

Company No. LL04433



**INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2016  
(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 INCOME STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

	Note	The Group 6 months ended		The Company 6 months ended	
		30 June 2016 USD'000	30 June 2015 USD'000	30 June 2016 USD'000	30 June 2015 USD'000
Revenue	6	23,722	44,698	50	50
Cost of sales		<u>(18,388)</u>	<u>(31,426)</u>	<u>-</u>	<u>-</u>
Gross profit		5,334	13,272	50	50
Selling expenses		(3,891)	(7,398)	-	-
General and administrative expenses		<u>(2,200)</u>	<u>(4,326)</u>	<u>(114)</u>	<u>(235)</u>
Operating (loss)/income		(757)	1,548	(64)	(185)
Interest income		5	1	-	-
Finance costs	7	(1,468)	(2,469)	-	-
Net foreign exchange gain/(loss)		368	(1,494)	97	(11)
Other expense, net		<u>150</u>	<u>122</u>	<u>-</u>	<u>-</u>
(Loss)/Profit before income tax		(1,702)	(2,292)	33	(196)
Income tax credit	8	<u>223</u>	<u>51</u>	<u>-</u>	<u>-</u>
(Loss)/Profit for the period		<u>(1,479)</u>	<u>(2,241)</u>	<u>33</u>	<u>(196)</u>
Attributable to: Shareholders of the Company		(1,479)	(2,241)	33	(196)
Loss per share:					
Basic and diluted (cents)	9	<u>(0.7)</u>	<u>(1.0)</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 COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

	<b>The Group</b>		<b>The Company</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30 June 2016</b>	<b>30 June 2015</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
(Loss)/Profit for the period	(1,479)	(2,241)	33	(196)
Other comprehensive income/(loss):				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences arising on translation of foreign subsidiary companies	46	(2,533)	-	-
Total other comprehensive income/(loss) for the period	46	(2,533)	-	-
Total comprehensive (loss)/income for the period	<u>(1,433)</u>	<u>(4,774)</u>	<u>33</u>	<u>(196)</u>
Attributable to: Shareholders of the Company	<u>(1,433)</u>	<u>(4,774)</u>	<u>33</u>	<u>(196)</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 2016 (UNAUDITED)**

	Note	The Group		The Company	
		Unaudited 30 June 2016 USD'000	Audited 31 Dec 2015 USD'000	Unaudited 30 June 2016 USD'000	Audited 31 Dec 2015 USD'000
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	10	71,526	71,787	-	-
Investment in subsidiary companies		-	-	26,500	26,500
Advances and prepaid expenses		1,895	1,271	-	-
Other assets	11	1,895	2,442	-	-
Deferred taxes		771	550	-	-
<b>Total Non-Current Assets</b>		<u>76,087</u>	<u>76,050</u>	<u>26,500</u>	<u>26,500</u>
<b>Current Assets</b>					
Inventories	12	12,876	13,320	-	-
Trade and other receivables	13	3,429	2,291	-	-
Income tax receivable		558	547	-	-
Amount owing by subsidiary companies		-	-	39,726	39,846
Advances and prepaid expenses		1,769	1,432	18	6
Cash and cash equivalents	14	<u>2,495</u>	<u>2,406</u>	<u>108</u>	<u>338</u>
<b>Total Current Assets</b>		<u>21,127</u>	<u>19,996</u>	<u>39,852</u>	<u>40,190</u>
<b>Total Assets</b>		<u>97,214</u>	<u>96,046</u>	<u>66,352</u>	<u>66,690</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 2016 (UNAUDITED)**

	<b>The Group</b>		<b>The Company</b>	
	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>30 June 2016</b>	<b>31 Dec 2015</b>	<b>30 June 2016</b>	<b>31 Dec 2015</b>
<b>Note</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
<b>Equity and Liabilities</b>				
Capital and Reserves				
Share capital	73,761	73,761	73,761	73,761
Revaluation reserve	3,256	3,443	-	-
Translation reserve	(108,078)	(108,124)	-	-
Retained earnings/ (Accumulated losses)	86,354	87,646	(8,395)	(8,428)
<b>Total Equity</b>	<b>55,293</b>	<b>56,726</b>	<b>65,366</b>	<b>65,333</b>
<b>Non-Current Liabilities</b>				
Borrowings	15 16,008	14,857	-	-
Deferred income	1,513	518	-	-
Provision for site restoration	54	51	-	-
<b>Total Non-Current Liabilities</b>	<b>17,575</b>	<b>15,426</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables	5,405	4,485	-	-
Accrued and other liabilities	3,208	3,085	986	1,357
Borrowings	15 15,417	15,822	-	-
Taxes payable	316	502	-	-
<b>Total Current Liabilities</b>	<b>24,346</b>	<b>23,894</b>	<b>986</b>	<b>1,357</b>
<b>Total Liabilities</b>	<b>41,921</b>	<b>39,320</b>	<b>986</b>	<b>1,357</b>
<b>Total Equity and Liabilities</b>	<b>97,214</b>	<b>96,046</b>	<b>66,352</b>	<b>66,690</b>

