia Cement JSC and Karcement JSC) signed a loan agreement with Halyk Bank JSC on terms subsidised by government programs. The loan carries a fixed interest rate of 6% per annum and is available for drawdown till 19 June 2016. The loan of KZT2.188 billion (or equivalent of USD11.8 million) comprises of:

a) KZT500 million (or USD2.7 million) for 5 years working capital on revolving basis; and
b) KZT1.688 billion (or USD9.1 million) for capital investment of which KZT1.188 billion (or USD6.4 million) have 2 years grace for principal and 8 years repayment; and the remaining KZT 500 million (or USD2.7 million) with no grace period and 10 years repayment.

As at 30 June 2015, the loan from Halyk Bank JSC was unutilised.

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.

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 2015 and 2014:

	Purchase of services	
	30 June 2015 USD'000	**30 June 2014 USD'000**
Opera Holdings LLP	9	10

The following balance with related parties is included in the condensed consolidated statement of financial position as of 30 June 2015 and 31 December 2014:

	Receivable from related parties	
	30 June 2015 USD'000	**31 Dec 2014 USD'000**
Others	-	89

Services rendered by Opera Holdings LLP represent rental expenses.

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 2015 USD'000	**30 June 2014 USD'000**	**30 June 2015 USD'000**	**30 June 2014 USD'000**
Remunerations	375	411	95	121
Short-term benefits	66	64	-	-
Total	441	475	95	121

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 a various financial risks which include foreign currency risk, credit risk, liquidity risk and interest rate 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 have been no change in the financial risk management objectives and policies since the previous financial year ended 31 December 2014. 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 amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. As no readily available market exists for a large part of the Group's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the 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 nature of 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 nature of 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 year with similar maturities adjusted by credit risk.

As at 30 June 2015 and 2014, the fair values of financial assets and financial liabilities approximate their carrying values.

19. CONTIGENCIES

There are no significant changes in the contingencies since the financial year ended 31 December 2014.

20. SUBSEQUENT EVENT

On 8 August 2015, Karcement JSC and Altyn Bank JSC mutually agreed to reduce the loan facility limit from USD9 million to USD4 million.

On 20 August 2015, the National Bank of Kazakhstan abandoned the trading band and floated the Kazakhstan Tenge ("KZT") for the first time in history. With the introduction of the floating rate mechanism, the exchange rate of the KZT is based on its market demand and supply driven by both internal and external economic factors. Since the implementation of the floating rate, the KZT traded between 218 to 257 against USD. As at the date of this report, the KZT closed at 243 to a USD. The fall in the KZT is expected to have unfavourable impact on the Group's other comprehensive income and translation reserve due to re-translation of the financial statements of the foreign subsidiaries' financial statements whose functional currency is the KZT. Due to the weakened KZT, the Group expects to incur a foreign exchange loss during the year in the income statement arising from the translation of USD denominated borrowings of its subsidiary. The exact amount of losses cannot be quantified currently as it depends on the subsequent movements of the KZT till 31 December 2015.