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 2016 (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/Net USD'000</b>
Balance as at 1 January 2016	73,761	3,443	(108,124)	87,646	56,726
Loss for the period	-	-	-	(1,479)	(1,479)
Exchange differences arising on translation of foreign subsidiary companies	-	-	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>

(Cont'd)

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**AND ITS SUBSIDIARY COMPANIES**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2015 (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/Net USD'000</b>
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	<u>73,761</u>	<u>3,442</u>	<u>(53,092)</u>	<u>88,806</u>	<u>112,917</u>



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**AND ITS SUBSIDIARY COMPANIES**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2016 (UNAUDITED)**

<b>The Company</b>	<b>Share capital USD'000</b>	<b>Accumulated losses USD'000</b>	<b>Total USD'000</b>
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>
Balance as at 1 January 2015	73,761	(4,216)	69,545
Total comprehensive loss for the period	<u>-</u>	<u>(196)</u>	<u>(196)</u>
Balance as at 30 June 2015	<u>73,761</u>	<u>(4,412)</u>	<u>69,348</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 2016 (UNAUDITED)**

	<b>The Group</b>		<b>The Company</b>	
	<b>6 months ended</b>		<b>6 months ended</b>	
	<b>30 June 2016</b>	<b>30 June 2015</b>	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
<b>OPERATING ACTIVITIES</b>				
(Loss)/Profit before income tax	(1,702)	(2,292)	33	(196)
Adjustments for non-cash items	4,509	9,609	(93)	-
Operating Profit/(Loss) Before Working Capital Changes	2,807	7,317	(60)	(196)
(Increase)/ Decrease in:				
Inventories	301	(767)	-	-
Trade and other receivables, advances and prepaid expenses	(838)	(4,702)	(11)	(12)
Amount owing by subsidiary companies	-	-	119	167
Increase in:				
Trade and other payables, accrued and other liabilities	959	5,381	(278)	65
Cash Generated From/(Used In) Operations	3,229	7,229	(230)	24
Income tax paid	(80)	(94)	-	-
Interest paid	(1,389)	(2,432)	-	-
Net Cash Generated From/(Used In) Operating Activities	1,760	4,703	(230)	24

(Cont'd)

	<b>The Group</b>		<b>The Company</b>	
	<b>30 June 2016</b>	<b>30 June 2015</b>	<b>30 June 2016</b>	<b>30 June 2015</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	(3,410)	(669)	-	-
Purchase of non-current assets	(34)	(33)	-	-
Interest received	5	1	-	-
	<u>5</u>	<u>1</u>	<u>-</u>	<u>-</u>
Net Cash Used In Investing Activities	<u>(3,439)</u>	<u>(701)</u>	<u>-</u>	<u>-</u>
<b>FINANCING ACTIVITIES</b>				
Proceeds from borrowings	13,618	14,588	-	-
Repayment from borrowings	(11,854)	(21,829)	-	-
	<u>13,618</u>	<u>14,588</u>	<u>-</u>	<u>-</u>
Net Cash Generated From/(Used In) Financing Activities	<u>1,764</u>	<u>(7,241)</u>	<u>-</u>	<u>-</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>85</b>	<b>(3,239)</b>	<b>(230)</b>	<b>24</b>
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>4</b>	<b>(186)</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>2,406</b>	<b>9,295</b>	<b>338</b>	<b>2</b>
	<u>2,406</u>	<u>9,295</u>	<u>338</u>	<u>2</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (NOTE 15)</b>	<b>2,495</b>	<b>5,870</b>	<b>108</b>	<b>26</b>
	<u>2,495</u>	<u>5,870</u>	<u>108</u>	<u>26</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**

**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 12 September 2016.

**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 2015, except for the adoption of the following Standard and Interpretations:

Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IFRS 10, 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 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:

	<b>USD</b>
1 Pound Sterling	1.3311
1 Ringgit Malaysia	0.2480
1 Euro Dollar	1.1106
1 Kazakhstan Tenge (“KZT”)	<u>0.0054</u>
	<b>KZT</b>
1 US Dollar	<u>338.87</u>

### 3. REVIEW OF RESULTS FOR THE PERIOD

During the period, the Group posted a decline in revenue by 47% or USD20.9 million from USD44.7 million to USD23.7 million. The decline was mainly attributable to the weaker KZT against the USD by 55% during the period compared with the same

period in 2015. The Group sold cement at an average sales price that was lower by half in USD terms due to weaker exchange rate at USD31 (KZT10,751) per tonne compared with USD62 (KZT11,533) per tonne in the corresponding period in 2015. In comparison, the Group recorded a lower sales price per tonne in KZT by 7% and sale volume rose by 6% from 717,654 tonnes to 761,771 tonnes.

The Group's gross margin reduced to 22% compared with 30% in the same period last year. Selling and general & administration expenses were lower by USD5.6 million, or 48%, as these expenses are denominated in KZT.

The Group posted a lower net loss for the period of USD1.48 million compared with a USD2.2 million loss after tax in the same period in 2015.

#### 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

	<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>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
Sales of manufactured goods	23,716	44,687	-	-
Transmission and distribution of electricity	6	11	-	-
Management fee receivable from subsidiary company	-	-	50	50
<b>Total</b>	<b>23,722</b>	<b>44,698</b>	<b>50</b>	<b>50</b>

7. **FINANCE COSTS**

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2016</b>	<b>2015</b>
	<b>USD'000</b>	<b>USD'000</b>
Interest expense on:		
- loans from financial institutions	1,226	2,006
- debt securities	216	403
Amortisation of discount on bonds issued	20	34
Unwinding of discount	3	5
Other finance costs	3	21
	<u>1,468</u>	<u>2,469</u>
Total	<u>1,468</u>	<u>2,469</u>

8. **INCOME TAX CREDIT**

	<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>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>	<b>USD'000</b>
Deferred tax credit	<u>223</u>	<u>51</u>	<u>-</u>	<u>-</u>
	<u>223</u>	<u>51</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**

	<b>The Group</b>	
	<b>6 months ended 30 June 2016 USD'000</b>	<b>6 months ended 30 June 2015 USD'000</b>
Loss attributable to ordinary shareholders	<u>(1,479)</u>	<u>(2,241)</u>
	<b>6 months ended 30 June 2016 '000</b>	<b>6 months ended 30 June 2015 '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>
Loss per share, basic and diluted (cents)	<u>(0.7)</u>	<u>(1.0)</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 2016 and 30 June 2015.



## 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
<b>Cost</b>								
At 1 January 2016	2,106	22,052	71,418	8,097	6,697	2,383	424	113,177
Additions	-	-	237	-	211	-	2,685	3,133
Transfers	-	-	339	-	55	-	(394)	-
Reclassification	-	-	-	-	-	(167)	-	(167)
Disposals	-	(142)	(14)	-	(19)	-	-	(175)
Exchange differences	4	36	148	14	16	1	45	264
At 30 June 2016	2,110	21,946	72,128	8,111	6,960	2,217	2,760	116,232
<b>Accumulated depreciation and impairment losses</b>								
At 1 January 2016	-	12,598	24,722	584	3,486	-	-	41,390
Charge for the period	-	230	2,484	199	288	-	-	3,201
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	(13)	-	(6)	-	-	(19)
Exchange differences	-	27	91	5	11	-	-	134
At 30 June 2016	-	12,855	27,284	788	3,779	-	-	44,706
<b>Net Book Value</b>								
<b>At 30 June 2016</b>	<u>2,110</u>	<u>9,091</u>	<u>44,844</u>	<u>7,323</u>	<u>3,181</u>	<u>2,217</u>	<u>2,760</u>	<u>71,526</u>
<b>At 31 December 2015</b>	<u>2,106</u>	<u>9,454</u>	<u>46,696</u>	<u>7,513</u>	<u>3,211</u>	<u>2,383</u>	<u>424</u>	<u>71,787</u>

11. **OTHER ASSETS**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30 June 2016 USD'000</b>	<b>As at 31 Dec 2015 USD'000</b>	<b>As at 30 June 2016 USD'000</b>	<b>As at 31 Dec 2015 USD'000</b>
VAT recoverable	1,599	2,170	-	-
Quarry stripping costs	171	167	-	-
Site restoration costs	43	44	-	-
Site restoration fund	82	61	-	-
	<u>1,895</u>	<u>2,442</u>	<u>-</u>	<u>-</u>

12. **INVENTORIES**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30 June 2016 USD'000</b>	<b>As at 31 Dec 2015 USD'000</b>	<b>As at 30 June 2016 USD'000</b>	<b>As at 31 Dec 2015 USD'000</b>
Spare parts	9,159	9,234	-	-
Work in progress	3,884	4,119	-	-
Raw materials	795	2,336	-	-
Finished goods	565	52	-	-
Other materials	245	262	-	-
Packing materials	6	61	-	-
Fuel	995	13	-	-
Goods held for resale	37	35	-	-
Construction materials	-	13	-	-
	15,686	16,125	-	-
Less: Provision for obsolete inventories	<u>(2,810)</u>	<u>(2,805)</u>	<u>-</u>	<u>-</u>
	<u>12,876</u>	<u>13,320</u>	<u>-</u>	<u>-</u>

13. **TRADE AND OTHER RECEIVABLES**

	<b>The Group</b>		<b>The Company</b>	
	<b>As at 30 June 2016 USD'000</b>	<b>As at 31 Dec 2015 USD'000</b>	<b>As at 30 June 2016 USD'000</b>	<b>As at 31 Dec 2015 USD'000</b>
Trade receivables	1,351	392	-	-
Less: Allowance for doubtful receivables	<u>(40)</u>	<u>(40)</u>	<u>-</u>	<u>-</u>
	1,311	352	-	-
Other receivables:				
VAT recoverable	1,653	1,496	-	-
Receivable from related party	-	34	-	-
Receivable from employees	5	10	-	-
Others	<u>460</u>	<u>399</u>	<u>-</u>	<u>-</u>
	<u>3,429</u>	<u>2,291</u>	<u>-</u>	<u>-</u>

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 2016.

14. **CASH AND CASH EQUIVALENTS**

	<b>The Group</b>	
	<b>As at 30 June 2016 USD'000</b>	<b>As at 31 Dec 2015 USD'000</b>
Cash in hand and at banks	<u>2,495</u>	<u>2,406</u>

15. **BORROWINGS**

	<b>The Group</b>	
	<b>As at 30 June 2016 USD'000</b>	<b>As at 31 Dec 2015 USD'000</b>
Current portion:		
Bonds	48	48
Bank loans	<u>15,369</u>	<u>15,774</u>
	<u>15,417</u>	<u>15,822</u>
Non-current portion:		
Bonds	4,334	4,305
Bank loans	<u>11,674</u>	<u>10,552</u>
	<u>16,008</u>	<u>14,857</u>
Total borrowings	<u>31,425</u>	<u>30,679</u>

**Karcement JSC**

During the period, Karcement JSC fully repaid USD2.4 million due to Altyn Bank JSC.

As at 30 June 2016, Karcement has fully utilised the loan facilities from VTB Bank (Austria) AG and VTB Bank (France) SA.

**Undrawn loan amounts**

As at 30 June 2016, the loan for capital expenditure under the Halyk Bank JSC government-subsidised loan have been fully utilised in accordance to the conditions of the loan agreement.

As at 30 June 2016, USD7 million is available for working capital requirements drawdown under the Halyk Bank JSC short-term loan facilities of which USD1.6 million is available for utilisation under the Halyk Bank JSC government-subsidised loan.

**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.

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 2016 and 2015:

	<b>Purchase of services</b>	
	<b>30 June 2016</b>	<b>30 June 2015</b>
	<b>USD'000</b>	<b>USD'000</b>
Opera Holding LLP	-	9
	<hr/>	<hr/>

The following balance with related parties is included in the condensed consolidated statement of financial position as of 30 June 2016 and 31 December 2015:

	<b>Receivable from related parties</b>	
	<b>30 June 2016</b>	<b>31 Dec 2015</b>
	<b>USD'000</b>	<b>USD'000</b>
Opera Holding LLP	-	(1)
Others	-	34
	<hr/> <hr/>	<hr/> <hr/>

### 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 2016 USD'000	30 June 2015 USD'000	30 June 2016 USD'000	30 June 2015 USD'000
Remunerations	283	375	24	95
Short-term benefits	40	66	-	-
Total	323	441	24	95

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 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 2015. 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 2016 and 2015, the fair values of financial assets and financial liabilities approximate their carrying values.

18. **CONTIGENCIES**

There are no significant changes in the contingencies since the financial year ended 31 December 2015.